AGENDA
Wednesday, August 23, 2017
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 June 28, 2017 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.
   B. Informational Correspondence.
      1. CALAFCO Quarterly – July 2017
      2. 2017/2018 CALAFCO Board Recruitment and Nomination Packet
   C. “In the News.”
5. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS

6. CONSENT ITEM

The following consent item is 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. MUNICIPAL SERVICE REVIEW NO. 17-06 AND SPHERE OF INFLUENCE UPDATE NO. 17-06 FOR THE EMPIRE SANITARY DISTRICT. The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for Empire Sanitary District. This item is exempt from the California Environmental Quality Act (CEQA) review pursuant to Regulation §15061(b)(3). (Staff Recommendation: Approve Resolution No. 2017-13.)

7. PUBLIC HEARINGS

Any member of the public may address the Commission with respect to a scheduled public hearing item. Comments should be limited to no more than three (3) minutes, unless additional time is permitted by the Chair. All persons wishing to speak during this public hearing portion of the meeting are asked to fill out a “Speaker’s Card” and provide it to the Commission Clerk prior to speaking.

A. BIENNIAL AUDIT FOR FISCAL YEARS 2014-2015 & 2015-2016. The Commission will consider accepting the completed audit report, prepared by Robert A. Hawks, Jr., CPA. (Staff Recommendation: Accept and File Audit Report.)

B. OUT-OF-BOUNDARY SERVICE APPLICATION – LITT ROAD CORPORATION YARD (MODESTO). The Commission will consider a request to extend water and sewer service outside the City of Modesto’s existing city limits to provide water and sewer service to a new corporation yard on Litt Road, north of Sylvan Avenue (APN: 084-003-005). The City of Modesto, as Lead Agency under the California Environmental Quality Act (CEQA) prepared an Initial Study/Finding of Conformance determining that the proposal is within the scope of its Master EIR, certified in 2008 (SCH No. 2007072023). (Staff Recommendation: Approve Resolution No. 2017-12.)

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. CLOSED SESSION – EXECUTIVE OFFICER ANNUAL EVALUATION

Pursuant to Government Code Section 54957, a closed session will be held to consider the following item: Public Employee Performance Evaluation – Title: LAFCO Executive Officer
12. ADJOURNMENT

A. Set the next meeting date of the Commission for September 27, 2017.

B. Adjourn.

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

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

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

   Commissioners Present: Amy Bublak, Chair, City Member
   Terry Withrow, Vice Chair, County Member
   Bill Berryhill, Public Member
   Jim DeMartini, County Member
   Tom Dunlop, City Member
   Brad Hawn, Alternate Public Member

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

   CommissionersAbsent: Michael Van Winkle, Alternate City Member
   Kristin Olsen, Alternate County Member

2. **PUBLIC COMMENT**

Jeani Ferrari, a Turlock Resident, thanked the Staff and Commission for having the LAFCO 101 and also spoke on the importance of ag preservation.

3. **APPROVAL OF MINUTES**

   A. Minutes of the May 24, 2017 Meeting.

   Motion by Commissioner Withrow, seconded by Commissioner Dunlop and carried with a 3-0 vote to approve the Minutes of the May 24, 2017 meeting by the following vote:

   Ayes: Commissioners: Bublak, Dunlop and Withrow
   Noes: Commissioners: None
   Ineligible: Commissioners: Hawn
   Absent: Commissioners: Olsen and Van Winkle
   Abstention: Commissioners: Berryhill and DeMartini
4. **CORRESPONDENCE**

A. Specific Correspondence.

B. Informational Correspondence.

1. 2017 CALAFCO Annual Conference Flier.

C. “In the News”

5. **DECLARATION OF CONFLICTS AND DISQUALIFICATIONS**

None.

6. **LAFCO 101 PRESENTATION**

LAFCO Staff provided an informational presentation on the history, mission, policies and powers of the Stanislaus Local Agency Formation Commission.

Chair Bublak asked if there were any questions of the Public or Commissioners.

7. **COMMISSIONER COMMENTS**

Commissioner DeMartini welcomed new Public Member Bill Berryhill to the Commission. Chair Bublak thanked Staff for the LAFCO 101 Presentation. Commissioner Berryhill thanked the Commission for appointing him as the Public Member.

8. **ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON**

None.

9. **EXECUTIVE OFFICER’S REPORT**

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

   - The 2017 Annual CALAFCO Conference is coming up and more information will follow soon.

   - Staff recommended canceling the July 26th meeting as there are no items.

10. **ADJOURNMENT**

A. Chair Bublak announced that the next meeting of July 26, 2017 has been canceled. The next meeting date and time will be August 23, 2017 at 6:00 p.m.

B. The meeting was adjourned at 6:52 p.m.
CALAFCO Board Adopts Association’s 2017-18 Strategic Plan
During their May 5 meeting, the CALAFCO Board of Directors considered the Association’s two-year strategic plan for 2017-18. The draft strategic plan was presented to the Board for consideration as a follow-up to their day-long strategic planning retreat session in January. The discussion, both in January and in May, focused on current and emerging LAFCo and CALAFCO issues, what puts our members and the Association at risk and current CALAFCO commitments. The Board also carefully considered available resources to fulfill objectives and deliver the highest quality support to our members.

Ultimately the Board approved three strategic areas: (1) Serve as an educational resource to member LAFCo Commissioners, LAFCo staff, Associate members and stakeholders; (2) Focus efforts on Association member development and communication; and (3) Serve as an information resource to all Association members, work as a legislative and policy advocate for LAFCo issues and provide information to the Legislature and other stakeholders. Within those three areas are objectives that address the identified needs of creating value-added educational and networking opportunities, building stronger member LAFCOs and a resilient Association, generating ourselves in new ways as an information resource, and continuing our work as a legislative resource.

The 2017-18 Strategic Plan was unanimously adopted by the CALAFCO Board during their May 5 meeting. The adopted plan has been distributed to the membership and can be found on the CALAFCO website.

Additional CALAFCO Board Actions
During the May 5 meeting the Board addressed several administrative issues and took a number of other actions:
- Reviewed and adopted the Association’s FY 2017-18 annual budget.
- Received and filed the quarterly financial reports. The budget is on track for the year with no changes anticipated.
- Received a full legislative update.
- Received other status updates from CALAFCO staff.
- Directed staff to plan for an in-depth discussion at their August Board meeting on the long-term financial state of the Association.

Conferences and Workshops Update

2017 STAFF WORKSHOP
The 2017 Staff Workshop was held April 5-7 at the Doubletree by Hilton in downtown Fresno. Our host for this workshop was Fresno LAFCo. The Program Planning Committee did a great job in planning a diverse program of topics and interesting speaker line up. The Workshop received a rating of 5.3 out of 6.0 and was a financial success with all revenues and expenses meeting budget expectations. CALAFCO wishes to thank our host, Fresno LAFCo, and in particular Executive Officer David Fey. Thanks also to the Program Planning Committee Chair, Kris Berry, and all who worked to plan another great Workshop.

2017 ANNUAL CONFERENCE
Mark your calendars for the 2017 Annual Conference on October 25-27. We will be in Mission Bay, San Diego at the Bahia Hotel. Registration is open so make your hotel reservations early and be sure to send in your Conference registration and payment before August 31 to receive the early bird registration rate. A very special mobile workshop is being planned that will include a tour of the Claude “Bud” Lewis desalination plant, the largest in the nation. We will also be touring the adjacent Encina Power Station. The Program Planning Committee, under the leadership of Carolyn Emery (Orange), is busy putting together a fabulous program. For details, visit the CALAFCO website.

CALAFCO White Papers and Other Publications
In partnership with the American Farmland Trust (AFT), we are currently working on a White Paper on Ag Policies. Work on this project is anticipated to be completed by the end of summer. A huge thank you to Serena Unger of the AFT, and to Executive Officers Christine Crawford (Yolo), Neelima Palachek (Santa Clara). David Fey (Fresno), and Associate Member Elliot Mulberg for their work on the paper.

CALAFCO Legislative Update
A busy legislative year to be sure. CALAFCO is sponsoring three bills, tracking 20 bills and has formal positions on 13 bills. A full legislative update including the bills CALAFCO is tracking can be found on the CALAFCO website. The report is updated daily via Capitol Track.
Sponsored bills this year include:

- **AB 464** (Gallagher) which makes changes addressing the issue of annexations of areas receiving services via an out of area service agreement. The bill was signed into law by the Governor on July 10.
- **AB 979** (Lackey) (co-sponsored with CSDA) which streamlines the process of seating special districts on LAFCo. The bill passed Assembly and is now on the Senate floor for passage.
- **AB 1725** (Omnibus) contains several technical, non-substantive changes to CKH. The bill is on the Senate floor awaiting passage.

Other bills of notice include:

- **AB 1361** (E. Garcia) CALAFCO Oppose – This bill was recently gut and amended. As amended, it allows water districts to provide service to an Indian tribe’s lands that are not within the district boundaries without going through the current statutory process of approval by LAFCo. Amendments were taken by the author during the SG&FC hearing July 19 that include LAFCo’s ability to apply certain terms and conditions to the application by the water agency and limits the land to be served to lands in trust. However, CALAFCO still has a number of concerns and will continue to work with the author and sponsor.
- **SB 448** (Wieckowski) – CALAFCO Support - The bill requires the State Controller to: (1) identify independent special districts separately on their website (from the other thousands of districts); (2) notify LAFCo when a special district becomes inactive (based on the new criteria in statute); and (3) remove the district from the inactive list if it is deemed active or upon dissolution. The bill requires LAFCo to: (1) initiate dissolution within 90 days of notification by the Controller; (2) hold a noticed public hearing for dissolution within 90 days of initiating the process; and (3) determine if the district meets the inactive criteria (and if so then order the dissolution) and if not, notify the Controller. The dissolution process requires only one noticed public hearing and no protest process, special study or MSR. Finally the bill requires a special district to file their audits with the LAFCo at the same time they file with the Controller. CALAFCO has been working extensively with the author and other stakeholders over many months on obtaining a host of amendments.

**Little Hoover Commission Update**

The LHC held their final roundtable discussion on LAFCos and special districts on June 22. A host of draft recommendations were discussed in detail by the Commission and stakeholders. The next hearing on this topic, at which they are scheduled to adopt the final recommendations, is set for August 24.

**San Diego LAFCo**

*Submitted by Escondido Mayor Sam Abed, Chairman of the San Diego LAFCO*

On May 1, 2017, long time San Diego LAFCo Executive Officer Mike Ott announced his retirement, effective August 31, 2017. Some of Mike’s good friends and co-workers have also announced their retirement from the San Diego LAFCo. Joining him in retirement this summer will be Chief Local Governmental Analyst Ingrid Hansen, who has been working part-time as a retired worker for the past ten years. She originally started with the San Diego LAFCo in 1981. And Harry Ehrlig, who serves as Legislative Director, also announced that he will be retiring to spend more time with his wife and family. Harry was recently elected to the Borrego Water District and will be able to devote more of his time to this desert water agency in north eastern San Diego County, plus his consulting firm.

Over the past 25 years, Mike was at the helm of the San Diego LAFCo during a time of tremendous change. Among the more difficult projects he oversaw were seven different incorporations – not all of which were successful; one failed special reorganization proposal (La Jolla Secession); one unsuccessful disincorporation attempt (Imperial Beach); and an effort that he discouraged that would have resulted in the formation of a municipal utility district to replace the San Diego Gas and Electric Company. Perhaps, most important were his government streamlining efforts. He was responsible for streamlining government services in a diverse county of over 3.2 million people occupying 4,500 square miles through consolidating 90 special districts. Of particular note is the agency’s work with fire agencies. Over one million acres of unincorporated San Diego County are now within a structural fire protection and emergency medical service provider. This has improved life safety for San Diego County residents and millions of tourists that visit the County each year.

The San Diego LAFCo has been honored with sixteen statewide awards for its professional excellence and innovation during the past 25 years that Mike Ott led LAFCo. The agency was recognized by CALAFCO in 1998, 2002 and 2004 as the “Most Effective Commission” in the...
State. Mike previously served as the first Deputy Executive Officer of CALAFCO and wrote the groundbreaking 1989 report that resulted in the reorganization of CALAFCO. During his time with the San Diego LAFCo, Mike also completed the first ever LAFCo-initiated district consolidation in California. He served on the Governor’s Office of Planning and Research’s Incorporation Task Force and Municipal Service Review Working Group between 1999 and 2001. Mike, Ingrid, and Harry Ehrlich are all previous recipients of CALAFCO’s Outstanding LAFCo Professional award.

In 2018, the San Diego LAFCo will begin a major update to its Spheres of Influence, Municipal Service Reviews, Disadvantaged Community Program, and launching an Unincorporated Island Program. These programs will affect 18 municipalities and 80 special districts. The San Diego LAFCo is accordingly seeking a talented and experienced leader to manage these programs after Mike Ott retires. The Commission will also be recruiting for several new analysts in the upcoming months.

According to Mike, “Having headed the San Diego LAFCo for twenty-five years, I can say unequivocally it is an excellent organization and this is an exceptional career opportunity for an experienced and creative leader interested in helping to shape the future of San Diego County. San Diego LAFCo is fortunate that it will continue to be staffed by brilliant LAFCo attorney, Mike Colantuono and a talented workforce consisting of Robert Barry, Joe Serrano, Tammy Luckett, Ruth Arellano, Erica Blom, and Dieu Ngu, plus an incredible group of experienced consultants.”

**Los Angeles LAFCo**

LA LAFCo is pleased to announce the hiring of Adriana Romo as Deputy Executive Officer, who recently assumed the office. Adriana recently served as Local Government Analyst III with Riverside LAFCo, where she worked since 2002.

**Vector Control Services in LA County:**

Given the public health challenges associated with preventing the spread of diseases (chikungunya, dengue, encephalitis, West Nile virus, yellow fever, and Zika), LA LAFCo continues its proactive efforts to annex a handful of unincorporated areas and cities into existing vector control districts. The Commission annexed unincorporated La Crescenta-Montrose and the City of La Cañada Flintridge into the Greater Los Angeles Vector Control District (GLAVCD) in 2015. Tentatively scheduled for the Commission’s July 12th meeting is the proposed annexation of the cities of Baldwin Park and Pasadena into the San Gabriel Valley Mosquito and Vector Control District. Within the next few months, the GLAVCD intends to file an out-of-agency service extension request to serve the City of vernon on an interim basis (ideally leading to a future annexation). With the exception of the City of Long Beach (which has its own robust in-house vector control program), the City of Vernon is the sole remaining city in Los Angeles County not served by a vector control district. In the face of increasing health risks, the proactive collaboration amongst several parties (LA LAFCo, vector control districts, the County of Los Angeles, and the involved cities) are yielding positive results for the benefit of the public.

**Sonoma LAFCo**

Sonoma LAFCo is pleased to report the receipt of an application from the City of Santa Rosa for annexation of five unincorporated islands, including the community of Roseland in south west Santa Rosa. The Commission will adjudicate the proposal at its August meeting. Assuming approval and eventual ratification of the application, the annexation will resolve a decades-long exclusion of a large community of approximately 6,500 residents from the City.

**Solano LAFCo**

Solano LAFCo announces the hiring of a new Executive Officer, Richard J. Seithel, who will begin on August 9, 2017. Richard is a resident of Antioch and currently serves as the Chief of Annexations and Economic Stimulus Programs for Contra Costa County. He has served Contra Costa County in the County Administrator’s Office for the past nineteen years as a deputy county administrator. Richard will be a permanent full-time employee of the commission. Since 2013, the Solano LAFCO Executive Officer position has been filled by contractors working only part time. The move to a permanent full-time executive officer will ensure greater availability and service to the county, cities, districts and the public.

The CALAFCO Board of Directors and Staff wish all of you a wonderful summer!
**CALAFCO Associate Members’ Corner**

This section highlights our Associate Members. The information below is provided to CALAFCO by the Associate member upon joining the Association. All Associate member information can be found in the CALAFCO Member Directory.

CALAFCO is pleased to welcome our newest Silver Associate Member, *Peckham & McKenney*. *Peckham & McKenney, Inc.* provides executive search services to local government agencies throughout the Western United States and is headquartered in Roseville, California. The firm was established as a partnership in 2004 by Bobbi Peckham and Phil McKenney, who serve as the firm’s Recruiters and bring over 50 years’ combined experience in local government and executive search. To learn more about them, visit them at [www.peckhamandmckenney.com](http://www.peckhamandmckenney.com), or call them at 866-912-1919.

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**Upcoming CALAFCO Conferences and Workshops**

- **2017 ANNUAL CONFERENCE**
  - October 25 – 27
  - Bahia Mission Bay
  - San Diego, CA
  - *Hosted by CALAFCO*

- **2018 STAFF WORKSHOP**
  - April 11 – 13
  - Four Points Sheraton
  - San Rafael, CA
  - *Hosted by Marin LAFCo*

- **2018 ANNUAL CONFERENCE**
  - October 3-5
  - Tenaya Lodge
  - Yosemite, CA
  - *Hosted by CALAFCO*

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**Mark Your Calendars For These Upcoming CALAFCO Events**

- CALAFCO Board of Directors meeting, August 18, San Diego
- CALAFCO Legislative Committee meeting, August 25, conference call
July 6, 2017

To: Local Agency Formation Commission Members and Alternate Members

From: John Leopold, Committee Chair
       CALAFCO Board Election Committee
       CALAFCO Board of Directors

RE: Nominations for 2017/2018 CALAFCO Board of Directors

Nominations are now open for the fall elections of the CALAFCO Board of Directors. Serving on the CALAFCO Board is a unique opportunity to work with other commissioners throughout the state on legislative, fiscal and operational issues that affect us all. The Board meets four to five times each year at alternate sites around the state. Any LAFCo commissioner or alternate commissioner is eligible to run for a Board seat.

CALAFCO’s Election Committee is accepting nominations for the following seats on the CALAFCO Board of Directors:

Northern Region  Central Region  Coastal Region  Southern Region
County Member  City Member  City Member  County Member  
District Member  Public Member  Public Member  District Member

The election will be conducted during Regional Caucuses at the CALAFCO Annual Conference prior to the Annual Membership Meeting on Thursday, October 26, 2017 at the Bahia Hotel Mission Bay in San Diego, CA.

Please inform your Commission that the CALAFCO Election Committee is accepting nominations for the above-cited seats until Monday, September 25, 2017.

Incumbents are eligible to run for another term. Nominations received by September 25 will be included in the Election Committee’s Report and will be on the ballot. The Report will be distributed to LAFCo members no later than October 11 and ballots made available to Voting Delegates at the Annual Conference. Nominations received after this date will be returned; however, nominations will be permitted from the floor during the Regional Caucuses or during at-large elections, if required, at the Annual Membership Meeting.

For those member LAFCos who cannot send a representative to the Annual Meeting an electronic ballot will be made available if requested in advance. The ballot request must be made no later than Monday, September 25, 2017. Completed absentee ballots must be returned by October 23, 2017.

Should your Commission nominate a candidate, the Chair of your Commission must complete the attached Nomination Form and the Candidate’s Resume Form, or provide the specified information in another format other than a resume. Commissions may also include a letter of recommendation or resolution in support of their nominee.

The nomination forms and materials must be received by the CALAFCO Executive Director no later than Monday, September 25, 2017.
Here is a summary of the deadlines for this year’s nomination process:

- **July 6** – Nomination Announcement and packet sent to LAFCo membership and posted on the CALAFCO website.
- **September 25** – Completed Nomination packet due
- **September 25** – Request for an absentee/electronic ballot due
- **September 25** – Voting delegate name due to CALAFCO
- **October 11** – Distribution of the Election Committee Report (includes all completed/submitted nomination papers)
- **October 11** – Distribution of requested absentee/electronic ballots.
- **October 23** – Absentee ballots due to CALAFCO
- **October 26** – Elections

Returning the nomination form prior to the deadline ensures your nominee is placed on the ballot. Names will be listed in the order nominations were received should there be multiple candidates. Electronic filing of nomination forms and materials is encouraged to facilitate the recruitment process. Please send e-mails with forms and materials to info@calafco.org. Alternatively, nomination forms and materials can be mailed or faxed to the address or fax number below. Please forward nominations to:

CALAFCO Election Committee c/o Executive Director
California Association of Local Agency Formation Commissions
1215 K Street, Suite 1650
Sacramento, California 95814
FAX: 916-442-6535
EMAIL: info@calafco.org

Questions about the election process can be sent to the Chair of the Committee, John Leopold, at jleopold@calafco.org or by calling him at 831-454-2055. You may also contact CALAFCO Executive Director Pamela Miller at pmiller@calafco.org or by calling 916-442-6536.

Members of the 2017/2018 CALAFCO Election Committee are:

- John Leopold, Chair  
  jleopold@calafco.org  
  Santa Cruz LAFCo (Coastal Region)  
  831-454-2200

- Cheryl Brothers  
  cbrothers@calafco.org  
  Orange LAFCo (Southern Region)  
  714-640-5100

- Shiva Frentzen  
  sfrentzen@calafco.org  
  El Dorado LAFCo (Central Region)  
  530-295-2707

- Josh Susman  
  jsusman@calafco.org  
  Nevada LAFCo (Northern Region)  
  530-265-7180

Attached please find a copy of the CALAFCO Board of Directors Nomination and Election Procedures as well as the current listing of Board Members and corresponding terms of office.

*Please consider joining us!*
The procedures for nominations and election of the CALAFCO Board of Directors (Board) are designed to assure full, fair and open consideration of all candidates, provide confidential balloting for contested positions and avoid excessive demands on the time of those participating in the CALAFCO Annual Conference.

The Board nomination and election procedures shall be:

1. **APPOINTMENT OF A RECRUITMENT COMMITTEE**
   
a. Following the Annual Membership Meeting the Board shall appoint a Committee of four members of the Board. The Recruitment Committee shall consist of one member from each region whose term is not ending.
   
b. The Board shall appoint one of the members of the Recruitment Committee to serve as Chairman. The CALAFCO Executive Officer shall appoint a CALAFCO staff member to serve as staff for the Recruitment Committee in cooperation with the CALAFCO Executive Director.
   
c. Each region shall designate a regional representative to serve as staff liaison to the Recruitment Committee.
   
d. Goals of the Committee are to encourage and solicit candidates by region who represent member LAFCos across the spectrum of geography, size, and urban-suburban-rural population, and to provide oversight of the elections process.

2. **ANNOUNCEMENT TO ALL MEMBER LAFCOs**
   
a. No later than three months prior to the Annual Membership Meeting, the Recruitment Committee Chair shall send an announcement to each LAFCo for distribution to each commissioner and alternate. The announcement shall include the following:
   
i. A statement clearly indicating which offices are subject to the election.
   
   ii. A regional map including LAFCos listed by region.
   
   iii. The dates by which all nominations must be received by the Recruitment Committee. The deadline shall be no later than 30 days prior to the opening of the Annual Conference. Nominations received after the closing date shall be returned to the proposing LAFCo marked “Received too late for Nominations Committee action.”
   
   iv. The names of the Recruitment Committee members with the Committee Chair’s LAFCo address and phone number, and the names and contact information for each of the regional representatives.
   
   v. The address to send the nominations forms.
   
   vi. A form for a Commission to use to nominate a candidate and a candidate resume form of no more than one page each to be completed for each nominee.
   
   b. No later than four months before the annual membership meeting, the Recruitment Committee Chair shall send an announcement to the Executive Director for distribution to each member LAFCo and for publication in the newsletter and on the website. The announcement shall include the following:

### Key Timeframes for Nominations Process

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<th>Days</th>
<th>Event</th>
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<tr>
<td>90</td>
<td>Nomination announcement</td>
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<tr>
<td>30</td>
<td>Nomination deadline</td>
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<tr>
<td>14</td>
<td>Committee report released</td>
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*Days prior to annual membership meeting*
i. A statement clearly indicating which offices are subject to the election.

ii. The specific date by which all nominations must be received by the Recruitment Committee. Nominations received after the closing dates shall be returned to the proposing LAFCo marked “Received too late for Recruitment Committee action.”

iii. The names of the Recruitment Committee members with the Committee Chair’s LAFCo address and phone number, and the names and contact information for each of the regional representatives.

iv. Requirement that nominated individual must be a commissioner or alternate commissioner from a member in good standing within the region.

c. A copy of these procedures shall be posted on the web site.

3. THE RECRUITMENT COMMITTEE

a. The Recruitment Committee and the regional representatives have the responsibility to monitor nominations and help assure that there are adequate nominations from each region for each seat up for election. No later than two weeks prior to the Annual Conference, the Recruitment Committee Chair shall distribute to the members the Committee Report organized by regions, including copies of all nominations and resumes, which are received prior to the end of the nomination period.

b. At the close of the nominations the Recruitment Committee shall prepare regional ballots. Each region will receive a ballot specific to that region. Each region shall conduct a caucus at the Annual Conference for the purpose of electing their designated seats. Caucus elections must be held prior to the annual membership meeting at the conference. The Executive Director or assigned staff along with a member of the Recruitment committee shall tally ballots at each caucus and provide the Recruitment Committee the names of the elected Board members and any open seats. In the event of a tie, the staff and Recruitment Committee member shall immediately conduct a run-off ballot of the tied candidates.

c. Make available sufficient copies of the Committee Report for each Voting Member by the beginning of the Annual Conference.

d. Make available blank copies of the nomination forms and resume forms to accommodate nominations from the floor at either the caucuses or the annual meeting (if an at-large election is required).

e. Advise the Annual Conference Planning Committee to provide “CANDIDATE” ribbons to all candidates attending the Annual Conference.

f. Post the candidate statements/resumes organized by region on a bulletin board near the registration desk.

g. Regional elections shall be conducted as described in Section 4 below. The representative from the Recruitment Committee shall serve as the Presiding Officer for the purpose of the caucus election.

h. Following the regional elections, in the event that there are open seats for any offices subject to the election, the Recruitment Committee Chair shall notify the Chair of the Board of Directors that an at-large election will be required at the annual membership meeting and to provide a list of the number and category of seats requiring an at-large election.
4. **ELECTRONIC BALLOT FOR LAFCO IN GOOD STANDING NOT ATTENDING ANNUAL MEETING**  
   Limited to the elections of the Board of Directors
   
a. Any LAFCo in good standing shall have the option to request an electronic ballot if there will be no representative attending the annual meeting.

b. LAFCos requesting an electronic ballot shall do so in writing no later than 30 days prior to the annual meeting.

c. The Executive Director shall distribute the electronic ballot no later than two weeks prior to the annual meeting.

d. LAFCo must return the ballot electronically to the executive director no later than three days prior to the annual meeting.

e. LAFCos voting under this provision may discard their electronic ballot if a representative is able to attend the annual meeting.

f. LAFCos voting under this provision may only vote for the candidates nominated by the Recruitment Committee.

5. **AT THE TIME FOR ELECTIONS DURING THE REGIONAL CAUCUSES OR ANNUAL MEMBERSHIP MEETING**
   
a. The Recruitment Committee Chairman, another member of the Recruitment Committee, or the Chair’s designee (hereafter called the Presiding Officer) shall:
   
i. Review the election procedure with the membership.

ii. Present the Recruitment Committee Report (previously distributed).

iii. Call for nominations from the floor by category for those seats subject to this election:
   
   1. For city member.
   
   2. For county member.
   
   3. For public member.
   
   4. For special district member.

b. To make a nomination from the floor, a LAFCo, which is in good standing, shall identify itself and then name the category of vacancy and individual being nominated. The nominator may make a presentation not to exceed two minutes in support of the nomination.

c. When there are no further nominations for a category, the Presiding Officer shall close the nominations for that category.

d. The Presiding Officer shall conduct a “Candidates Forum”. Each candidate shall be given time to make a brief statement for their candidacy.

e. The Presiding Officer shall then conduct the election:
   
i. For categories where there are the same number of candidates as vacancies, the Presiding Officer shall:
   
   1. Name the nominees and offices for which they are nominated.

   2. Call for a voice vote on all nominees and thereafter declare those unopposed candidates duly elected.
For categories where there are more candidates than vacancies, the Presiding Officer shall:

1. Poll the LAFCos in good standing by written ballot.
2. Each LAFCo in good standing may cast its vote for as many nominees as there are vacancies to be filled. The vote shall be recorded on a tally sheet.
3. With assistance from CALAFCO staff, tally the votes cast and announce the results.

Election to the Board shall occur as follows:

1. The nominee receiving the majority of votes cast is elected.
2. In the case of no majority, the two nominees receiving the two highest number of votes cast shall face each other in a run-off election.
3. In case of tie votes:
   a. A second run-off election shall be held with the same two nominees.
   b. If there remains a tie after the second run-off, the winner shall be determined by a draw of lots.
4. In the case of two vacancies, any candidate receiving a majority of votes cast is elected.
   a. In the case of no majority for either vacancy, the three nominees receiving the three highest number of votes cast shall face each other in a run-off election.
   b. In the case of no majority for one vacancy, the two nominees receiving the second and third highest number of votes cast shall face each other in a run-off election.
   c. In the event of a tie, a second run-off election shall be held with the tied nominees. If there remains a tie after the second run-off election the winner shall be determined by a draw of lots.

6. ADDITIONAL PROCEDURES

a. For categories where there are more candidates than vacancies, names will be listed in the order nominated.

b. The Recruitment Committee Chair shall announce and introduce all Board Members elected at the Regional Caucuses at the annual business meeting.

c. In the event that Board seats remain unfilled after a Regional Caucus, an election will be held immediately at the annual business meeting to fill the position at-large. Nominations will be taken from the floor and the election process will follow the procedures described in Section 4 above. Any commissioner or alternate from a member LAFCO may be nominated for at-large seats.

d. Seats elected at-large become subject to regional election at the expiration of the term. Only representatives from the region may be nominated for the seat.

e. As required by the Bylaws, the members of the Board shall meet as soon as possible after election of new board members for the purpose of electing officers, determining meeting places and times for the coming year, and conducting any other necessary business.
7. **LOSS OF ELECTION IN HOME LAFCO**

Board Members and candidates who lose elections in their home office shall notify the Executive Director within 15 days of the certification of the election.

8. **FILLING BOARD VACANCIES**

Vacancies on the Board of Directors may be filled by appointment by the Board for the balance of the unexpired term. Appointees must be from the same category as the vacancy, and should be from the same region.

*These policies and procedures were adopted by the CALAFCO Board of Directors on 12 January 2007 and amended on 9 November 2007, 8 February 2008, 13 February 2009, 12 February 2010, 18 February 2011, and 29 April 2011. They supersede all previous versions of the policies.*
The counties in each of the four regions consist of the following:

**Northern Region**
Butte  
Colusa  
Del Norte  
Glenn  
Humboldt  
Lake  
Lassen  
Mendocino  
Modoc  
Nevada  
Plumas  
Shasta  
Sierra  
Siskiyou  
Sutter  
Tehama  
Trinity  
Yuba

**Coastal Region**
Alameda  
Contra Costa  
Marin  
Monterey  
Napa  
San Benito  
San Francisco  
San Luis Obispo  
San Mateo  
Santa Barbara  
Santa Clara  
Santa Cruz  
Solano  
Sonoma  
Ventura

**Central Region**
Alpine  
Amador  
Calaveras  
El Dorado  
Fresno  
Inyo  
Kern  
Kings  
Madera  
Mariposa  
Merced  
Mono  
Placer  
Sacramento  
San Joaquin  
Stanislaus  
Tulare  
Tuolumne  
Yolo

**Southern Region**
Orange  
Los Angeles  
Imperial  
Riverside  
San Bernardino  
San Diego

**CONTACT:** Steve Lucas  
Butte LAFCo  
slucas@buttecounty.net

**CONTACT:** Carolyn Emery  
Orange LAFCo  
cemery@oclafco.org

**CONTACT:** David Church  
San Luis Obispo LAFCo  
dchurch@slolafco.com

**CONTACT:** Kris Berry, Placer LAFCo  
kberry@placer.ca.gov
Nomination to the CALAFCO Board of Directors

In accordance with the Nominations and Election Procedures of CALAFCO,

__________________________ LAFCo of the __________________________ Region

Nominates ____________________________

for the (check one)  □ City  □ County  □ Special District  □ Public

Position on the CALAFCO Board of Directors to be filled by election at the next Annual Membership Meeting of the Association.

__________________________________

LAFCo Chair

__________________________________

Date

NOTICE OF DEADLINE

Nominations must be received by September 25, 2017 to be considered by the Recruitment Committee. Send completed nominations to:
CALAFCO Recruitment Committee
CALAFCO
1215 K Street, Suite 1650
Sacramento, CA 95814
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Board of Directors
2017/2018 Candidate Resume Form

Nominated By: ___________________________ LAFCo Date: ____________

Region (please check one): ☐ Northern ☐ Coastal ☐ Central ☐ Southern

Category (please check one): ☐ City ☐ County ☐ Special District ☐ Public

Candidate Name _________________________________________________________

Address _______________________________________________________________

Phone Office _________________________ Mobile ____________________________

e-mail ____________________________________________ @ __________________

Personal and Professional Background:

LAFCo Experience:

CALAFCO or State-level Experience:
NOTICE OF DEADLINE

Nominations must be received by **September 25, 2017** to be considered by the Recruitment Committee. Send completed nominations to:
CALAFCO Recruitment Committee
CALAFCO
1215 K Street, Suite 1650
Sacramento, CA 95814
<table>
<thead>
<tr>
<th>Board Member Name</th>
<th>LAFCo - Region</th>
<th>Type</th>
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<tr>
<td>Cheryl Brothers</td>
<td>Orange - Southern</td>
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<td>(2018)</td>
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<td>Bill Connelly</td>
<td>Butte - Northern</td>
<td>County</td>
<td>(2017)</td>
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<td>James Curatalo – Chair</td>
<td>San Bernardino - Southern</td>
<td>District</td>
<td>(2017)</td>
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<td>Shiva Frentzen</td>
<td>El Dorado - Central</td>
<td>County</td>
<td>(2018)</td>
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<td>Michael McGill - Treasurer</td>
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<td>Northern</td>
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<td>(2017)</td>
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</tbody>
</table>
CORRESPONDENCE – IN THE NEWS

Newspaper Articles

➤ The Ceres Courier, July 12, 2017, “Mobile Home Park turned down by city for water.”
➤ West Side Index, July 27, 2017, “Planners sign off on development agreement.”
➤ West Side Index, August 3, 2017, “Ambulance board eyes fund-raising campaign.”
➤ West Side Index, August 3, 2017, “Pilot project explores groundwater banking.”
➤ The Oakdale Leader, August 9, 2017, “City faces permanent water chlorination.”
➤ The Oakdale Leader, August 9, 2017, “StanCOG’s “Big-Picture Look” at transportation in the Valley.”
➤ Ceres Courier, August 9, 2017, “Treated River Water to Ceres by 2022.”
➤ West Side Index, August 10, 2017, “Crows Landing project EIR anticipated this fall.”
➤ The Modesto Bee, August 10, 2017, “What Turlock and Ceres residents might pay for a more reliable water supply.”
➤ The Modesto Bee, August 10, 2017, “North County Corridor key study kicks off debate over final route options.”
MOBILEHOME PARK TURNED DOWN BY CITY FOR WATER

By Jeff Benziger

A second request for the city to extend a water line to a rural mobile home park of about 47 units was turned down by the Ceres City Council on Monday.

KS Mattson Partners LP of Vacaville, owners of the Ceres West Mobilehome Park, met the same resistance a year ago when they appeared again to see if the city would run a four-inch water line down Central Avenue to the park at the southwest corner of Central and Grayson roads south of Beaver Elementary School. The park has limited options to supply drinking water to the units because water from an on-site well exceeds state limits for arsenic.

The park used about 2.6 million gallons of water, or 7,887 gallons, in 2014.

Members of the City Council remained opposed to the idea, fearing there could be collection problems for monthly service. The council also expressed fears about an agreement not being honored should the park change hands.

Mayor Chris Vierra said the issue is different from when the city extended a water line to the Monterey Park Tract southwest of Ceres. For one thing, he said Monterey Park Tract is a rural neighborhood overseen by an elected Community Services District whereas Ceres West is a for-profit business. Secondly, the county guarantees it would financially step in should there be collection problems from Monterey Park residents.

The council again expressed fear that setting a precedent would result in a flood of other requests from the rural mobile home parks surrounding Ceres which may find wells failing to meet state water quality standards.

Vierra also is concerned about the city being on the hook for the costs of operating and maintaining the 3,000 feet of water line to the park, which was approved by the county in 1969.

Alfonso Manrique of AM Consulting Engineers said the park has not much room to drill a new well and that water from a new source would likely also be contaminated with arsenic. He also noted that one solution of adding water purifiers under the sinks of all units is seen as short-term and not dependable by the state. A water treatment system is not the most cost-effective for residents of the park, which he called a "disadvantaged community."

Michelle Frederick, a coordinator with the state Water Resources Control Board appeared on behalf of the park, saying the state would like to see the connection. She said the state would offer zero-interest loans to assist in the project.

City staff, however, recommended denial of the request and said the city is not legally obligated to do so.

Councilmember Bret Durossette expressed concern about what happens when the city raises rates once the surface water system goes on line, or if the park is sold.

"Right now we still have our own water issues," said Durossette, who added he feels for the residents.

Councilman Ken Lane wondered about others who would want to tap into the line as their wells go bad.
"The first thing I can say to the mobile home park owner is go ahead and get an annexation out too and we'd be more than happy to serve you because we are, in essence, opening up a Pandora's Box here," said Vierra. He added: "My concern is that we enter an arrangement, we're stuck holding all the bag and the owner sells in a year and a half and now we're dealing with somebody else who doesn't want to take our rate increases that we're going to have for our surface water project ... And quite frankly ... how can I ask my residents to pay for the long-term operation and maintenance of that line that isn't part of the city?"

An annexation could be rejected by the Local Agency Formation Commission (LAFCO), Vierra said. It would also involve an expensive environmental impact report.

The council unanimously rejected the request in a 4-0 vote. Vice Mayor Mike Kline was absent.
Planners sign off on development agreement

NEWMAN - A relatively small residential development on the west edge of the city is moving forward.

The Planning Commission last week approved a development agreement with George and Marlene Souza on a 10-lot project located on three-plus acres of land at the intersection of T Street and Orestimba Road.

The development agreement is subject to final approval by the City Council.

That project involves a 3.3-acre annexation which must go before the Local Agency Formation Commission (LAFCO) for approval.

"The development has been earmarked as custom home lots. It is a product we don't currently offer in our community," explained City Manager Michael Holland. "You see this in a lot of communities now."

City Planner Stephanie Ocasio said the development will include a number of up-scale features.

"We had some design elements that we borrowed from our Northwest Newman guidelines," said Ocasio, referring to a large mixed-use project in the planning stages. "The development agreement will create a more unique (finished product)."

The 10 lots will each be at least 10,000 square feet in size, Ocasio noted, and the living space of each home will be a minimum 2,000 square feet (not including garages and patio space).

The project will have larger setbacks than those found in typical developments, she explained, with the visual emphasis on the home itself rather than garages.

"You are going to see the house first, then the garage. The garage will not dominate (the appearance)," Ocasio said.

Only single-story homes will be built in the project.

The city will receive a number of benefits from the Souza development, Holland said.

The fees agreed to by the developer include $3,000 per unit in a "community benefit fee" and $2,000 per unit which will be set aside to go toward the development of a veterans memorial in the city.

The development agreement will go to the City Council for final approval in August before the project goes to LAFCO for consideration.

"This is an annexation that makes sense. It is already surrounded by the city on three sides," Ocasio told Mattos Newspapers. "We anticipate that it should go through LAFCO and meet their standards. At that point, we can do a final map that would allow the developer to split the parcels and sell the lots."

Commissioners voiced their support for the project.

"I have walked the property," said member Marlena Cardinal. "I think it is an excellent plan and will be an asset to the city."

Triple Tree Natural Foods
The commission last week also approved a conditional use permit for a processor of yogurts and cultured food products to operate in the former Leprino plant.

Triple Tree Natural Foods will process coconut and soy-type yogurts at the facility, explained CEO Bill Warren Jr.

"The vision is to have a cultivating yogurt facility," he explained.

Ocasio said the business is compatible with the former cheese plant facility, and furthers the city’s goal of promoting economic development.

She said the company will initially provide one to two full-time positions with one to two part-time jobs to follow.
Ambulance board eyes fund-raising campaign

The board which oversees West Side Community Ambulance has signaled its interest in moving forward with a fund-raising campaign to help cover capital expenses.

Facing a number of financial challenges, the healthcare district which operates the ambulance service may turn directly to the community with a plea for donations.

The idea has been championed by ambulance board member George Schmidt.

He got the green light from other board members last week to contact one potential donor who has expressed interest in supporting the service, and with the help of staff will draft a fund-raising letter for the board to review at its next meeting before being distributed to potential benefactors.

"I already have one person in the district who is willing to make a donation, but he has been waiting until we actually get the ball rolling," Schmidt explained.

Schmidt said he envisions a campaign that would encompass public relations visits to clubs and organizations, as well as a mailer explaining the capital campaign and asking for donations from business leaders throughout the district.

He said the contributions would help cover the cost of capital purchases such as new ambulances and other equipment, and would not be used for day-to-day operating costs.

The district's operating budget barely breaks even and includes no money for such capital expenses, Schmidt told Mattos Newspapers.

"We do have money coming in from the sale of the hospital, and we do have some money in our reserves. I would like to get the pressure off of the reserves as far as the capital needs are concerned and use those reserves for the operating budget," Schmidt explained.

The need, he said, is ongoing.

"We just purchased an ambulance that we are paying for on a monthly basis, and we will have to purchase another ambulance in the next year or two," he pointed out.

The ambulance service has stabilized its budget to a point but still faces financial challenges, Schmidt added.

"We are right at a break-even point. We lost a little bit of money every year, but we have stopped the major deficit. It gets tougher and tougher every year to maintain the operating budget and take care of the capital (needs)," he remarked.

Schmidt said he is optimistic the community will support a capital campaign on behalf of the ambulance.

"I would hope that they would react positively. The more people we get involved the better, but we can't rely on $20 donations. We have to have some bigger (contributors) step forward and I think some of them will," he stated. "If (the community) wants to keep the ambulance local, they are going to have to get behind it."

Ambulance board members have discussed a number of other fund-raising options as well, including the possibility of asking voters to approve an increase in the Measure A tax assessment, but as of yet have taken no steps to move forward.
Pilot project explores groundwater banking

A pilot project involving two local ag water agencies will explore the feasibility of storing water supplies in underground aquifers.

The project, a joint effort of the Central California Irrigation District and Del Puerto Water District, involves construction of a shallow, 20-acre basin into which the agencies will pump water to recharge the aquifer.

The concept is straightforward: Develop a basin which can be used to percolate water supplies into the aquifer, which in turn can be pumped out and used when needed at a later date.

The pilot project follows an earlier test involving a one-acre basin that was promising enough to move ahead with an expanded endeavor, explained Chris White, CCID general manager.

"We are serious about testing the concept (of underground storage) to make sure that this is something we could build on," White explained. "This will test the feasibility of the site for a groundwater project. This simple task will either prove the project out or not."

He said CCID has been studying potential groundwater storage sites as part of its resources plan. The site of the pilot project, which is south of the Orestimba Creek and east of the Delta-Mendota Canal, has good water quality and a good aquifer.

"It all looked favorable toward a groundwater storage program," he stated.

Additional water storage is always welcome, said Anthea Hansen, general manager of the Del Puerto district.

"The benefit we see right now is an opportunity to store water in wet years for use during dry years. That is always something we are looking to do," said Hansen. "This is a supplement to our ability to store water in (San Luis) reservoir. It is another place we can store water.

After a prolonged drought, Hansen noted, Del Puerto saw a situation arise this this year where the district had access to water supplies - but with San Luis at capacity had nowhere to put that water.

"Multiple projects like that could give the district more management tools in terms of its ability to protect water supplies from one year to the next. It is hard to watch water supplies that you could potentially benefit from in the future be lost to the fact that you have no place to store it," she added.

Hansen said the environmental review on the pilot project has been completed. It has been approved by the CCID board, she said, and the Del Puerto board will be asked to sign off on the environmental document as well this month.

White said final designs are being drawn up for the basin, and he anticipates construction beginning this fall. He described the basin as being one to two feet in depth and located on privately-owned land.

Studies have indicated that the basin could percolate 10 acre-feet of water a day into the aquifer, he told Mattos Newspapers.

The basin is well situated for a recharge project, White said.

"It is sited such that we could get water out of the (Delta-Mendota) canal to put into the ground for recharge, and at some point in the future we could route flows from Orestimba Creek into the pond as well," he explained. "We are hopeful that we have a site that can use some natural run-off in the pond."

If a groundwater recharge project proves feasible, a number of steps would follow.
One, the water managers said, would involve coming up with an agreement with surrounding landowners for use of the water.

“We are committed, with Del Puerto, to work with landowners in the area to make sure that we can come up with a program that is agreeable to the neighbors and beneficial to everybody,” White stated. “Usually there is an accounting within a groundwater banking program. You put water in the ground and agree to leave behind a percentage of that flow for the benefit of those around you, and you have a right to pick up a percentage in the future,” he explained.

Hansen said the pilot project carries a price tag of $1.2 million. Grant funding will cover nearly half the project cost, with the two agencies splitting the remainder.
City Faces Permanent Water Chlorination
State Mandates

By Kim Van Meter

If you live within the city limits and you think there's something stinky coming out of the tap — your nose isn't lying.

Oakdale City water officials have confirmed that the city water supply is under a mandatory chlorination schedule.

And for now... it's permanent.

Residents started noticing the odd smell and taste coming from their taps last year, commenting on a Facebook group page geared toward Oakdale residents, that their water tasted strongly of chlorine and, some said, sulphur.

"I noticed it a while ago," resident Michelle Hunter said. "It would come and go ... that's why I never drank tap water. Lately, I haven't noticed it. What was weird to me was around rodeo time I ran into a friend who works for the city (who) said ... 'Oh, you'll be able to drink the water again soon.' Nope. I'll stick to bottled."

Jeff Gravel, Public Services Director for the City of Oakdale, shared that the city failed a routine sampling test in October 2016 following a water line project in the area of C Street, Johnson and Sixth Avenue. The sampling showed a coliform bacterium contamination, which necessitated a flushing of the lines with chlorine.

The city conducts sampling of the water quality weekly, monthly and quarterly, which is required by the state water board, the same requirement shared by every city.

"Usually, if there's dirt in the water line, we flush the line and treat with chlorine," Gravel explained.

Each time the city fails a routine sampling, the results and the action taken are reported to the state, which monitors public water safety.

A few months ago, the city failed yet another routine sampling — this time in the Bridle Ridge area — and the state issued a stern mandate: permanent chiorination until such time as the state determines it is appropriate to discontinue.

For some, it's a minor inconvenience.

"The water smells bad," James Roy Dyson, Jr. said. "We still drink it. Nothing wrong with it but the smell, if you have a house built after 2006 it's the new pipes they use."

Gravel shared that for anyone experiencing a sulphur smell, the cause is more likely related to other issues, not the chlorination.

However, those who are experiencing a strong chlorinated taste and smell, it is likely their pipes are close to an injection site as there is no way to mix the chlorine prior to the water entering the line. Also, lines that don't get as much use have a tendency to collect water in the lines, therefore intensifying the chlorination taste and smell.

As such, some residents have been more affected than others, complaining that their water is unpalatable.
"I hate giving this water to my dogs," Nancy Hodge said. "That's how gross I think it is now. I feel like I pay enough to the city I should not have to be spending an extra $50 to $60 a month in bottled water."

Resident Carolyn-Hunter Mason agreed, saying, "We all pay the city over $100 a month and on top of it, we are buying water over $100 a month. It is in my ice-maker, too."

The situation is a proverbial catch-22.

While Oakdale has traditionally enjoyed some of the freshest water in the valley, thanks to deep, healthy wells, the 60-year-old water lines are showing their age and needing repair.

"We're aggressively going after the old pipes," Gravel said. "It's a project that's going to take several years to complete."

The city passed along the cost of the repair to the residents, which was reflected in the recent rate hike, but then the repair caused contaminants to travel through the lines, necessitating the chlorination.

However, fixing the water lines is paramount because while a coliform bacterium contamination is a red flag, the contaminant isn't dangerous in and of itself — it's considered a "pathway" bacterium.

"Coliform is almost harmless," Gravel explained. "It just shows that something is getting into the water."

So, if coliform can get in, that means something much more dangerous and harmful to public health can gain access, which is why the state mandates the chlorination protocol.

But Gravel was quick to point out, "It's a very low-dose chlorination program, a very light disinfection" and the injection points are downstream, not in the actual wells.

"The wells have never been hit," he assured. "The wells are clear. There are no contaminants in our ground water."

Gravel added, "Oakdale still has clean water. We don't have the problems some of the other cities in the Valley are experiencing."

The city will be releasing on social media and the city website an information packet regarding the current water issues but Gravel urged anyone suffering significant issues with their water, to contact the city.

"Please call the city if the smell is too much. Feedback is important so we can address it," he said.

"If you call us, we can test your water," Oakdale City Manager Bryan Whitemyer echoed Gravel's statement, adding, "If anything we can keep track where the complaints are coming from and we can do some more investigation."
IN THE NEWS – Oakdale Leader, August 9, 2017

StanCOG’S “Big-Picture Look” At Transportation In The Valley

By Autumn Neal

Stanislaus Council of Governments (StanCOG) is looking to improve the quality of life valley-wide.

From an environmental standpoint, StanCOG is concerned where residents will work, live, and what transportation will be available. They aim to “use resources efficiently, protect existing communities, conserve farmland and open space, and support our local economy” via the Regional Transportation Plan/Sustainable Communities Strategy.

To do this, they are looking to work collaboratively with the county of Stanislaus and its towns and cities, including Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock and Waterford.

The “Valley Vision” team has been coming to local communities and leading workshops in order for community members to get involved in the planning and have their voice be heard. This past Wednesday, Aug. 2, they came to the Bianchi Center to give their presentation in Oakdale.

According to the handout provided at the project overview, “Senate Bill 374 requires planners to consider how land use and transportation planning can be coordinated to help reduce greenhouse gas emissions.” They then must look to plan housing, jobs, and services “to be located in a way that helps reduce the amount of travel we do day-to-day in our cars and trucks,” meaning that they encourage using trains, BART, bikes, and walking.

A member of the consulting team explained that they’re “looking for truly a big emphasis on transportation investments.”

This was addressed in the questions section of the presentation. Each attendee used a clicker to indicate their feelings on various subjects including transportation policy, what was most important in their community, and what they hope to see improve in the next 30 years.

The attendees of the project overview were hesitant about compact growth – building upward into two and three story buildings – but also did not have much enthusiasm about growing outside of Oakdale, for example, along the expansion of land aside Highway 120 between town and the golf course. However, they were interested in upcoming train expansion to make the railroads more accessible across Stanislaus and expanding and enhancing the pedestrian network. Most important to those present was improving air quality and conserving farmland.

Kendall Flint, the Outreach Task Manager for the Regional Government Services, noted that this was not her first presentation in Oakdale. She said that she’d shared the same vision about four years ago to a group of 20 people. The crowd had dwindled down to a fourth of that by her following visit last Wednesday. Though the number of attendees was small, it encapsulated a diverse pocket of community members, ranging from ages 18 to over 60, and with varying interests in mind.

Flint expressed that this smaller crowd has the potential to be a “good thing, because they’re starting to understand what we’re doing.”

The workshop included not only a questions section to get the community’s opinions, but also gave a layout of what residents in Stanislaus can expect from StanCOG’s Valley Vision – a “shared regional vision.” Flint explained that they look for “environmental justice” and for investments that will make people get out of their cars, and onto bikes or start walking around.

The plan is scheduled to take 18 months, and will finish in late 2018. A timeline was available during the presentation. From July 2017 to August 2017, StanCOG established goals and policies and explored
demographic and revenue projections. August 2017 will consist of creating land use and investment scenarios. October 2017 to March 2018 is when they will perform technical studies as well as prepare a draft and final plan. In November 2017 to June 2018, they plan to do an environmental review.

StanCOG wanted to stress that the Valley Vision does not supersede local land use authority. Their "aggressive" public outreach programs aim to inform the community of this and hope to get local's opinions on what's most important to them within their district.
TREATED RIVER WATER TO CERES BY 2022

• Surface water plant proceeds

By Jeff Benziger

With groundwater supplies in dwindling supply and questionable quality, members of the Stanislaus Regional Water Authority (SRWA) acted formally on Thursday to start the process of building a plant to deliver treated Tuolumne River water to homes in Ceres and Turlock by 2022.

The SRWA is a joint powers authority with a board comprised of two members of the Ceres City Council and two from the Turlock City Council.

On-again, off-again talk of building a surface water plant for the two cities dates back three decades with plans falling apart over raw water costs. Turlock Irrigation District and the JPA reached an agreement on raw water costs. Now the only thing that could spoil the plan is a proposal of the State Water Resources Control Board to take more water from Don Pedro Reservoir. The board has yet to make a decision on the so-called Bay-Delta Water Quality Control Plan, which could result in a 40 percent unimpaired flow out of Don Pedro.

The SRWA board met at Turlock City Hall on Thursday and received a report that detailed the plant will be sized to siphon and treat up to 15 million gallons per day (mgd) for use in the two cities. Both Ceres and Turlock would blend the new source of water with treated groundwater. Turlock could receive up to 10 mgd while Ceres has a claim of 5 mgd. Construction of the plant will cost $288 million with Turlock paying $182 million and Ceres $100 million.

To cover expenses, both cities will need to raise water rates under the protest hearing outlined in Prop. 218. A rate analysis is being conducted so the preliminary numbers offered at the meeting may not prove accurate.

Ceres projects that the average monthly water bill would be $51 in 2020 with no surface water plant constructed. With the plant, rates are expected to be $27 higher, or $78 per month by 2020.

In Turlock the average water bill is expected to jump from $43 per month in 2018 to $54 in 2020 without a surface water plant. With the plant water rates would be driven up by $26 per month, to about $83 per month by 2020.

"When we are out talking to our residents ... about this topic, yeah you'd like to have cheaper water rates but they're going to up regardless and so we have to look at the cost of what brings up reliability," said Turlock Mayor Gary Soiseth. He pointed out the newer water rates will be on par of what communities in the Valley are already paying. "Our rates have been artificially low for a very long time."

Ceres Mayor Chris Vierra said the plant is a necessity for a guaranteed source of clean and reliable water.

"I think the do-nothing alternative is really not an option," said Vierra. "The requirements for our drinking water quality gets ratcheted tighter and tighter."

Ceres City Councilman Ken Lane who sits on the board said the cities will benefit from the action.

"In the long run it's going to cost a lot more if we stay on the same avenue," said Lane.

Ceres City Manager Toby Wells said both cities want to break its 100 percent reliance on groundwater for two main reasons.
"As we all saw through the drought, that becomes very difficult to manage and that drought has impacted our groundwater levels as well as water quality changes ... that come from federal and state regulations changing," said Wells. "Those water quality challenges continue to get worse and worse."

Wells said Ceres and Turlock are dealing with the same water issues.

Ceres as 12 active wells but new regulations for Trichloropropane (TCP) will affect seven of the wells and trigger more costly treatments. He explained that the water table is about 64 feet below the surface of the ground but that the pumping level has dropped 40 feet.

"It's taking a lot more work to get that same volume of water out of the ground and we're pulling from a much deeper strata of water which is leading to some different water quality than we've seen in the past."

It's been a challenge for the cities to deal with naturally occurring levels of arsenics, nitrates and uranium with wellhead treatment running $1 million to $2 million.

Michael Cook, director of Municipal Services for the city of Turlock, said his city has 17 active wells but had to remove 22 wells from active service in recent years.

"We're constantly struggling with water quality, water quantity, which makes reliance on groundwater increasingly challenging," said Cook.

He said that water sampled from a well near Wakefield School this week shows such a dramatic increase in nitrate levels that it could soon exceed state standards.

"I kind of liken it to Whack-a-Mole," said Cook. "Just when you think you're ahead you get knocked back down again. It's a constant battle."

Six wells in Turlock could face abandonment next year or expensive treatment thanks to more stringent state standards on TCP.

To get by for the interim, Turlock is trying to rehabilitate and rehabilitate wells but they will be incapable of producing the same quantity of water as years ago. The city is also drilling five new test wells.

Added benefits to the surface water system, said Lindsay Smith of West Yost Associates, will be less pumping of the groundwater supplies to allow for a more rapid recharge.

"There's also the environmental benefit to the Tuolumne River aquatic species because we will be providing more water in the Tuolumne River in the 26 miles between the La Grange Dam and where we're diverting water to this project (at Fox Grove)," said Smith.

An added benefit will be reduced hardness and mineral content for households and wastewater discharge.

Smith said the plant will give both cities the potential to offer water to other communities, like Denair and Hughson, or disadvantaged communities.

With an infiltration gallery in place in the river bed on the south side of the river west of Geer Road, the next step will be construct a wet well and pump station. Water will be piped underneath the Geer Road Bridge to a treatment plant that will be situated southeast of the Fox Grove Fishing Access parking lot.

Ceres will receive water through a five-mile 24-inch water line to be constructed down Hatch Road to an above-ground tank to be constructed at Ceres River Bluff Regional Park. A seven-mile water line will be constructed down Berkeley Avenue to Turlock, which will also need to install new pipes along N. Quincy, Canal Drive and E. Taylor.
IN THE NEWS – The Ceres Courier, August 9, 2017 (continued)

A majority of the project will be financed by a 30-year loan from the Drinking Water State Revolving Fund (SRF). Currently the state offers a 1.9 percent interest rate. The agency will also pursue a number of grant opportunities.

The SRWA recently lobbied for passage of special legislation in SB 373 which enables the agency to construct the plant using a design-build delivery method. Such a method enables the plant to be built faster and cheaper than the alternative.

Gerry Nakano of West Yost Associates said environmental work is continuing and appraisals have been completed for the purchase of land needed for a wet well.

He also noted that the agency is in the process of hiring a general manager.
Crows Landing project EIR anticipated this fall

CROWS LANDING - Stanislaus County officials hope to roll out a draft environmental impact report this fall which will serve as the planning foundation for transforming a vacant West Side air facility into a center of job-generating commerce.

Keith Boggs, Stanislaus County assistant executive officer, told Mattos Newspapers that the initial environmental planning work which lays out a vision for the one-time military training field is nearly complete.

The process paused over the summer to allow Patterson officials to take a deeper look at areas of concern, Boggs said, but should be released for public review and comment in coming months.

The air base - and its potential for economic development - has been largely out of the public eye since the county Board of Supervisors parted ways with initial site developer Gerry Kamilos and his controversial West Park project five years ago.

But the central goal of creating jobs at the Crows Landing site has never wavered, Boggs emphasized.

County officials advertised for a new master developer after cutting ties with Kamilos and, after finding no takers, decided to invest in the environmental studies required to move the project forward.

After a 45-day public comment period when the draft document is unveiled, the county must incorporate a response to each comment into the final EIR before presenting the document to the Board of Supervisors for approval.

"This is a project-specific CEQA (California Environmental Quality Act) document. It means that we will be ready to turn dirt" when a final EIR is certified, Boggs explained.

"Once certified, we will start to roll up our sleeves and most likely put a request for proposals on the street for a master developer," he commented.

Having a CEQA certified project will make the Crows Landing project more attractive to the development community, he added, as a prospective master developer will not have to go through the arduous environmental review process.

Infrastructure is a challenge, Boggs acknowledged.

While he does not envision the county in the role of project developer, Boggs said, he anticipates consideration at the county level of investing in the infrastructure required to make the base redevelopment possible.

Plans for the 1,527-acre former air facility, a small portion of which is still undergoing contamination remediation by the military, are by design flexible.

A 370-acre general aviation airport is one defined element of the project, Boggs explained, but the development market will largely determine the remainder of the planned development.

Logistics centers, distribution hubs, manufacturing, light industrial and commercial uses are all possible, he pointed out. Those major uses may draw ancillary businesses as well, Boggs added.

"We recognize that none of us can read the tea leaves," he said of the Crows Landing plan. "It needs to remain as flexible as it can so it is viable for the long term. It is flexible so it can be what it needs to be."
Boggs said the specific plan envisions a 30-year development plan, in three 10-year phases, that “will move at the speed and desire of the development community.”

The initial development - known as Phase 1A - will be on 104 acres located on the south side of the air base to take advantage of proximity to Interstate 5 and the Fink Road interchange.

The control tower is the only building remaining on the property, said Boggs.

And while the base stands silent most of the time, it is occasionally used for activities such as automotive testing, car club events and defensive driving courses the sheriff's department holds for law enforcement personnel.

Ultimately, though, county leaders envision employment opportunities and economic development dominating the site.

“That passion from my elected officials,” Boggs reiterated, “is to generate jobs.”
What Turlock and Ceres residents might pay for a more reliable water supply

By John Holland

A proposed Tuolumne River treatment plant could add about $25 to average monthly water bills in Turlock and Ceres.

That is the latest estimate for the project, which would supplement city wells that can be hampered by drought and water-quality rules.

The governing board voted unanimously last week to do further planning on the $288 million project. It could be completed as early as 2022.

The rate analysis was done by West Yost Associates, a Davis-based engineering firm. It assumes that bills will rise anyway because of the need to maintain the groundwater systems, and that the treatment plant would add further to the costs.

The average Turlock bill of $43 a month would rise to $52 by 2022 with a groundwater-only system and to $77 if it added the river water.

In Ceres, the average monthly bill of $42 would be $51 in 2022 with a groundwater-only supply and $78 with the river water.

West Yost notes that customers could pay less if the project qualifies for state or federal grants.

The project, discussed off and on for about 30 years, is finally getting traction. The Turlock Irrigation District agreed in 2015 to sell some of its river water to the plant. It would use an intake structure that TID installed in the riverbed at Geer Road in anticipation of the project in 2001.

The effort in the past involved several smaller towns within TID boundaries, including Hughson, Keyes, Denair, Hilmar and Delhi. They can rejoin by covering some of the costs, said Michael Brinton, interim general manager for the project.

The Modesto Irrigation District built its own treatment plant in the mid-1990s for domestic water users north of the Tuolumne. It is credited with helping groundwater bounce back.

The proposed plant's governing body is formally known as the Stanislaus Regional Water Authority. It is made up of Mayor Gary Soiseth and Councilwoman Amy Bublak from Turlock and Mayor Chris Vierra and Councilman Ken Lane from Ceres.

The board hired the engineering firm last year on a $2 million contract for early planning. It added $273,255 last week for further tasks, but the detail design will be substantially more.
North County Corridor key study kicks off debate over final route options

Six decades of talking about a bypass around Oakdale are coming together in a newly released planning document that should spark new discussion on which path the future road should take.

The North County Corridor’s draft Environmental Impact Report represents “a major milestone,” said Matt Machado, public works director for Stanislaus County.

NORTH COUNTY CORRIDOR DISPLACEMENT IMPACTS

More than 100 houses and more than 300 people would move under any of the routes being studied for the future North County Corridor. The expressway also will displace 21 commercial businesses, five industrial complexes and from seven to 16 farms.

<table>
<thead>
<tr>
<th>Plan</th>
<th>Houses</th>
<th>Mobile</th>
<th>Apts.</th>
<th>Tot. units</th>
<th>Residents</th>
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<td>22</td>
<td>30</td>
<td>124</td>
<td>356</td>
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<tr>
<td>Option 1B</td>
<td>68</td>
<td>16</td>
<td>30</td>
<td>114</td>
<td>327</td>
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<td>Option 2A</td>
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<td>16</td>
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<td>136</td>
<td>390</td>
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<tr>
<td>Option 2B</td>
<td>74</td>
<td>8</td>
<td>32</td>
<td>114</td>
<td>327</td>
</tr>
</tbody>
</table>

The key document outlines benefits of the expressway — speeding up travel and smoothing out congestion north of Modesto and around Riverbank and Oakdale — as well as sacrifices, including more than 100 homes and some three dozen businesses that will have to move, depending on which of four options is chosen, in about a year.

THE PURPOSE OF THE PROJECT IS TO REDUCE EXISTING AND FUTURE TRAFFIC CONGESTION IN NORTHERN STANISLAUS COUNTY, SUPPORT THE EFFICIENT MOVEMENT OF GOODS AND SERVICES AND IMPROVE INTERREGIONAL TRAVEL.

Draft Environmental Impact Report, North County Corridor

The California Department of Transportation will accept people’s comments through Sept. 22, and will stage an information open house in Oakdale on Sept. 7.

The expressway would run 18 to 22 miles, from Kiernan Avenue at Tully Road in northeast Modesto to Highway 108 east of Oakdale. It would feature freeway interchanges at McHenry Avenue, Coffee and Oakdale roads, and Roselle Avenue.

$660-$699 million Estimated cost, North County Corridor

Officials lately have estimated the cost at about $700 million; the document refines that with guesses ranging from $660 million to $699 million.

Most of the money has not been secured. Of $239 million needed just to design the expressway and buy extra land needed for it, $60 million would come from Measure L, the countywide transportation tax approved by voters in November.
Traffic – already horrendous at peak hours in some areas, particularly between Modesto and Riverbank – is expected to get much worse without the expressway. For example, about 16,656 vehicles passed through Pelandale Avenue at Coffee Road in 2014, and that number could grow to 53,700 by 2042 without improvements, the document says.

"The no-build alternative would result in continued deterioration of roadway levels of service, increased traffic congestion, reduced ability to move goods and services, and increased impacts to air quality and noise," the report says.

A highway with few intersections would bring traffic reductions ranging from 11 percent to 27 percent, depending on location, the document says. For example, driving time from Kiernan and Tully to the Tuolumne County border could be cut from 32 1/2 minutes to 27 minutes, according to estimates for the year 2022, the document says.

**THE PROJECT WOULD HAVE SUBSTANTIAL EFFECTS TO THE COMMUNITY DUE TO RELOCATION IMPACTS, FARMLAND, NOISE AND BIOLOGICAL RESOURCES.**

_Draft Environmental Impact Report, North County Corridor_

Depending on which option is selected, the expressway would displace:

- From 114 to 136 homes. They include 68 to 88 houses, eight to 22 mobile homes, and 30 to 32 apartment and duplex units.

- 33 to 42 businesses, including four churches, several stores, restaurants and auto shops, a used auto lot, a junk yard, several farms, a cell tower and more.

- In agriculture, from 397 acres to 576 acres farmed by seven to 16 farm operations.

Rainbow Fields, a popular softball complex at Claus and Claribel roads, would lose 1 1/2 acres of parking space. Access will be hampered during construction, but the complex otherwise would survive, the report says.

Displaced people should be able to find another place to live, the document says, listing 453 homes for sale or rent in Modesto, Oakdale, Riverbank and Ceres, and noting more nearby in Salida and Empire.

**NEIGHBORS, FRIENDS AND FAMILY OFTEN PROVIDE EMOTIONAL SUPPORT THAT CANNOT BE EASILY REPLICATED (IN ANOTHER SPOT).**

_Draft Environmental Impact Report, North County Corridor_

"The magnitude of the proposed project is considerable" to displaced people in all four route options, the document says, noting that "neighbors, friends and family often provide emotional support that cannot be easily replicated" in another spot. Such loss is "significant and unavoidable," the report concludes.

The new study indicates that those to move include:

**Manufacturers**

Bambacigno Steel Co., K-B Farm Fab & Welding, and Mobility Plus, which makes home medical equipment.

**Retail businesses**

Showcase Auto Sales, Empire Sportsmen’s Association card room, Ray’s Carpet Flooring Studio, and the Taco Bell and Boyett gas station with Cruisers convenience store at the southwest corner of Kiernan and McHenry.
Services


Churches

Seed of Joy Worship Center, Covenant Grove and Iglesia Emmauel de Riverbank. A Kingdom Hall of Jehovah's Witnesses would lose 15 parking spaces on a strip of land, but no buildings.

Some units would be lost in Morningside Mobile Home Park on Claribel, but the document doesn't specify how many.

The total counts are not far off from an estimate first released in 2009 listing 124 homes, nine commercial buildings, 27 industrial buildings and 37 farm buildings.

Those to move have not yet been contacted by the government. That will happen in coming months as consultants prepare a second phase of studies known as the final Environmental Impact Report.

"Oh, wow. I didn't know," said Jason Gonzalez, who has operated America's Radiator & Mufflers near Kiernan and McHenry for nearly 15 years. "This is new to me."

The law requires that the government compensate property owners for land taken in such projects. Caltrans also must help those displaced to find new homes and spots to conduct business, and pay to help them move. If negotiations stall, the government can use eminent domain power to seize property; sometimes disputes over fair market value are resolved in court.

Nick Shamon would rather not relocate Showcase Auto Sales, "unless they compensate me very well," he said. He and others in strips along Kiernan, west of McHenry, say they lost business because of decreased vehicle access when crews recently widened Kiernan.

"We were really inconvenienced," said Yashar Nazi of Car Tech Synergy.

The Empire Sportsmen's Association, a card room at Kiernan and McHenry, lost 35 prime parking spots in front during the recent widening. But the business appreciates the better roadway bringing patrons.

THERE IS A HUMAN ELEMENT TO PEOPLE IN BUSINESS, AND PEOPLE WHO LIVE THERE.

Srinivas Cherukuri, general manager, Empire Sportsmen's Association

"We've got a good group of people trying to make the business grow," said general manager Srinivas Cherukuri. "Our industry is based on getting new business, so changes like (road construction) could make it difficult. There is a human element to people in business, and people who live there."

The new document will pique interest of locals in particular areas; for instance, these roads would be raised to cross over the North County Corridor, in some scenarios: Eleanor Avenue, and Langworth, Patterson and Kaufman roads, and the Oakdale-Waterford Highway.

Most of the coming discussion is expected in areas east of Riverbank, where engineers have studied four route options. Two would end with a roundabout east of Oakdale near Atlas Road, and the other two at a roundabout farther east, at Lancaster Road.

Oakdale city leaders already have taken a stance against the two nearer paths, saying they prefer those farthest to the east.
In coming weeks, leaders with the county, Modesto, Oakdale and Riverbank will try to get on the same page with a unified recommendation.

But the California Department of Transportation will have the final say, so the new report features scads of data and information on all four route options.

The option known as 1B would sacrifice the fewest homes (114) while displacing the fewest residents (327), as well as the fewest farms (seven). That's compared to losing 136 homes, displacing 390 people and sacrificing 16 farms under option 2A, one of those abhorred by Oakdale officials and neighbors in the Atlas area.

However, 1B would gobble the most farmland – 576 acres, compared to 397 acres in Option 2A. And Option 2B would be the most expensive, at $699 million, while 1A would be cheapest.

So debate and negotiation could be on the horizon as leaders seek consensus.

All four could cause significant change in terms of growth, noise, wetlands and displaced people and companies, the report says.

"Future development is likely to be attracted to developable land along the proposed corridor, and such growth pressure may act as a factor to accelerate the conversion of agricultural lands," the document says. It listed Options 1A and 2B as best for compact growth.

Officials might have to permanently preserve vernal pools elsewhere to make up for those destroyed by the North County Corridor, the document says. Also of concern is loss of habitat for critters such as bats, Western burrowing owls, Swainson's hawks, California horned larks, white-tailed kites, merlins, tricolored blackbirds, valley elderberry longhorn beetles, Pacific pond turtles, Western spadefoot toads, loggerhead shrikes and vernal pool invertebrates.

The draft Environmental Impact Report actually is a compilation of 18 separate studies. Together, they comprise 11,054 pages.

Other tidbits gleaned from the study:

- On average, people near the North County Corridor have lived in their houses about 8 1/2 years.

- People near the North County Corridor have a higher income than most of the rest of the county.
TO: LAFCO Commissioners
FROM: Javier Camarena, Assistant Executive Officer
SUBJECT: Municipal Service Review and Sphere of Influence Update No. 2017-06: Empire Sanitary District

INTRODUCTION

This proposal was initiated by the Local Agency Formation Commission in response to State mandates that required 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 Empire Sanitary District in Stanislaus County. The previous update for this district was adopted August 24, 2011.

The proposed Municipal Service Review (MSR) and Sphere of Influence (SOI) Update 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 SOI at this time.

DISCUSSION

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. The City of Modesto is managing the District, which will be later discussed in this report. LAFCO Staff sent the City of Modesto requests for information, researched District reports and reviewed the District’s most recent audits and financial statements. Once this data was collected, a revised Municipal Service Review and Sphere of Influence Update document was completed.

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” (DUCs) within or contiguous to city and district spheres of influence. Based on the area within the Empire Sanitary District’s Annual Median Household Income being below 80% of the statewide level, the District area is identified as a DUC.

In 2003, the City of Modesto conducted a six-week capacity study, which determined that the District’s collection system was at 90-percent capacity. Daily volumes of sewage collected from the system during the study time period averaged 168,761 gallons per day. The City’s study at that time revealed that the District’s main pipeline, which connects to the City’s system, was at 90% flow capacity, which could potentially result in sanitary sewer overflows. In addition, the majority of the sewage is distributed through old and undersized pipelines. Therefore, the District is required to receive prior written consent from the City before allowing additional users to connect to the District’s system.

On December 15, 2015, the City of Modesto approved an expanded agreement with the Empire Sanitary District (ESD). Under the terms of the agreement, the City would accept the transfer of all ESD sewer infrastructure, and would take over maintenance, repair, and replacement obligations of all such infrastructure. ESD customers would continue to pay charges and rates to the City of Modesto.
Empire Sanitary District (ESD) remitted the District’s Reserve Fund of approximately $500,000 to the City which has been dedicated to existing ESD infrastructure repairs and rehabilitation.

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 Empire Sanitary 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 Empire Sanitary District. Therefore, Staff recommends that the Commission adopt Resolution No. 2017-13 (See Exhibit 2), 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 Empire Sanitary 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 Empire Sanitary District

Exhibit 2 - Draft Resolution No. 2017-13 (Empire Sanitary District)
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE:

EMPIRE SANITARY DISTRICT

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

Adopted: __________
STANISLAUS
LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS
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Amy Bublak, City Member
Tom Dunlop, City Member
Jim DeMartini, County Member
Terry Withrow, County Member
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Brad Hawn, Alternate Public Member
Kristin Olsen, Alternate County Member

STAFF
Sara Lytle-Pinhey, Executive Officer
Javier Camarena, Assistant Executive Officer
Rob Taro, Commission Counsel
Jennifer Goss, Commission Clerk
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Municipal Service Review and Sphere of Influence Update  
For the Empire Sanitary 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 §56430 of the CKH Act. The Act states, that “in order to prepare and to update spheres of influence in accordance with §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, adequacy of public services, and 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

This Service Review will analyze the Empire Sanitary District. The most recent Sphere of Influence (SOI) update for the Empire Sanitary District was adopted in 2011 and proposed no changes to the District’s SOI. The current update serves to comply with Government Code §56425 and will reaffirm the SOI for the District.
**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 Cortese Knox Hertzberg 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 each district is expected to provide and the extent to which they are actually able to do so. For these special districts, the spheres will delineate the service capability and expansion capacity of the agency, if applicable.
Service Review – Empire Sanitary District

Authority

This review will cover the Empire Sanitary District, which was organized under the Sanitary District Act of 1923, Health and Safety Code, Section 6400 et. seq. 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. In California, there are over 3,300 special districts with a great diversity of purposes, governance structures, and financing mechanisms. There are 50 major types of special districts ranging from airports and fire protection to mosquito abatement and water conservation. Some districts are responsible for multiple public services or one specific type of public service, as is the case of the Empire Sanitary District.

Purpose

The Empire Sanitary District was formed for the purpose of providing sanitary sewer services to the unincorporated community of Empire.

Governance

In 2015, as part of an extended agreement, the City of Modesto became the ex-officio Board of the District. The extended agreement will be later discussed in this review.

Formation

The Empire Sanitary District was formed on June 8, 1948.

Location and Size

The District is located in central Stanislaus County, east of the City of Modesto. The District encompasses an area of approximately 428 acres. Of note, there is a residential tract approximately 1 acre in size, which, although it is within the District’s Sphere, according to LAFCO records, it has not been annexed to the District.

Sphere of Influence

The District’s Sphere of Influence is approximately 428 acres. The entire District’s boundaries are within the City of Modesto’s Sphere of Influence. When the District’s SOI was initially established by LAFCO in November 1984, the following alternatives were proposed:

1. A LAFCO policy that no annexation of District territory except the entire District at once will be approved.

2. The inclusion of LAFCO conditions of annexation approval that require the City to provide sewer service to any problem areas left in the District.
3. An agreement between the City and District under which the City operates the District’s collection system. This would be similar to the agreement between Ceres and the Ceres Fire District to alleviate a similar problem.

The Modesto Urban Area General Plan includes the Empire Sanitary District, and designates the area for residential and commercial land uses, which is consistent with the County’s General Plan designations. At this time, the City has no plans in the foreseeable future to annex the area.

If and when the District territory is entirely annexed to the City, the District may be formally dissolved and merged with the City or continue as a subsidiary district, in which the City Council is designated and remain empowered to act as, ex-officio Board of Directors.

**Personnel**

The District does not have employees at this time. Outside services are completed through contractors.

**Classification of Services**

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

**Services**

The District was formed for the purpose of providing sanitary sewer services to approximately 1,488 residential and commercial customers within the unincorporated community of Empire. However, since 1969, the District has had a contractual agreement with the City of Modesto for sewer disposal services. Under the terms of the agreement, the City agreed to accept and treat the sewage collected in the District’s system and the District agreed to pay a service charge for said service.

In 2003, the City of Modesto conducted a six-week capacity study, which determined that the District’s collection system was at 90-percent capacity. Daily volumes of sewage collected from the system during the study time period averaged 168,761 gallons per day. The City’s study at that time revealed that the District’s main pipeline, which connects to the City’s system, was at 90% flow capacity, which could potentially result in sanitary sewer overflows. In addition, the majority of the sewage is distributed through old and undersized pipelines. Therefore, the District is required to receive prior written consent from the City before allowing additional users to connect to the District’s system.

On December 15, 2015, the City of Modesto approved an expanded agreement with the Empire Sanitary District (ESD). Under the terms of the agreement, the City accepted the transfer of all ESD sewer infrastructure and took over maintenance, repair, and replacement obligations of all such infrastructure. ESD customers continue to pay charges and rates to the City of Modesto.

Empire Sanitary District (ESD) remitted the District’s Reserve Fund of approximately $500,000 to the City. The funds have been dedicated to existing ESD infrastructure repairs and rehabilitation.
**Support Agencies**

The District is now being managed by the City of Modesto which maintains a collaborative relationship the Empire Municipal Advisory Council (MAC) and Stanislaus County.

**Funding Sources**

The District’s main source of revenue is derived from monthly service charges and connection fees. In 2010, the District adopted a monthly sewer service rate of $35.75. The District also receives a small portion of the shared property tax revenues from Stanislaus County. The District has recently retained the accounting firm of Charles Strand, CPA to complete an independent audit of the District’s financial statements for the last five years (2006-present), as mandated by Government Code Section 26909.
Service Review Determinations:

The following provides an analysis of the six categories or components required by Section 56430 for a Service Review for the Empire Sanitary District.

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

   The District serves the unincorporated community of Empire. The District currently serves approximately 1,488 residential and commercial customers with sanitary sewer service. According to the County’s 2015-2023 Housing Element, the town of Empire has the potential to add an estimated 30 dwelling units, based on current vacant and/or underutilized parcels. However, due to limited infrastructure and resources, it is not expected that any significant population growth will occur within the District boundaries at this time.

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 the Empire Sanitary 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 present condition of the District’s sewer system is in need of improvement and upgrades. The main sewer connection line to the City of Modesto’s outflow station is at capacity and undersized. Therefore, the District would need to complete the necessary infrastructure upgrades in order to add capacity to the District’s system. Further, any additional connections to the District’s sewer system would require prior written consent from the City of Modesto (e.g. Will Serve Letter).

   The Empire Sanitary District provides sewer services. Additional services, such as water and structural fire protection are provided through the City of Modesto, other special districts, or by way of private systems.

4. **Financial Ability of Agencies to Provide Services**

   Under the terms of the agreement with the City of Modesto, the City accepted the transfer of all Empire Sanitary District (ESD) infrastructure, and took over maintenance, repair, and replacement obligations of all such infrastructure. Current ESD customers are effectively Modesto out-of-boundary customers. ESD residential ratepayers are currently charged a monthly rate of $35.75 for collection and treatment service. Commercial ratepayers are charged for sewer service based on metered water use. In addition, the ESD has remitted the District’s reserve fund of approximately $500,000 to the City to be dedicated to existing ESD infrastructure repairs and rehabilitation.
5. Status of, and Opportunities for, Shared Facilities

The District does not currently share any facilities with other districts or agencies. However, as mentioned previously, the District has transferred management of the District to the City of Modesto.

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

The City of Modesto is the ex officio Board of the District and, therefore, sits as the Board of the Empire Sanitary District (ESD). At a later date, the City could and most likely will file an application with LAFCO seeking approval of full dissolution of the ESD pursuant to the provisions of the Cortese-Knox Hertzberg Local Government Reorganization Act of 2000. However, at this time there is no plan to dissolve the District.

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

None
Sphere of Influence Update for the Empire Sanitary 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 Empire Sanitary 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) includes approximately 428 acres. Territory within the District’s boundaries consists of residential and commercial land uses. 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 Stanislaus County and the City of Modesto.

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

   The District was formed to provide sewer service within its boundary. The present and probable need for this service is not expected to diminish, as the residents within the District are dependent on the sewer 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 present capacity of the District facilities is hindered by the fact that the sewer system is at capacity and in need of infrastructure improvements. Several of the District’s current sewer lines are undersized and over 30 years old, which thereby limits the District’s ability to provide new service connections within its existing boundaries.

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

The unincorporated community of Empire is considered a community of interest within the District’s boundaries.

Further, the City of Modesto is also considered to be a Community of Interest, as the entire District’s boundaries are located within the City’s Sphere of Influence. As previously mentioned, the City of Modesto is now managing all Empire Sanitary District (ESD) activity. In addition, there has been no indication by the City of their intent to annex all or a part of any territory within the District’s boundaries in the near future.

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.

There are no proposals to change the District’s existing Sphere of Influence. The District’s area covers the town of Empire, which is identified as a Disadvantaged Unincorporated Community (DUC) as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act of 2000.

The Empire Sanitary District provides sewer service for the District. Additional services, such as water and structural fire protection, are provided through the City of Modesto, other special districts, or by way of private systems.
# District Summary Profile

**District:** EMPIRE SANITARY DISTRICT  
**Location:** Approximately 3 miles southeast of the City of Modesto  
**Service Area:** Approximately 428 acres  
**Population:** 4,675 persons (Estimate)  
**Land Use:** Low Density Residential and Commercial  
**Date of Formation:** June 18, 1948  
**Enabling Act:** Sanitary District Act of 1923, Health and Safety Code, Section 6400 et seq  
**Governing Body:** City of Modesto (Ex-Officio Board)  
**District Services:** Domestic sewer service to the unincorporated community of Empire  
**Revenue Sources:** Monthly service and connection fees; property taxes  

*Source: American Community Survey 5-year Estimate 2011-2015*
APPENDIX “B”

REFERENCES

1. Previous MSR/SOI Update for the Empire Sanitary District, Adopted August 24, 2011.
2. Extended Agreement for Sewer Service signed in December 2015.
3. GEOtivity Letter dated January 29, 2003, regarding a capacity study, which monitored an existing Empire Sanitary District sewage pipe located on Hwy 132 & Codoni Road.
4. City of Modesto letter dated November 25, 2003, regarding “Sewer Connections to the City of Modesto’s Collection System”.

INDIVIDUALS AND AGENCIES CONTACTED

1. Jim Alves, Associate Civil Engineer, City of Modesto
DATE: August 23, 2017 NO. 2017-13

SUBJECT: Municipal Service Review and Sphere of influence Update No. 2017-06: Empire Sanitary 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 Empire Sanitary 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 August 23, 2017 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, the Commission has duly considered the draft Municipal Service Review and Sphere of Influence Update on the Empire Sanitary District and the determinations contained therein;

WHEREAS, the Empire Sanitary District was established to provide sewer services within its boundaries;

WHEREAS, pursuant to Government Code Section 56425(h), the range of services provided by the Empire Sanitary 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 Empire Sanitary 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 Empire Sanitary 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 Empire Sanitary District.

ATTEST:  
Sara Lytle-Pinhey, Executive Officer
DATE: August 23, 2017
TO: LAFCO Commissioners
FROM: Sara Lytle-Pinhey, Executive Officer

RECOMMENDATION

It is recommended that the Commission receive and accept the financial audit for fiscal years 2014-2015 and 2015-2016.

DISCUSSION

The Commission’s outside audit firm, Robert A. Hawks Jr., CPA, has completed the LAFCO audits for Fiscal Years 2014-2015 and 2015-2016.

The purpose of the biennial audit is for an independent third-party to review and assess the Commission’s financial records to determine their compliance with generally accepted governmental accounting standards. The audit provides an opportunity for a third-party to identify reporting errors and omissions as well as to make suggestions for improvements.

As with the prior audits, the auditor found that the financial statements present fairly the financial position of the Commission. Two findings noted during the Commission’s prior audits have been resolved. An additional recommendation is in the process of being implemented. Mr. Hawks will be in attendance at the meeting to answer any questions relative to the audit.

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Stanislaus
Local Agency Formation Commission

Audit Report

For the Years Ended
June 30, 2015 and June 30, 2016
# Stanislaus Local Agency Formation Commission

Audit Report  
June 30, 2015 and June 30, 2016

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INDEPENDENT AUDITOR’S REPORT

To the Commissioners
Local Agency Formation Commission of Stanislaus County
Modesto, California

We have audited the accompanying financial statements of the Local Agency Formation Commission of Stanislaus County, California (Commission) as of and for the year ended June 30, 2015 and June 30, 2016 and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Local Agency Formation Commission of Stanislaus County, California as of the year ended June 30, 2015, and June 30, 2016, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 5 through 9, budgetary comparison schedules on pages 32 and 33, and pension schedules on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

In accordance with Government Auditing Standards, we have also issued our report dated May 12, 2017 on our consideration of the Local Agency Formation Commission of Stanislaus County’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Local Agency formation Commission of Stanislaus County’s internal control over financial reporting and compliance.

Certified Public Accountant
May 12, 2017
As management of the Stanislaus Local Agency Formation Commission (the Commission), we offer readers of the Commission’s financial statements this discussion and analysis of the financial activities of the Commission for the above year(s).

We encourage readers to consider the information presented in this report in conjunction with the Commission's financial statements and the accompanying notes to the basic financial statements.

Using the Accompanying Financial Statements

This discussion and analysis report is intended to serve as an introduction to the Commission’s basis financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Commission. The financial statements also include various note disclosures, which further describe the Commission’s activities.

Overview of the Financial Statements

This report consists of two parts: 1) Management’s discussion and analysis (this section), and 2) the basic financial statements, as listed in the table of contents.

The Commission’s basic financial statements are comprised of three components: 1) Government-Wide Statements; 2) Government Fund Financial Statements; and 3) notes to the basic financial statements. The Commission utilizes one general fund (a type of governmental fund) to account for all financial activities.

Government-Wide Financial Statements - The Government-Wide Financial Statements are designed to provide readers with a broad overview of the Commission’s finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net position.

The Statement of Activities presents information showing how the Commission’s net position changed during each fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows (accrual basis). Thus revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. accounts payable and receivable).

Fund Financial Statements - A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The Commission, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial
statements, fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Because the focus of governmental funds is narrower than government-wide financial statements, it is useful to compare the information presented. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and government-wide statements.

The Commission adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the Fund to demonstrate compliance with the budget.

**Notes to Financial Statements**

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information (RSI)**

The RSI is presented concerning the Commission’s General Fund budgetary schedule. The Commission adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

**FINANCIAL ANALYSIS OF THE COMMISSION**

**Net Position**

The Commission has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements and Management’s Discussion and Analysis (MD&A) - for State and Local Governments. Table 1 presents the condensed Statement of Net Position for the year ending June 30, 2015. Table 2 presents the condensed Statement of Net Position for the year ending June 30, 2016.

State law requires that the County and the nine cities of Stanislaus County fund the Commission’s budget each year. The Commission is also authorized to establish and collect fees for purposes of offsetting agency contributions.

It is the practice of the Commission to make limited use of its unrestricted fund balance to help cover operating costs to help minimize the fiscal impact on local agencies.

**Changes in Net Position**

The government-wide financial statement presented in Table 3 for the year ending June 30, 2015 and in Table 4 for the year ending June 30, 2016 represents an analysis of the Commission’s governmental activities. It should be noted that *Intergovernmental Revenues* represent the amount each agency was required to contribute to the Commission’s budget. The sum of these contributions and the fund balance at the beginning of the fiscal year must sum to the adopted net budget.
## Table 1
### Condensed Statement of Net Position

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>657,353</td>
<td>686,844</td>
<td>29,491</td>
</tr>
<tr>
<td>Total Deferred Outflows of Resources</td>
<td>-</td>
<td>43,339</td>
<td>43,339</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>18,658</td>
<td>298,664</td>
<td>280,006</td>
</tr>
<tr>
<td>Total Deferred Inflows of Resources</td>
<td>-</td>
<td>100,672</td>
<td>100,672</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>638,695</td>
<td>330,847</td>
<td>(307,848)</td>
</tr>
</tbody>
</table>

## Table 2
### Condensed Statement of Net Position

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>686,844</td>
<td>304,116</td>
<td>(382,728)</td>
</tr>
<tr>
<td>Total Deferred Outflows of Resources</td>
<td>43,339</td>
<td>34,765</td>
<td>(8,574)</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET POSITION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>298,664</td>
<td>246,867</td>
<td>(51,797)</td>
</tr>
<tr>
<td>Total Deferred Inflows of Resources</td>
<td>100,672</td>
<td>22,212</td>
<td>(78,460)</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>330,847</td>
<td>69,802</td>
<td>(261,045)</td>
</tr>
</tbody>
</table>
### STANISLAUS LOCAL AGENCY FORMATION COMMISSION

#### Table 3
**Analysis of Governmental Activities**
**For the Year Ended June 30, 2015**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL PROGRAM EXPENSES</td>
<td>339,543</td>
<td>384,926</td>
<td>45,383</td>
</tr>
<tr>
<td>PROGRAM REVENUE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Intergovernmental</td>
<td>402,780</td>
<td>381,776</td>
<td>(21,004)</td>
</tr>
<tr>
<td>Application Fees</td>
<td>36,024</td>
<td>14,160</td>
<td>(21,864)</td>
</tr>
<tr>
<td>TOTAL PROGRAM REVENUE</td>
<td>438,804</td>
<td>395,936</td>
<td>(42,868)</td>
</tr>
<tr>
<td>NET PROGRAM REVENUE (EXPENSE)</td>
<td>99,261</td>
<td>11,010</td>
<td>(88,251)</td>
</tr>
<tr>
<td>TOTAL GENERAL REVENUE</td>
<td>7,589</td>
<td>9,707</td>
<td>2,118</td>
</tr>
<tr>
<td>CHANGE IN NET POSITION</td>
<td>106,850</td>
<td>20,717</td>
<td>(86,133)</td>
</tr>
<tr>
<td>NET POSITION - BEGINNING OF YEAR</td>
<td>519,345</td>
<td>626,195</td>
<td>106,850</td>
</tr>
<tr>
<td>PRIOR PERIOD ADJUSTMENT</td>
<td>-</td>
<td>(83,755)</td>
<td>(83,755)</td>
</tr>
<tr>
<td>NET POSITION - END OF YEAR</td>
<td>$626,195</td>
<td>$563,157</td>
<td>$(63,038)</td>
</tr>
</tbody>
</table>

### STANISLAUS LOCAL AGENCY FORMATION COMMISSION

#### Table 4
**Analysis of Governmental Activities**
**For the Year Ended June 30, 2016**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL PROGRAM EXPENSES</td>
<td>384,926</td>
<td>315,147</td>
<td>(69,779)</td>
</tr>
<tr>
<td>PROGRAM REVENUE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Intergovernmental</td>
<td>381,776</td>
<td>377,210</td>
<td>(4,566)</td>
</tr>
<tr>
<td>Application Fees</td>
<td>14,160</td>
<td>30,274</td>
<td>16,114</td>
</tr>
<tr>
<td>TOTAL PROGRAM REVENUE</td>
<td>395,936</td>
<td>407,484</td>
<td>11,548</td>
</tr>
<tr>
<td>NET PROGRAM REVENUE (EXPENSE)</td>
<td>11,010</td>
<td>92,337</td>
<td>81,327</td>
</tr>
<tr>
<td>TOTAL GENERAL REVENUE</td>
<td>9,707</td>
<td>(429,481)</td>
<td>(439,188)</td>
</tr>
<tr>
<td>CHANGE IN NET POSITION</td>
<td>20,717</td>
<td>(337,144)</td>
<td>(357,861)</td>
</tr>
<tr>
<td>NET POSITION - BEGINNING OF YEAR</td>
<td>626,195</td>
<td>563,157</td>
<td>(63,038)</td>
</tr>
<tr>
<td>PRIOR PERIOD ADJUSTMENT</td>
<td>(83,755)</td>
<td>-</td>
<td>83,755</td>
</tr>
<tr>
<td>NET POSITION - END OF YEAR</td>
<td>$563,157</td>
<td>$226,013</td>
<td>$(337,144)</td>
</tr>
</tbody>
</table>
Financial Analysis of the Commission's Governmental Fund

The focus of the Commission's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Commission's net resources available for spending and/or saving at the end of the fiscal year.

As noted earlier, fund accounting is used by the Commission to ensure and demonstrate compliance with Finance related legal requirements.

For the fiscal year ending June 30, 2015 the Commission reported an ending fund balance of $563,157 for a decrease of $63,038 from the prior year. For the fiscal year ending June 30, 2016 the Commission reported an ending fund balance of $226,013 for a decrease of $337,144 from the prior year.

BUDGETARY HIGHLIGHTS

The Commission practices bottom-line accounting, giving management the discretion to use excess funds in one account to offset deficits in other accounts. This allows management to minimize the fiscal impact of unanticipated increases in salaries and benefits by controlling spending in other accounts. For each fiscal year in this report, annual expenditures were less than the total amount budgeted.

CAPITAL ASSETS

The Commission has no capital assets.

DEBT ADMINISTRATION

With the close of the fiscal year on June 30, 2015 and June 30, 2016, the Commission did not have any long-term obligations outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Commission is committed to fulfilling its state-mandated mission with as little fiscal impact on local agencies as possible. In preparing the budget for fiscal year 2016-2017 the Commission used a spending baseline to estimate how much it would cost to continue the level of its activities and services at next year's price for labor and supplies. The Commission's adopted fiscal year 2016-2017 budget is $412,505, an overall percentage increase of 30.9% from prior year's expenditures.

CONTACTING THE COMMISSION

This financial report is designed to provide a general overview of the Commission's finances for all those interested. Through a memorandum of understanding, the County provides certain management and administrative functions, including financial management and accounting. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Stanislaus Local Agency Formation Commission, 1010 10th Street, Suite 3600, Modesto, California, 95354.
## STANISLAUS LOCAL AGENCY FORMATION COMMISSION

### Statement of Net Position

For the Year Ended June 30, 2015

<table>
<thead>
<tr>
<th><strong>ASSETS</strong></th>
<th><strong>LIABILITIES</strong></th>
<th><strong>NET POSITION</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in County Treasury</td>
<td>$ 674,344</td>
<td>Accounts Payable</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>12,500</td>
<td>Compensated Absences</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$ 686,844</strong></td>
<td>Deferred Revenues</td>
</tr>
<tr>
<td>Deferred Outflows of Resources</td>
<td>43,339</td>
<td>Other Post-Employment Benefits</td>
</tr>
<tr>
<td>Total Deferred Outflows of Resources</td>
<td><strong>$ 43,339</strong></td>
<td>Salaries and Benefits Payable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net Pension Liability</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>TOTAL LIABILITIES</strong></td>
</tr>
<tr>
<td>Deferred Inflows of Resources</td>
<td></td>
<td>Deferred Inflows of Resources</td>
</tr>
<tr>
<td>Total Deferred Inflows of Resources</td>
<td><strong>$ 100,672</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Designated</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Undesignated</td>
<td>330,847</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION</strong></td>
<td><strong>$ 330,847</strong></td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## STANISLAUS LOCAL AGENCY FORMATION COMMISSION

### Statement of Activities

For the Year Ended June 30, 2015

### EXPENSES

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$286,331</td>
</tr>
<tr>
<td>Services and Supplies</td>
<td>75,562</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>361,893</strong></td>
</tr>
</tbody>
</table>

### PROGRAM REVENUE

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intergovernmental</td>
<td></td>
</tr>
<tr>
<td>County of Stanislaus</td>
<td>190,888</td>
</tr>
<tr>
<td>Other Agencies</td>
<td>190,888</td>
</tr>
<tr>
<td><strong>Total Intergovernmental</strong></td>
<td><strong>381,776</strong></td>
</tr>
<tr>
<td>Application Fees</td>
<td>14,160</td>
</tr>
<tr>
<td><strong>TOTAL PROGRAM REVENUE</strong></td>
<td><strong>395,936</strong></td>
</tr>
</tbody>
</table>

**NET PROGRAM REVENUE (EXPENSE)** 34,043

### GENERAL REVENUE

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Revenue</td>
<td>3,041</td>
</tr>
<tr>
<td>Reimbursement of Member Agency Revenues</td>
<td>-</td>
</tr>
<tr>
<td>Interest Income</td>
<td>6,666</td>
</tr>
<tr>
<td><strong>TOTAL GENERAL REVENUE</strong></td>
<td><strong>9,707</strong></td>
</tr>
</tbody>
</table>

### CHANGE IN NET POSITION

43,750

### NET POSITION - BEGINNING OF YEAR

638,695

### PRIOR YEAR ADJUSTMENT

(351,598)

### NET POSITION - END OF YEAR

$330,847

The accompanying notes are an integral part of these financial statements.
## ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash with Fiscal Agent</td>
<td>$674,344</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$674,344</td>
</tr>
</tbody>
</table>

## LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$6,913</td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>78,984</td>
</tr>
<tr>
<td>Deferred Revenues</td>
<td>3,000</td>
</tr>
<tr>
<td>Other Post-Employment Benefits</td>
<td>8,560</td>
</tr>
<tr>
<td>Salaries and Benefits Payable</td>
<td>13,730</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>111,187</td>
</tr>
</tbody>
</table>

## FUND BALANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assigned</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned</td>
<td>563,157</td>
</tr>
<tr>
<td>TOTAL FUND BALANCE</td>
<td>563,157</td>
</tr>
</tbody>
</table>

TOTAL LIABILITIES AND FUND BALANCE $674,344

## Reconciliation of the Balance Sheet
To The Statement of Net Position

Fund Balance - Total Government Funds $563,157

Amounts reported for governmental activities in the statement of net position are different because:

- Receivables are not recorded in the Fund Financial Statements unless received within 60 days of year end 12,500
- Net Pension Liability and Deferred Outflows and Inflows of Resources (244,810)
- Net Position of Governmental Activities $330,847

The accompanying notes are an integral part of these financial statements.
# STANISLAUS LOCAL AGENCY FORMATION COMMISSION

## Statement of Revenues, Expenditures and Changes in Fund Balance

### Governmental Funds

**For the Year Ended June 30, 2015**

### REVENUE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intergovernmental Revenue</td>
<td></td>
</tr>
<tr>
<td>County of Stanislaus</td>
<td>$190,888</td>
</tr>
<tr>
<td>Cities</td>
<td>190,888</td>
</tr>
<tr>
<td><strong>Total Intergovernmental Revenue</strong></td>
<td><strong>381,776</strong></td>
</tr>
<tr>
<td>Application Fees</td>
<td>14,160</td>
</tr>
<tr>
<td>Interest Income</td>
<td>6,666</td>
</tr>
<tr>
<td>Reimbursement of Member Agency Revenues</td>
<td>-</td>
</tr>
<tr>
<td>Other Income</td>
<td>3,041</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td><strong>405,643</strong></td>
</tr>
</tbody>
</table>

### EXPENDITURES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>309,364</td>
</tr>
<tr>
<td>Services and Supplies</td>
<td>75,562</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td><strong>384,926</strong></td>
</tr>
</tbody>
</table>

### CHANGE IN FUND BALANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHANGE IN FUND BALANCE</strong></td>
<td><strong>20,717</strong></td>
</tr>
</tbody>
</table>

### FUND BALANCE - BEGINNING OF YEAR

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FUND BALANCE - BEGINNING OF YEAR</strong></td>
<td><strong>626,195</strong></td>
</tr>
</tbody>
</table>

### PRIOR YEAR ADJUSTMENT

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRIOR YEAR ADJUSTMENT</strong></td>
<td><strong>(83,755)</strong></td>
</tr>
</tbody>
</table>

### FUND BALANCE - END OF YEAR

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FUND BALANCE - END OF YEAR</strong></td>
<td><strong>$563,157</strong></td>
</tr>
</tbody>
</table>

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance To The Statement of Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Change to Fund Balance - Total Governmental Funds</td>
<td><strong>$20,717</strong></td>
</tr>
</tbody>
</table>

Amounts reported for governmental activities in the statement of activities are different because:

- Current year expense of Net Pension Liability adjustments is recorded in the Government-Wide Statement of Activities but not expensed in the Government Fund Statements until paid 23,033

- Revenues are not recorded on the Government Fund financial statements unless received within 60 days of year end -

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Net Position of Governmental Activities</td>
<td><strong>$43,750</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in County Treasury</td>
<td>$304,116</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$304,116</strong></td>
</tr>
<tr>
<td>Deferred Outflows of Resources</td>
<td></td>
</tr>
<tr>
<td>Deferred Outflows of Resources</td>
<td>34,765</td>
</tr>
<tr>
<td><strong>Total Deferred Outflows of Resources</strong></td>
<td><strong>$34,765</strong></td>
</tr>
</tbody>
</table>

## LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$396</td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>52,781</td>
</tr>
<tr>
<td>Deferred Revenues</td>
<td>-</td>
</tr>
<tr>
<td>Other Post-Employment Benefits</td>
<td>10,275</td>
</tr>
<tr>
<td>Salaries and Benefits Payable</td>
<td>14,651</td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>168,764</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>$246,867</strong></td>
</tr>
<tr>
<td>Deferred Inflows of Resources</td>
<td></td>
</tr>
<tr>
<td>Deferred Inflows of Resources</td>
<td>22,212</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows of Resources</strong></td>
<td><strong>$22,212</strong></td>
</tr>
</tbody>
</table>

## NET POSITION

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Designated</td>
<td>-</td>
</tr>
<tr>
<td>Undesignated</td>
<td>69,802</td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION</strong></td>
<td><strong>$69,802</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## STANISLAUS LOCAL AGENCY FORMATION COMMISSION

### Statement of Activities

**For the Year Ended June 30, 2016**

### EXPENSES

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$182,009</td>
</tr>
<tr>
<td>Services and Supplies</td>
<td>44,539</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>226,548</strong></td>
</tr>
</tbody>
</table>

### PROGRAM REVENUE

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intergovernmental</td>
<td></td>
</tr>
<tr>
<td>County of Stanislaus</td>
<td>188,605</td>
</tr>
<tr>
<td>Other Agencies</td>
<td>188,605</td>
</tr>
<tr>
<td><strong>Total Intergovernmental</strong></td>
<td><strong>377,210</strong></td>
</tr>
<tr>
<td>Application Fees</td>
<td>30,274</td>
</tr>
<tr>
<td><strong>TOTAL PROGRAM REVENUE</strong></td>
<td><strong>407,484</strong></td>
</tr>
</tbody>
</table>

**NET PROGRAM REVENUE (EXPENSE)**

| Amount | 180,936 |

### GENERAL REVENUE

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Revenue</td>
<td>3,086</td>
</tr>
<tr>
<td>Reimbursement of Member Agency Revenues</td>
<td>(449,639)</td>
</tr>
<tr>
<td>Interest Income</td>
<td>4,572</td>
</tr>
<tr>
<td><strong>TOTAL GENERAL REVENUE</strong></td>
<td><strong>(441,981)</strong></td>
</tr>
</tbody>
</table>

### CHANGE IN NET POSITION

| Amount | (261,045) |

### NET POSITION - BEGINNING OF YEAR

| Amount | 330,847 |

### PRIOR YEAR ADJUSTMENT

| Amount | - |

### NET POSITION - END OF YEAR

| Amount | $69,802 |

The accompanying notes are an integral part of these financial statements.
# STANISLAUS LOCAL AGENCY FORMATION COMMISSION

## Balance Sheet

Governmental Funds

For the Year Ended June 30, 2016

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>$304,116</td>
</tr>
<tr>
<td>Cash with Fiscal Agent</td>
<td>$304,116</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$304,116</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$396</td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>52,781</td>
</tr>
<tr>
<td>Deferred Revenues</td>
<td>-</td>
</tr>
<tr>
<td>Other Post-Employment Benefits</td>
<td>10,275</td>
</tr>
<tr>
<td>Contracted Services Payable</td>
<td>14,651</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>78,103</strong></td>
</tr>
</tbody>
</table>

### FUND BALANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assigned</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned</td>
<td>226,013</td>
</tr>
<tr>
<td><strong>TOTAL FUND BALANCE</strong></td>
<td><strong>226,013</strong></td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND FUND BALANCE**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL LIABILITIES AND FUND BALANCE</strong></td>
<td><strong>$304,116</strong></td>
</tr>
</tbody>
</table>

---

## Reconciliation of the Balance Sheet

To The Statement of Net Position

The accompanying notes are an integral part of these financial statements.
STANISLAUS LOCAL AGENCY FORMATION COMMISSION

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

REVENUE
Intergovernmental Revenue
  County of Stanislaus $ 188,605
  Cities 188,605
  Total Intergovernmental Revenue 377,210
Application Fees 30,274
Interest Income 4,572
Reimbursement of Member Agency Revenues (437,139)
Other Income 3,086
  TOTAL REVENUE (21,997)

EXPENDITURES
Salaries and Benefits 270,608
Services and Supplies 44,539
  TOTAL EXPENDITURES 315,147

CHANGE IN FUND BALANCE (337,144)

FUND BALANCE - BEGINNING OF YEAR 563,157

PRIOR YEAR ADJUSTMENT -

FUND BALANCE - END OF YEAR $ 226,013

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance To The Statement of Activities

Net Change to Fund Balance - Total Governmental Funds $ (337,144)

Amounts reported for governmental activities in the statement of activities are different because:

Current year expense of Net Pension Liability adjustments is recorded in the Government-Wide Statement of Activities but not expensed in the Government Fund Statements until paid 88,599

Revenues are not recorded on the Government Fund financial statements unless received within 60 days of year end (12,500)

Change in Net Position of Governmental Activities $ (261,045)

The accompanying notes are an integral part of these financial statements.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Local Agency Formation Commission of Stanislaus County (Commission) was created in 1963 by the California Legislature to encourage the orderly formation and development of local agencies, promote the efficient extension of municipal services, and protect against the premature conversion of agricultural and open-space lands. In 2001, following the enactment of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the Commission became an independent agency separate from Stanislaus County. The financially independent Stanislaus LAFCO fund was established on July 1, 2001. As of June 30, 2015 and June 30, 2016, there are nine cities under the jurisdiction of the Commission in Stanislaus County.

The Commission is comprised of five regular and three alternate members. Each member is appointed pursuant to California Government Code Section 56000 et. Seq. and represents one of the following three interests:

- **County Members**: Two regular and one alternate member represent Stanislaus County. These members are County Supervisors. Appointments are made by the Board of Supervisors.

- **City Members**: Two regular and one alternate member represent the nine cities in Stanislaus County. The members are mayors or city council members. Appointments are made by the City Selection Committee.

- **Public Members**: One regular and one alternate member represent the general public. Appointments are made by the county and city members on the Commission.

The Commission includes all activities (operations of its administrative staff and commission officers) considered to be a part of the Commission. The Commission reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 14, relating to the financial reporting entity to determine whether the Commission is financially accountable for other entities. The Commission has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the financial statements. In addition, the Commission is not aware of any entity that would be financially accountable for the Commission that would result in the Commission being considered a component unit of that entity.

B. Basis of Presentation and Accounting

It is the Commission’s policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available; and to first apply committed, then assigned, then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Statements

The statement of net position and statement of activities display information about the primary government (Commission). These statements include the financial activities of the overall Commission.

The statement of activities presents a comparison between direct expenses and program revenues for the Commission's governmental activity. Direct expenses are those that are specifically associated with the Commission. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the Commission. Revenues that are not classified as program revenues, including all taxes and investment income, are presented as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales taxes and grants. Revenues from sales tax are recognized when the underlining transactions take place. Revenues from grants are recognized in the fiscal year in which all eligible requirements have been satisfied. When both restricted and unrestricted net positions are available, restricted resources are used before non-restricted resources.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available ("susceptible to accrual"). Taxes, interest, certain state and federal grants, and charges for services revenues are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. The General Fund is the Commission's primary operating fund. It accounts for all financial resources of the general government.

Implementation of New Accounting Pronouncements

For the fiscal year ended June 30, 2015, the Agency was required to adopt GASB Statement No. 68: Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources and expenditures for defined benefit pension plans. The provisions of GASB Statement No. 68 are effective for financial statements beginning after June 15, 2014.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed.

The Commission defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide statements. Depreciation begins on the first day of the fiscal year following the period the asset is placed in service and ends in the fiscal year that it is retired from service or is fully depreciated. The Commission does not own any capital assets.

D. Compensated Absences and Employee Benefits

Effective for the fiscal year ended June 30, 2015; an interpretation has been made by the Commission’s legal counsel that determines the status of management and staff to be employees of the Commission. Commission employees earn vacation leave, accrued holiday and compensation time. It may be either taken or accumulated until paid upon termination or retirement. Sick leave may be accumulated without limitation, but upon termination or retirement, an employee will be paid for a maximum of 600 hours of any unused sick leave. The amount depends on the length of service and if it is a retirement or a regular separation. In accordance with generally accepted accounting principles, an accrual for compensated absences is reflected in the accompanying general purpose financial statements.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Budgets and Budgetary Accounting

The Commission submits a proposed operating budget for the fiscal year commencing July 1. The proposed budget includes proposed expenditures. Public hearings are conducted at an advertised location to obtain the public’s comments. For the year ended June 30, 2015, and June 30, 2016, expenditures were lower than budgeted each year.

NOTE 2: CASH

The Commission maintains all of its cash and investments with the Stanislaus County Treasurer in an investment pool. On a quarterly basis, interest is allocated to participants based upon their average daily balances. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County’s financial statements. Stanislaus County’s financial statements may be obtained by contacting Stanislaus County’s Auditor-Controller’s Office at 1010 Tenth Street, Suite 5100, Modesto, California 95353-0770. The Stanislaus County Treasury Oversight Committee oversees the Treasurer’s investments and policies.
NOTE 2: CASH (CONTINUED)

The county is restricted by Government Code Sections 53635 pursuant to section 53601 to invest in time deposits, US Government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchases or reverses repurchase agreements. Information regarding the amount of dollars invested in derivatives with the county pool is available from the County Treasurer.

Deposits and investments are categorized to give an indication of the level of risk assumed. Uncategorized includes investments in pools managed by other governments or in mutual funds or money market funds. The uncategorized balance of funds held by the County as of June 30, 2015 and June 30, 2016 is $674,344 and $304,116, respectively.

Required disclosures for the Commission’s deposit and investment risks at June 30 each year, were as follows:

- Credit risk: Not rated
- Custodial risk: Not applicable
- Concentration of credit risk: Not applicable
- Interest rate risk: Not available

Investments held in the County’s investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value.

NOTE 3: NET POSITION/FUND BALANCE

Net Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses and capital contributions. Net position is classified in the following three components: net investment in capital assets, net position – restricted and net position - unrestricted. The Commission reports net investment in capital assets and net position - unrestricted balances. Net investment in capital assets and net position - unrestricted balances consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Unrestricted net position consists of all other net position not included in the above categories.

Fund Balance

Governmental funds report fund balance in classifications based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2015, and June 30, 2016 fund balances for governmental funds are made up of the following:
NOTE 3: NET POSITION/FUND BALANCE (CONTINUED)

- **Non-spendable fund balance** - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

- **Restricted fund balance** - amount constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- **Committed fund balance** - amounts constrained to specific purposes by the Commission itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Commission takes the same highest level of action to remove or change the constraint.

- **Assigned fund balance** - amounts the Commission intends to use for a specific purpose. Intent can be expressed by the Commission's board or by an official or body to which the Commission's board delegates the authority.

- **Unassigned fund balance** - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Commission's board establishes (and modifies or rescinds) fund balance commitments by adopting a final budget no later than June 15th and approving amendments as needed throughout the fiscal year. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives).

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

NOTE 4: RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2015, and June 30, 2016 the Commission paid Stanislaus County, a related party, for office space, legal, and other support services.

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Legal</th>
<th>Operating</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2015</td>
<td>$ 20,764</td>
<td>$ 13,091</td>
<td>$ 33,855</td>
</tr>
<tr>
<td>June 30, 2016</td>
<td>$ 10,783</td>
<td>$ 15,766</td>
<td>$ 26,549</td>
</tr>
</tbody>
</table>

In addition, the following is a summary of amounts that the Commission received during the Fiscal Year Ended June 30, 2015 and June 30, 2016, from Stanislaus County, a related party, pursuant to Government Code Section 56381. The County provides half of the intergovernmental revenue to the Commission. The other half is funded by City of Ceres, City of Hughson, City of Modesto, City of Newman, City of Oakdale, City of Patterson, City of Riverbank, City of Turlock and City of Waterford.

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Cities</th>
<th>County</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2015</td>
<td>$ 190,888</td>
<td>$ 190,888</td>
<td>$ 381,776</td>
</tr>
<tr>
<td>June 30, 2016</td>
<td>$ 188,605</td>
<td>$ 188,605</td>
<td>$ 377,210</td>
</tr>
</tbody>
</table>
NOTE 5: **RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission participates in Stanislaus County's risk pool. Information about coverage can be found in the County's basic financial statements. In addition, the Commission also participates in the property and liability program offered by the Special District Risk Management Authority (SDRMA). Contact information for the SDRMA is:

1112 I Street, Suite 300  
Sacramento, California 95814  
Phone: 800.537.7790  
Fax: 916.231.4111

NOTE 6: **PENSIONS**

**Plan Description**

The Commission, through its employment arrangements with Stanislaus County, is a participant in the Stanislaus County Employees Retirement Association (StanCERA), a retirement system organized under the 1937 Retirement Act. StanCERA is a cost-sharing multiple-employer Public Employee Retirement System (PERS). StanCERA provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits. Health and welfare insurance for retirees and their dependents is available however administered independently of StanCERA. The plan is administered by the Stanislaus County Employees Retirement Association. An actuarial valuation is performed for the system annually as a whole and the contribution rate is determined for each participating entity. The participating entities are the County, City of Ceres and six special districts located in the County not governed by the County’s Board of Supervisors. StanCERA issues a Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for StanCERA. The CAFR may be obtained by writing to Stanislaus County Employees Retirement Association, P O Box 3150, Modesto, CA 95353-3150 or by calling (209) 525-6393.

The StanCERA CAFR is prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. All other securities are valued at the last reported market price at current exchange rates.
NOTE 6: **PENSIONS (CONTINUED)**

**Plan Description (continued)**

**Summary of Plans and Eligible Participants**

| General Tiers 1, 2, 4, 5 (not open to new members) | Vests after five years of credited service & may retire at age 50 or older with 10 or more years of membership with StanCERA or any age with 30 or more years of credited service. |
| General Tier 3 (not open to new members) | Vests after ten years of credited service & may retire at age 55 with 10 or more years of credited service. |
| General Tier 6 (open to new members) | Vests after five years of credited service & may retire at age 52 with 5 years of service credit or age 70 regardless of service credit. |
| Safety Tiers 1, 2, 4, 5 (not open to new members) | Vests after five years of credited service & may retire at age 50 or older with 10 or more years of membership with StanCERA or any age with 20 or more years of credited service. |
| Safety Tier 6 (open to new members) | Vests after five years of credited service & may retire at age 50 with 5 years of service credit or age 70 regardless of service credit. |

**Benefits Provided**

Members terminating employment before accruing five years (ten years for Tier 3) of retirement service credit forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within the prescribed time period. Non-vested members who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Members who terminate after earning five or ten years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. Difference between expected or actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

For members with Tier 1, Tier 4 or Tier 5 benefits, final average salary is the average monthly salary based on the highest twelve consecutive months of earnings. For members with Tier 2, Tier 3, or Tier 6 benefits, final average salary is the average monthly salary based on the highest thirty-six consecutive months of earnings.

The retirement benefit for Tier 1, Tier 2, Tier 4, Tier 5, and Tier 6 members includes a post-retirement cost-of-living (COL) adjustment based upon the Consumer Price Index. COL increases/decreases are limited to a maximum of 3% annually. Total COL decrease(s) cannot exceed the cumulative amount of previous COL increase(s). Tier 1, Tier 2, Tier 4, Tier 5, and Tier 6 provide death and disability benefits.

Those members participating in Tier 1, Tier 2, Tier 4, Tier 5, and Tier 6 are required by statute to contribute to the pension plan. Members’ contribution rates for Tier 1, Tier 2, Tier 4, and Tier 5 are formulated on the basis of the age at date of entry and the actuarially calculated future benefits. Members’ contribution rate for Tier 6 is a flat rate based on the actuarially calculated future benefit. The County is required by statute to contribute the remaining amounts necessary to finance the estimated benefits accrued to its members. Member and employer contribution rates for each plan are as follows:
NOTE 6: **PENSIONS (CONTINUED)**

Benefits Provided (continued)

<table>
<thead>
<tr>
<th>Plan</th>
<th>Employer Contribution</th>
<th>Employee Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rates</td>
<td>Rates</td>
</tr>
<tr>
<td>General Tier 1</td>
<td>26.01%</td>
<td>4.83-7.29%</td>
</tr>
<tr>
<td>General Tier 2</td>
<td>20.08%</td>
<td>6.29-10.48%</td>
</tr>
<tr>
<td>General Tier 3</td>
<td>14.07%</td>
<td>Non-contributory</td>
</tr>
<tr>
<td>General Tier 4</td>
<td>24.59%</td>
<td>4.71-7.09%</td>
</tr>
<tr>
<td>General Tier 5</td>
<td>22.97%</td>
<td>7.60-11.70%</td>
</tr>
<tr>
<td>General Tier 6</td>
<td>20.10%</td>
<td>7.28%</td>
</tr>
<tr>
<td>Safety Tier 2</td>
<td>30.62%</td>
<td>10.32-16.36%</td>
</tr>
<tr>
<td>Safety Tier 4</td>
<td>43.31%</td>
<td>7.87-11.36%</td>
</tr>
<tr>
<td>Safety Tier 5</td>
<td>31.36%</td>
<td>11.71-17.12%</td>
</tr>
<tr>
<td>Safety Tier 6</td>
<td>25.43%</td>
<td>11.83%</td>
</tr>
</tbody>
</table>

The Commission's contributions to StanCERA for the past three fiscal years were equal to the required contributions for each year and is noted in the below chart. The Commission does not contribute towards post-employment benefits other than retirement.

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Contributions*</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2014</td>
<td>$27,296</td>
</tr>
<tr>
<td>June 30, 2015</td>
<td>$31,311</td>
</tr>
<tr>
<td>June 30, 2016</td>
<td>$33,863</td>
</tr>
</tbody>
</table>

* Contributions made by all entities processed through County payroll

The County Employees’ Retirement Law of 1937 establishes the basic obligations for employer and member contributions and benefits to and of the retirement system. The actual employer and member contribution rates in effect each year are based on recommendations made by an independent actuary and adopted by the Board of Retirement.

StanCERA provides a death benefit of $5,000 paid to the beneficiary or estate if a member dies after retirement with the exception of Tier 3 members, provided that Stanislaus County was the members’ last public employer.

Ad-hoc benefits are non-vested benefits determined by the Board of Retirement. Approved changes to the excess earnings policy by the Board of Retirement on June 30, 2014 placed restrictions on offering ad-hoc benefits, specifically that the system must be 100% actuarially funded prior to the Board of Retirement offering any ad-hoc benefits. StanCERA is 73.7% actuarially funded as of June 30, 2015.
NOTE 6: PENSIONS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015 and June 30, 2016, the Commission reported a liability of $187,477 and $168,764, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the liability used to calculate the net pension liability was determined by an actuarial valuation date June 30, 2014. The proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2015, the Commission’s proportion was 0.08229%, compared to 0.08203% at June 30, 2014, an increase of 0.00026%

For the year ended June 30, 2016, the Commission recognized pension expense of $13,668. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method and plan benefits.

At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>Description</th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred outflows of resources -change in proportion</td>
<td>$1,454</td>
<td>-</td>
</tr>
<tr>
<td>County contributions subsequent to the measurement date</td>
<td>33,311</td>
<td>-</td>
</tr>
<tr>
<td>Deferred inflows of resources -change in actual vs. proportionate contributions</td>
<td>-</td>
<td>196</td>
</tr>
<tr>
<td>Deferred inflows of resources -proportionate share of collective investment return</td>
<td>-</td>
<td>22,016</td>
</tr>
</tbody>
</table>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

The Commission’s contributions made subsequent to the measurement date are reported as deferred outflows of resources for fiscal year ending June 30, 2016 and will be recognized as reduction of the net pension liability in the fiscal year ending June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$(9,627)</td>
</tr>
<tr>
<td>2017</td>
<td>$(9,627)</td>
</tr>
<tr>
<td>2018</td>
<td>$(9,627)</td>
</tr>
<tr>
<td>2019</td>
<td>8,125</td>
</tr>
<tr>
<td>Thereafter</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$ (20,756)</td>
</tr>
</tbody>
</table>
NOTE 6: PENSIONS (CONTINUED)

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

Inflation 3.00%
Salary increases 3.25% plus merit component
COLA increases 3% for those eligible for COLA
Investment rate of return 7.25%, net of investment expense
Post-retirement mortality Fully generational mortality improvement projection from base year 2009 using scale MP-2015

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2015.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>2016 Long-Term Expected Real Rate of Return</th>
<th>2016 Target Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Large Cap</td>
<td>5.90%</td>
<td>12.00%</td>
</tr>
<tr>
<td>U.S. Small Cap</td>
<td>5.20%</td>
<td>3.00%</td>
</tr>
<tr>
<td>International Equities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Int'l Development</td>
<td>9.20%</td>
<td>16.00%</td>
</tr>
<tr>
<td>Emerging Market Equity</td>
<td>11.30%</td>
<td>4.00%</td>
</tr>
<tr>
<td>U.S. Fixed Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core fixed income (1)</td>
<td>3.20%</td>
<td>0.00%</td>
</tr>
<tr>
<td>U.S. Treasury (1)</td>
<td>2.30%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Short-term Gov/Credit (1)</td>
<td>2.50%</td>
<td>18.00%</td>
</tr>
<tr>
<td>Real Estate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core (1)</td>
<td>4.70%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Value-add</td>
<td>6.70%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Risk Parity</td>
<td>7.00%</td>
<td>14.00%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>8.20%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Private Credit</td>
<td>9.10%</td>
<td>14.00%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>4.70%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Cash</td>
<td>2.00%</td>
<td>1.00%</td>
</tr>
</tbody>
</table>

(1) Asset classes added for fiscal year ending June 30, 2016 with the adoption of a new asset allocation by the Board of Retirement on April 20, 2016.
NOTE 6: **PENSIONS (CONTINUED)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

<table>
<thead>
<tr>
<th></th>
<th>1% Decrease</th>
<th>Discount Rate</th>
<th>1% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission’s proportionate share of the net retirement plan</td>
<td>$326,858</td>
<td>$168,764</td>
<td>$37,620</td>
</tr>
</tbody>
</table>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued StanCERA CAFR.

NOTE 7: **OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The commission, through its employment arrangement with Stanislaus County, is a participant in the Stanislaus County Employees Retirement Association (StanCERA), a cost-sharing multiple-employer defined benefit public employee retirement system. StanCERA provides retirement benefits only. However, Commission retirees and active County employees are rated in the same pool to determine health insurance premiums. This ability for retirees to obtain coverage at active employee rates results in an economic benefit or implicit subsidy even though the retirees pay their entire premiums (substantive plan).

**Funding Policy**

The Commission makes no direct contributions to the StanCERA to fund the OPEB plan. The implicit subsidy is financed on a pay-as-you-go basis. The Commission does not intend to adopt a policy to pre-fund the implicit subsidy to retirees.

The Commission’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial accrued liabilities (UAAL) which consist of current retirees, current vested terminated and current active employees.
NOTE 7: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Funding Policy (continued)

The following are the components of the Commission’s annual OPEB cost for the year ended June 30, 2016:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual required contribution (ARC)</td>
<td>$1,909</td>
</tr>
<tr>
<td>Interest on net OPEB obligation</td>
<td>$239</td>
</tr>
<tr>
<td>Amortization adjustment to ARC</td>
<td>$(345)</td>
</tr>
<tr>
<td>Other adjustment</td>
<td>$892</td>
</tr>
<tr>
<td>Annual OPEB cost</td>
<td>$2,695</td>
</tr>
<tr>
<td>Employer contribution</td>
<td>$980</td>
</tr>
<tr>
<td>Change in Net OPEB obligation</td>
<td>$1,715</td>
</tr>
<tr>
<td>Net OPEB obligation - beginning of year</td>
<td>$8,560</td>
</tr>
<tr>
<td>Net OPEB obligation - end of year</td>
<td>$10,275</td>
</tr>
</tbody>
</table>

Based on the recent actuarial valuation dated June 30, 2014, the following is the funded status of the OPEB Plan:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial accrued liability (AAL)</td>
<td>$18,520</td>
</tr>
<tr>
<td>Actuarial value of plan assets</td>
<td>-</td>
</tr>
<tr>
<td>Unfunded actuarial accrued liability (UAAL)</td>
<td>$18,520</td>
</tr>
<tr>
<td>Covered payroll (active plan members)</td>
<td>$135,383</td>
</tr>
<tr>
<td>UAAL as percentage of coverage payroll</td>
<td>13.7%</td>
</tr>
</tbody>
</table>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.
NOTE 7: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Methods and Assumptions (continued)

Based on the July 1, 2014 valuation, the actuarial cost was based on the Projected Unit Credit cost method to derive the Accrued Liability (AL) and Annual Required Contributions (ARC). The actuarial assumption used a four percent discount rate and a medical trend assumption of eight percent for 2012-2013, graded down by one percent per year to an ultimate of five percent per year beginning in 2015-2016. The Level Dollar amortization method is being used to accrue County's unfunded actuarial accrued liability over 30 years.

NOTE 8: SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 12, 2017, the date the financial statements were available to be issued.

NOTE 9: PRIOR PERIOD ADJUSTMENTS

Prior period adjustments have been made to record Compensated Absences and Net Pension Liability as of June 30, 2014, as a result of the Commission’s re-determination of the status of management and staff as employees, and implementation of GASB 68.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensated Absences</td>
<td>$83,755</td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>$267,843</td>
</tr>
<tr>
<td>Total Prior Period Adjustments</td>
<td>$351,598</td>
</tr>
</tbody>
</table>

REQUIRED SUPPLEMENTARY INFORMATION
## STANISLAUS LOCAL AGENCY FORMATION COMMISSION

### Budgetary Comparison Schedule

**For Year Ended June 30, 2015**

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Amounts (Budgetary Basis)</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental Revenues</td>
<td>$381,776</td>
<td>$381,776</td>
<td>$381,776</td>
<td>-</td>
</tr>
<tr>
<td>Interest Income</td>
<td>-</td>
<td>-</td>
<td>6,666</td>
<td>6,666</td>
</tr>
<tr>
<td>Application Fees</td>
<td>12,000</td>
<td>12,000</td>
<td>14,160</td>
<td>2,160</td>
</tr>
<tr>
<td>Reimbursement of Member Agency</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>3,041</td>
<td>3,041</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$393,776</td>
<td>$393,776</td>
<td>405,643</td>
<td>11,867</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>329,855</td>
<td>329,855</td>
<td>286,331</td>
<td>(43,524)</td>
</tr>
<tr>
<td>Services and Supplies</td>
<td>84,821</td>
<td>84,821</td>
<td>75,562</td>
<td>(9,259)</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>414,676</td>
<td>414,676</td>
<td>361,893</td>
<td>(52,783)</td>
</tr>
<tr>
<td><strong>Change in Fund Balance</strong></td>
<td>$ (20,900)</td>
<td>$ (20,900)</td>
<td>$43,750</td>
<td>64,650</td>
</tr>
<tr>
<td><strong>Fund Balance - Beginning of Year</strong></td>
<td>638,695</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior Year Adjustment</td>
<td></td>
<td></td>
<td>(351,598)</td>
<td></td>
</tr>
<tr>
<td><strong>Fund Balance - End of Year</strong></td>
<td></td>
<td></td>
<td>$330,847</td>
<td></td>
</tr>
</tbody>
</table>
## STANISLAUS LOCAL AGENCY FORMATION COMMISSION

### Budgetary Comparison Schedule

For Year Ended June 30, 2016

<table>
<thead>
<tr>
<th></th>
<th>Original Budget</th>
<th>Final Budget</th>
<th>Actual Amounts (Budgetary Basis)</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental Revenues</td>
<td>$377,210</td>
<td>$377,210</td>
<td>$377,210</td>
<td>$-</td>
</tr>
<tr>
<td>Interest Income</td>
<td>-</td>
<td>-</td>
<td>4,572</td>
<td>4,572</td>
</tr>
<tr>
<td>Application Fees</td>
<td>-</td>
<td>-</td>
<td>30,274</td>
<td>30,274</td>
</tr>
<tr>
<td>Reimbursement of Member Agency</td>
<td>-</td>
<td>-</td>
<td>(449,639)</td>
<td>(449,639)</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>3,086</td>
<td>3,086</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$377,210</td>
<td>$377,210</td>
<td>(34,497)</td>
<td>(411,707)</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>375,906</td>
<td>375,906</td>
<td>182,009</td>
<td>(193,897)</td>
</tr>
<tr>
<td>Services and Supplies</td>
<td>64,244</td>
<td>64,244</td>
<td>44,539</td>
<td>(19,705)</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>440,150</td>
<td>440,150</td>
<td>226,548</td>
<td>(213,602)</td>
</tr>
<tr>
<td><strong>Change in Fund Balance</strong></td>
<td>$ (62,940)</td>
<td>$ (62,940)</td>
<td>$261,045</td>
<td>(198,105)</td>
</tr>
<tr>
<td>Fund Balance - Beginning of Year</td>
<td></td>
<td></td>
<td>330,847</td>
<td></td>
</tr>
<tr>
<td>Fund Balance - End of Year</td>
<td>$</td>
<td></td>
<td>69,802</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
REQUIRED SUPPLEMENTARY INFORMATION, GASB 68 - PENSION SCHEDULES

Note: GASB 68 requires data to be presented for the last 10 years, however, implementation was not required until 2014; therefore, additional years will be presented in these schedules as data becomes available.

Schedule of the Commission’s Proportionate Share of the Net Pension Liability

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission's proportion of the net pension liability (asset)</td>
<td>0.08203%</td>
<td>0.08229%</td>
<td>0.05839%</td>
</tr>
<tr>
<td>Commission's proportion share of the net pension liability (asset)</td>
<td>$305,314</td>
<td>$187,477</td>
<td>$168,764</td>
</tr>
<tr>
<td>Commission's covered-employee payroll</td>
<td>$178,414</td>
<td>$182,574</td>
<td>$135,383</td>
</tr>
<tr>
<td>Commission's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</td>
<td>171.13%</td>
<td>102.69%</td>
<td>124.66%</td>
</tr>
<tr>
<td>Plan fiduciary net position as a percentage of the total pension liability (asset)</td>
<td>0.07444%</td>
<td>0.08210%</td>
<td>0.05668%</td>
</tr>
</tbody>
</table>

Schedule of the Commission’s Contributions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarially determined contribution</td>
<td>$-0-</td>
<td>$38,483</td>
<td>$31,443</td>
</tr>
<tr>
<td>Actual contributions</td>
<td>(-0-)</td>
<td>(38,330)</td>
<td>(31,273)</td>
</tr>
<tr>
<td>Contribution deficiency (excess)</td>
<td>$-0-</td>
<td>$153</td>
<td>$170</td>
</tr>
<tr>
<td>Commission’s covered-employee payroll</td>
<td>$178,414</td>
<td>$182,574</td>
<td>$135,383</td>
</tr>
<tr>
<td>Actual contributions as a percentage of District's covered-employee payroll</td>
<td>0.00%</td>
<td>20.99%</td>
<td>23.10%</td>
</tr>
</tbody>
</table>
OTHER REPORT
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Commissioners
Local Agency Formation Commission of Stanislaus County
Modesto, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Local Agency Formation Commission of Stanislaus County (LAFCO), as of and for the years ended June 30, 2015 and 2016, and the related notes to the financial statements, which collectively comprise LAFCO’s basic financial statements, and have issued our report thereon dated May 12, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LAFCO’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LAFCO’s internal control. Accordingly, we do not express an opinion on the effectiveness of LAFCO’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2014-3 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The accompanying schedule of findings and recommendations is provided to indicate the status of findings reported in the previous audit.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the LAFCO’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Certified Public Accountant

May 12, 2017
2014-1 GENERAL LEDGER (SIGNIFICANT DEFICIENCY)

**FINDING:** During the audit it was noted that the Commission does not have access to all detailed reports within the Oracle general ledger system maintained by Stanislaus County on the Commission’s behalf.

**CURRENT STATUS:** Resolved; management’s access to and review of routine accounting reports has improved to a satisfactory level.

2014-2 FY 2001-2002 FUND REIMBURSEMENT (SIGNIFICANT DEFICIENCY)

**FINDING:** During the audit it was noted that the Commission reimbursed the county and cities their proportionate share of FY 2001-2002 remaining fund balance as of year-end in accordance with Resolution 2002-12. The reimbursement amount was calculated and paid in FY 2002-2003. However, a subsequent payment to Stanislaus County pursuant to the agreement to provide support services for a portion of fiscal year 2000-2001 (as agreed March 20, 2001 under County Board of Supervisors action item 2001-210) was delayed and resulted in a correction of the 2001-2002 remaining fund balance. As a result, the original reimbursements to the County and cities were overpaid by a total of $12,500, the amount of the support payment to Stanislaus County.

**CURRENT STATUS:** Resolved; the overpayment has been refunded.

2014-3 PREPARATION OF FINANCIAL STATEMENTS (MATERIAL WEAKNESS)

**FINDING:** Management required our assistance to prepare the GAAP financial statements.

**CURRENT STATUS:** Management’s responsibility for the financial statements includes preparation of the basic financial statements and notes.

**RECOMMENDATION:** Assistance with financial statement preparation is not uncommon for an entity of this size, but should be considered as the board is exercising its oversight duties with respect to financial reporting.

**MANAGEMENT RESPONSE:** As staffing, time and budget is available, staff will begin training on the preparation of financial statements.
STANISLAUS LOCAL AGENCY FORMATION COMMISSION
OUT-OF-BOUNDARY SERVICE APPLICATION:
LITT ROAD CORPORATION YARD (CITY OF MODESTO - WATER & SEWER SERVICE)

APPLICANT: City of Modesto

LOCATION: The site is 47.37 acres located on Litt Road, north of Sylvan Avenue, and northeast of Mary Grogan Community Park (APN: 084-003-005). It is within the City’s Sphere of Influence. (See Map, Exhibit A.)

REQUEST: The City of Modesto is requesting that LAFCO consider approval of an out-of-boundary service extension to provide water and sewer service to a new corporation yard. The City acquired the property in 2015 with plans to consolidate its existing, scattered water operations into one corporation yard on the site. (See City of Modesto’s Out-of-Boundary Application, 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. 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 Code Section 56133 and Commission Policy 15, as discussed below.

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 subject property is located in the City’s Sphere of Influence and is not currently contiguous to the city limits. Annexation of non-contiguous, city-owned property is only allowed in cases where the property is presently being used as a public facility. In the case of the corporation yard, it is still under design and development; therefore, an application for annexation would occur at a later date. Thus the Commission may find the request to be consistent with situation 2 above.

The City has existing sewer and water infrastructure located approximately 950 feet south of the project in Litt Road. A 21-inch sewer trunk and 12-inch water main would be extended to the property. The City has stated that it has both adequate water supply and sewer capacity to support the proposed corporation yard.

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].”

The timeframe for “anticipation of a later change of organization” is not specifically defined. Some LAFCOs interpret this phrase as being synonymous with the property being located within a sphere of influence. Others request a more definitive timeframe for annexation by the service provider. For the current application, the City has indicated that it is supportive of a future annexation of the property, consistent with past annexations of other non-contiguous, city-owned facilities (e.g. water wells, wastewater treatment plant property, and storage tanks).
Environmental Review

The City of Modesto, as Lead Agency under the California Environmental Quality Act (CEQA), prepared an initial study and adopted a finding of conformance, determining that the proposal is within the scope of its Master EIR, certified for the Modesto Area Urban Area General Plan in 2008, and that the Master EIR adequately described and evaluated the activity for the purposes of CEQA.

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. Staff believes the City’s proposal to provide water and sewer service to the City’s corporation yard 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 by the City.
- 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 by the City of Modesto and adopt Resolution No. 2017-12, 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 new corporation yard on Litt Road only.

B. The City shall not allow additional water or sewer service connections outside the City limits and beyond the current request without first requesting and securing approval from LAFCO.

Respectfully submitted,

Sara Lytle-Pinhey
Executive Officer
Attachments:  
Draft LAFCO Resolution 2017-12
Exhibit A - Map (pg. 9)
Exhibit B - City’s Out-of-Boundary Application & Initial Study (pg. 13)
Exhibit C - Government Code Section 56133 (pg. 79)
Exhibit D - LAFCO Policy 15 (pg. 83)
Draft LAFCO Resolution 2017-12
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STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION

RESOLUTION

DATE: August 23, 2017

NO. 2017-12

SUBJECT: Out-of-Boundary Service Application for the Litt Road Corporation Yard
(City of Modesto - 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 City of Modesto has submitted an out-of-boundary service application requesting to
provide water and sewer service to a property located on Litt Road, north of Sylvan Avenue;

WHEREAS, the site is otherwise identified as Assessor’s Parcel Number 084-003-005;

WHEREAS, the property is located outside the current city limits of Modesto, but within the City’s
Sphere of Influence;

WHEREAS, Government Code Section 56133 states that a city 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 City of Modesto has indicated that it has the ability to serve the site with water and
sewer services;

WHEREAS, the City of Modesto, as Lead Agency, has determined that the project is exempt from
the California Environmental Quality Act (CEQA) as it is considered an in-fill project and there is no
reasonable possibility that the extension of water and sewer services will have a significant effect on
the environment;

WHEREAS, the Commission, as a Responsible Agency, has considered the City’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 August 23, 2017.

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 City of Modesto, as Lead Agency pursuant to CEQA.

3. Authorizes the City of Modesto 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 new corporation yard on Litt Road only.
   B. The City shall not allow additional water or sewer service connections outside the City limits and beyond the corporation yard without first requesting and securing approval from LAFCO.

4. Directs the Executive Officer to forward a copy of this resolution to the City of Modesto.

ATTEST:  
Sara Lytle-Pinhey, Executive Officer
EXHIBIT A

Map
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EXHIBIT B

City’s Out-of-Boundary Application
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OUT OF BOUNDARY SERVICE APPLICATION

AGENCY TO EXTEND SERVICE:

AGENCY NAME: City of Modesto

CONTACT PERSON: Eva Dankha-Kelly

ADDRESS: 1010 10th Street, suite 300 Modesto CA, 95353

PHONE: (209) 571-5120 FAX: E-MAIL: edkelly@modestogov.com

CONTRACTING PARTY:

NAME OF PROPERTY OWNER: City of Modesto - Utilities Department- David Savidge

SITE ADDRESS: Litt Road, Modesto, 95355-9292

PHONE: (209) 571-5859 FAX: E-MAIL:

CONTRACT NUMBER/IDENTIFICATION: N/A

ASSESSOR PARCEL NUMBER(S): APN: 084-003-005

ACREAGE: 47.37

The following application questions are intended to obtain enough data about the proposal to allow the Commission and staff to adequately assess the service extension. By taking the time to fully respond to the questions below, you can reduce the processing time for this application. You may include any additional information that you believe is pertinent. Use additional sheets where necessary.

1. (a) List type of service(s) to be provided by this application:

Sewer and Water services
(b) Are any of the services identified in 1-a "new" services to be offered by the agency? If yes, please provide explanation.

Yes, extending 950 L.F of 21-inch sewer trunk and 950 L.F of 12-inch water main to the property.

2. Please provide a description of the service agreement/contract. (Included in this description should be an explanation as to why a jurisdictional change is not possible at this time and if this extension is an emergency health and safety situation.)

See attached.

3. Is annexation of the territory by your agency anticipated at some future time? Please provide an explanation.

Yes, see attached language in the agreement.

4. Is the property to be served within the Agency's sphere of influence?

Yes

5. If the service extension is for development purposes, please provide a complete description of the project to be served.

The project will develop new Corporation Yard for the purpose of consolidating the City of Modesto Water Operations Division. It is anticipated that approximately 140 employees will be housed. The project plans to build 30,000 SF office, 1500 SF parks and 2500 SF wastewater building.

6. Has an environmental determination been made for this proposal? If yes, provide a copy. If no, please provide an explanation.

N/A
7. Are there any land use entitlements involved in the project or contract? If yes, please provide a copy of the documentation for this entitlement. Please check those documents attached:

____ Tentative Map and Conditions
____ Subdivision Map or Parcel Map
____ Specific Plan
____ General Plan Amendment
____ Rezoning
____ Other - (provide explanation)

8. Please provide a map showing existing facilities and proposed extensions and a detailed description of how services are to be extended to the property. Your response should include, but not be limited to, an explanation of distance for connection to existing infrastructure to the site; and cost of improvements, how financing is to occur, and any special financing arrangement for later repayment.

CERTIFICATION

I hereby certify that the statement furnished above and in the attached exhibits present the data and information required for this evaluation of service extension to the best of my ability, and that the facts, statement, and information presented herein are true and correct to the best of my knowledge and belief.

SIGNED: ____________________________
PRINTED NAME: _______________________
DATED: ______________________________

REQUIRED EXHIBITS:

1. Copy of the proposed agreement.

2. Map showing the property to be served, existing agency boundary, and the location of infrastructure to be extended.

3. Plan for providing service.

Please forward the completed form and related information to:

Stanislaus Local Agency Formation Commission
Attn: Executive Officer
1010 10th Street, 3rd Floor
Modesto, CA 95354
OUTSIDE SERVICE AGREEMENT
FOR SEWER SERVICE
AND
AGREEMENT TO WAIVE PROTEST TO ANNEXATION PROCEEDINGS

This Agreement is made in the City of Modesto, County of Stanislaus, State of California, by and between the CITY OF MODESTO, a municipal corporation of the State of California, hereinafter called CITY, and City of Modesto, a municipal corporation, hereinafter called OWNER, and entered into on the date the last party executes said agreement.

This Agreement is made with reference to the following recitals:

A. OWNER desires to have sewer service from CITY to his property located outside the City limits of CITY;

B. CITY is agreeable to providing said sewer service under the following terms and conditions,

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, the parties hereto mutually agree as follows:

1. OWNER shall do any and all acts necessary to annex the following described property to CITY when requested to do so by CITY:

   Address: Litt Road
   APN: 084-003-005

See Exhibit "A" Grant Deed.

2. In the event OWNER, for whatever reason, fails to take whatever action is necessary to annex said property when requested to do so by City, City may at its election terminate this agreement by giving written notice thereof to OWNER. In the event this agreement
is so terminated, OWNER acknowledges, understands, and agrees that City may thereafter, upon 30 days’ written notice to OWNER, in the discretion of the Utilities Director, elect to do either of the following: (1) disconnect the sewer service connection to said property; or, (2) charge up to ten (10) times the inside-City sewer rates then in effect until OWNER’S property is annexed to the City.

3. OWNER shall pay sewer rates for service outside the CITY as provided by the Modesto Municipal Code until OWNER’S property is annexed to the CITY.

4. The remedy provided in paragraph #2, above, to City, in event the owners breach this agreement, is cumulative and is in addition to any other remedies in law or equity that may be available to City. The election of one or more remedies shall not bar the use of other remedies unless the circumstances make the remedies incompatible.

5. OWNER shall, where a sewer lateral exists to serve the property directly, obtain a permit from CITY to connect to the sewer lateral and pay all the required charges as set forth in Municipal Code Section 5-6.801 through 807, including all applicable subtrunk and perimeter sewer charges.

OWNER shall, where a sewer lateral does not exist to serve the property directly, construct the sewer lateral at his own expense. All work shall be in accordance with plans and specifications approved by CITY, and OWNER shall reimburse CITY for all costs of engineering and inspection incurred by CITY for the sewer lateral extension. In addition, OWNER shall obtain a permit from the CITY to connect to the sewer lateral and shall pay all applicable permit, subtrunk and/or perimeter sewer charges prior to beginning any on-site construction.

6. After the initial sewer connection is made for the above described property, as set forth in paragraph 5 above, OWNER agrees to obtain a new sewer connection permit from the CITY for each additional unit or units added to the existing sewer service.
7. It is further agreed that upon execution of this agreement by both parties, OWNER shall install said sewer service within six (6) months from the date of execution of this agreement. Failure to do so renders this agreement void.

8. It is distinctly covenanted and agreed by the parties hereto that this agreement shall be recorded and that all the covenants and agreements above expressed shall be held to run with and bind the above described land and all subsequent owners and occupants thereof.

9. OWNER agrees that sewer discharge requirements as to the property will not change significantly from the originally anticipated sewer discharge requirements.
IN WITNESS WHEREOF, the City of Modesto, a municipal corporation, has caused this agreement to be executed in duplicate by its City Manager pursuant to Modesto Municipal Code 5-6.309 (a) and City Ordinance No. 3612-C.S., adopted on the 9th day of December, 2014, and OWNER has caused this agreement to be duly executed.

CITY:

CITY OF MODESTO, a California municipal corporation

By: JOSEPH P. LOPEZ
Acting City Manager

OWNER:

CITY OF MODESTO, a municipal corporation*

By: _______________________

Name: _______________________
(Print Name)

Title: _______________________

Date: _______________________

ATTEST:

By: STEPHANIE LOPEZ
City Clerk

By: _______________________

Name: _______________________
(Print Name)

Title: _______________________

Date: _______________________

APPROVED AS TO FORM:

ADAM U. LINDGREN
City Attorney

By: JOSE M. SANCHEZ
Assistant City Attorney

APPROVED AS TO SUFFICIENCY:

OFFICE OF THE CITY ENGINEER

By: VICKEY DION
City Engineer

* Corporations – signature of two (2) officers required or one (1) officer plus corporate seal.

Partnership – signature of a partner required

Sole Proprietorship – signature of proprietor required

(SEAL)
AGREEMENT TO WAIVE PROTEST TO ANNEXATION PROCEEDINGS

This Agreement, made and entered into in the City of Modesto, County of Stanislaus, State of California, this ___ day of __________ , 2017, by and between the CITY OF MODESTO, a municipal corporation of the State of California, hereinafter called "CITY", and City of Modesto, a municipal corporation, hereinafter called "OWNER".

This Agreement is made with reference to the following recitals:

1. CITY and OWNER entered into an Outside Service Agreement on ____________, 2017 (hereinafter "OSA"). That Agreement required OWNER to do any and all acts necessary to annex the following described property to CITY when requested to do so by CITY:
   Address: Litt Road
   APN: 084-003-005

See Exhibit "A" Grant Deed.

2. In reliance on the promise related in the next preceding paragraph, the CITY retained the right to terminate its OSA with OWNER and disconnect sewer service to the above-described property, refuse to provide sewer service to it, and/or seek other remedies against Owner, in the event that OWNER did not take all actions necessary to annex its property to CITY.

3. Pursuant to Government Code Section 57051, OWNER has the legal right to file a written protest either as an owner of land or as a registered voter within inhabited territory proposed to be annexed to CITY against annexation of that territory.

4. CITY and OWNER agree that the right described in the next preceding paragraph is an advantage of law intended solely for Owner's benefit, and not a law established for a public reason which cannot be waived or circumvented by agreement.

5. Owner agrees and represents that if the right described in paragraph 3 is jointly held, it has the sole authority to exercise that right, and that Owner will maintain such sole authority throughout the life of this agreement.
NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, the parties hereto mutually agree as follows:

A. OWNER agrees that all of the foregoing recitals are factually true.

B. OWNER agrees to and does hereby, waive any and all rights, whether jointly or severally held, to do any act authorized by Government Code Section 57051 to the full extent allowed by Civil Code Section 3513.

C. OWNER understands and agrees that this Agreement to waive protest rights does not in any manner amend or alter the OSA.

D. In consideration of OWNER’S agreements contained herein, CITY agrees to accept this waiver as a partial discharge of OWNER’S duties and obligations under the OSA, with respect to OWNER’S duty thereunder to do all things necessary to annex its property to the CITY when requested to do so by CITY.
IN WITNESS WHEREOF, the CITY OF MODESTO, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attested by its City Clerk on the _____ day of ____________, 2017, and OWNER has executed the Agreement the day and year first above written.

CITY:

CITY OF MODESTO, a California municipal corporation

By:  
JOSEPH P. LOPEZ  
Acting City Manager

OWNER:

CITY OF MODESTO, a municipal corporation*

By:  

Name:  

(Print Name)

Title:  

Date:  

ATTEST:

By:  
STEPHANIE LOPEZ  
City Clerk

By:  

Name:  

(Print Name)

Title:  

Date:  

APPROVED AS TO FORM:

ADAM U. LINDGREN  
City Attorney

By:  
JOSE M. SANCHEZ  
Assistant City Attorney

(SEAL)

* Corporations – signature of two (2) officers required or one (1) officer plus corporate seal.

Partnership – signature of a partner required

Sole Proprietorship – signature of proprietor required
Recording Requested By
City of Modesto
Return to / Mail to
City of Modesto City Clerk
P.O. Box 642
Modesto, CA 95353

OUTSIDE SERVICE AGREEMENT
FOR WATER SERVICE
And
AGREEMENT TO WAIVE PROTEST TO ANNEXATION PROCEEDINGS

This Agreement is made and entered into in the City of Modesto, County of Stanislaus, State of California, by and between the City of Modesto, a municipal corporation of the State of California, (hereinafter “City”), and City of Modesto, a municipal corporation, (hereinafter “Owner”) and entered into on the date the last party executes said agreement.

This Agreement is made with reference to the following recitals:

A. Owner desires to have water service from City to its property located outside the city limits of City and more fully described in paragraph 1 below, (“Property”), and

B. In order to provide said water service, City must extend its system, and

C. City is agreeable to providing said water service subject to certain terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, the parties hereto mutually agree as follows:

1. This agreement is between the City and the Owner of the following described property:
Address: Litt Road

APN: 084-003-005

See Exhibit "A" Grant Deed.

2. Owner agrees to pay all fixed fees for all system operations and management services for water service. These include, but are not limited to, the following: deposit, disconnect fee, reconnect fee, late payment penalty fee, return check fee, collection agency fee, water disconnect notice, unauthorized reconnect, lock breakage fee/lock replacement fee, disconnect water line at main for nonpayment fee.

3. In the event Owner, for any reason, fails to make any of the payments provided for in Paragraph 2 in a timely manner, City may, at its option, terminate this Agreement by giving written notice thereof to Owner by First class mail. City may thereafter, at any time upon fifteen (15) calendar days written notice by First class mail to Owner, refuse to provide water service, or City may disconnect the water service connection to said property, at the City’s sole discretion.

In the event of Owners' breach of this Agreement, the remedy provided in this Paragraph to City is cumulative and is in addition to any other remedies in law or equity that may be available to City. The election of one or more remedies shall not bar the use of other remedies unless the circumstances make the remedies incompatible. The waiver or failure to enforce any breach hereof shall not be construed as a waiver of or bar to enforcement of subsequent breaches.

4. To the extent permitted by law, Owner agrees to and does hereby waive any and all rights it may have under law to challenge the payment of the City fees as provided for in Paragraphs 2 above. In the event, for whatever reason, Owner at any time contests, protests, or files any action in state or Federal court to invalidate the applicability of said fees to Owner, then, this Agreement shall immediately terminate.
and shall be of no further force and effect.

5. Owner shall comply with all water use rules and regulations as set forth in the Modesto Municipal Code.

6. Owner shall pay water service charges and water main connection charges as set forth in the Modesto Municipal Code.

7. If the necessary water mains or services or appurtenances do not exist to provide water service to the property, City and Owner shall comply with the requirements of the Modesto Municipal Code and the City of Modesto Engineering Standard Specifications for the installation of necessary water mains and appurtenances thereto. The necessary water mains, services and appurtenances shall be installed by either City or Owner, as set forth in said requirements, to provide water service to the above property. In no event, will City be obligated to pay the initial cost of any such water mains, services or appurtenances at the direction of Owner. Rather, City agrees to use the procedures, methods, timing and other criteria set forth in its written authorities to provide water service to Owner at the good faith convenience of the City. Owner may accelerate the process of receiving water service from City by agreeing in a subsequent agreement to pay the facilities installation costs of such services in advance of their installation, subject to reimbursement pursuant to the aforementioned written authorities.

8. It is distinctly covenanted and agreed by the parties hereto that this Agreement shall be recorded and that all the covenants and agreements expressed above shall be held to run with and bind the above described land and all subsequent owners and occupants thereof.
IN WITNESS WHEREOF, the City of Modesto, a municipal corporation, has caused this Agreement to be executed in duplicate by its City Manager and attested by its City Clerk pursuant to Modesto Municipal Code 11-1.05 (b) and City Ordinance No. 3611-C.S., adopted on the 9th day of December, 2014, and OWNER has caused this agreement to be duly executed.

CITY:

CITY OF MODESTO,
a California municipal corporation

By: ____________________________

JOSEPH P. LOPEZ
Acting City Manager

OWNER:

CITY OF MODESTO,
a municipal corporation*

By: ____________________________

Name: ____________________________
(Print Name)
Title: ____________________________

Date ____________________________

By: ____________________________

Name: ____________________________
(Print Name)
Title: ____________________________

Date ____________________________

* Corporations – signature of two (2) officers required or one (1) officer plus corporate seal.

Partnership – signature of a partner required

Sole Proprietorship – signature of proprietor required

(SEAL)

ATTEST:

By: ____________________________

STEPHANIE LOPEZ
City Clerk

APPROVED AS TO FORM:

ADAM U. LINDGREN
City Attorney

By: ____________________________

JOSE M. SANCHEZ
Assistant City Attorney

APPROVED AS TO SUFFICIENCY:

OFFICE OF THE CITY ENGINEER

By: ____________________________

VICKEY DION
City Engineer
AGREEMENT TO WAIVE PROTEST TO ANNEXATION PROCEEDINGS

This Agreement, made and entered into in the City of Modesto, County of Stanislaus, State of California, this ____ day of __________, 2017, by and between the CITY OF MODESTO, a municipal corporation of the State of California, hereinafter called "CITY", and City of Modesto, a municipal corporation, hereinafter called "OWNER".

This Agreement is made with reference to the following recitals:

1. CITY and OWNER entered into an Outside Service Agreement on __________, 2017 (hereinafter "OSA"). That OSA required OWNER to do any and all acts necessary to annex the following described property to CITY when requested to do so by CITY:

   Address: Litt Road
   APN: 084-003-005

   See Exhibit "A" Grant Deed.

2. In reliance on the promise related in the next preceding paragraph, the CITY retained the right to terminate its OSA and disconnect water service to the above-described property, refuse to provide water service to it, and/or seek other remedies against Owner, in the event that OWNER did not take all actions necessary to annex its property to CITY.

3. Pursuant to Government Code Section 57051, OWNER has the legal right to file a written protest either as an owner of land or as a registered voter within inhabited territory proposed to be annexed to CITY against annexation of that territory.
4. CITY and OWNER agree that the right described in the next preceding paragraph is an advantage of law intended solely for Owner's benefit, and not a law established for a public reason which cannot be waived or circumvented by agreement.

5. OWNER agrees and represents that if the right described in paragraph 3 is jointly held, it has the sole authority to exercise that right, and that OWNER will maintain such sole authority throughout the life of this agreement.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements herein contained, the parties hereto mutually agree as follows:

A. OWNER agrees that all of the foregoing recitals are factually true.

B. OWNER agrees to and does hereby, waive any and all rights, whether jointly or severally held, to do any act authorized by Government Code Section 57051 to the full extent allowed by Civil Code Section 3513.

C. OWNER understands and agrees that this Agreement to waive protest rights does not in any manner amend or alter the OSA.

D. In consideration of OWNER'S agreements contained herein, CITY agrees to accept this waiver as a partial discharge of OWNER'S duties and obligations under the OSA, with respect to OWNER'S duty thereunder to do all things necessary to annex its property to the CITY when requested to do so by CITY.
IN WITNESS WHEREOF, the CITY OF MODESTO, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attested by its City Clerk on the _____ day of ______________, 2017, and OWNER has executed the Agreement the day and year first above written.

CITY:

CITY OF MODESTO, a California municipal corporation

By: __________________________________________
   JOSEPH P. LOPEZ
   Acting City Manager

ATTEST:

By: __________________________________________
   STEPHANIE LOPEZ
   City Clerk

OWNER:

CITY OF MODESTO, a municipal corporation*

By: __________________________________________
   __________________________________________
   Name: ____________________________
   (Print Name)
   Title: ____________________________
   Date ____________________________

By: __________________________________________
   __________________________________________
   Name: ____________________________
   (Print Name)
   Title: ____________________________
   Date ____________________________

APPROVED AS TO FORM:

ADAM U. LINDGREN
City Attorney

By: __________________________________________
   JOSE M. SANCHEZ
   Assistant City Attorney

* Corporations – signature of two (2) officers required or one (1) officer plus corporate seal.

Partnership – signature of a partner required

Sole Proprietorship – signature of proprietor required

(SEAL)
City of Modesto

Finding of Conformance to General Plan Master EIR:

Initial Study Environmental Checklist
EA UTL No. 2015-09

For the proposed:
Water Corporation Yard

Prepared by:
City of Modesto
Community & Economic Development Department
Planning Division

October 9, 2015
City of Modesto
Master EIR Initial Study Environmental Checklist

I. PURPOSE

CEQA allows for the limited environmental review of subsequent projects under the City’s Master Environmental Impact Report (“Master EIR” or “MEIR”). This Initial Study Environmental Checklist ("Initial Study") is used in determining whether City of Modesto Water Corporation Yard is "within the scope" of the project analyzed in the Modesto Urban Area General Plan Master EIR (SCH# 2007072023) (Public Resources Code section 21157.1). When the Initial Study supports this conclusion, the City will issue a finding of conformance.

A subsequent project is "within the scope" of the Master EIR when:

1. it will have no additional significant effects on the environment that were not addressed as significant effects in the Master EIR; and
2. no new or additional mitigation measures or alternatives are required.

"Additional significant effects" means a project-specific effect that was not addressed as a significant effect in the Master EIR. [Public Resources Code Section 21158(d)]

The determination must be based on substantial evidence in the record. “Substantial evidence” means facts, reasonable assumptions predicated upon facts, or expert opinion based on facts. It does not include speculation or unsubstantiated opinion. (CEQA Guidelines Section 15384)

II. PROJECT DESCRIPTION

A. Title: Water Corporation Yard
B. Address or Location: East side of Litt Road, approximately 0.5 mile north of Sylvan Avenue
C. Applicant: City of Modesto
D. City Contact Person: Tamorah Bryant
   Department: Utilities Department
   Phone Number: 577 5205
   E-mail address: tbryant@modestogov.com
E. Current General Plan Designation(s): Business Park
F. Current Zoning Classification(s): A-2-10
G. Surrounding Land Uses:
   North: Agricultural use
   South: Agricultural use
   East: Agricultural use
   West: Agricultural use
H. Project Description, including the project type listed in Section II.C (Anticipated Future Projects) of the Master EIR (Attach additional maps/support materials as needed for complete record):

The proposed project includes the acquisition of 47.37 acres (APN 084-003-005) and the development of a water corporation yard. The corporation yard includes one 30,000 square-foot building that will be used as the office and storage. There will be an additional 1,440 square-foot warehouse building and 4,800 square-foot storage building. The proposed corporation yard will relocate three separate water facilities and combine them into a single location.

The site will have approximately 100 work vehicles and equipment parked on the site. Employees would report to the site and pick work vehicles. This site will also include storage of spoils, asphalt, rock, and sand kept in 8 open concrete 40' by 50' storage bins. Grinding of used asphalt and other materials and subsequent storage of the grounded materials will take place on approximately five acres. Pipe and other materials will be stored on approximately three acres.

I. Other Public Agencies Whose Approval is Required: None

III. FINDINGS/DETERMINATION (SELECT ONE ON THE BASIS OF THE ANALYSIS IN SECTION IV)

1. **X** Within the Scope - The project is within the scope of the Master EIR and no new environmental document or Public Resources Code Section 21081 findings are required. All of the following statements are found to be true:

   A. The subsequent project will have no additional significant effect on the environment, as defined in subdivision (d) of Section 21158 of the Public Resources Code, that was not identified in the Master EIR.

   B. No new or additional mitigation measures or alternatives are required.

   C. The subsequent project is within the scope of the project covered by the Master EIR.

   D. All applicable policies, regulations, and mitigation measures identified in the Master EIR have been applied to the subsequent project or otherwise made conditions of approval of the subsequent project.

   E. No substantial changes have occurred with respect to the circumstances under which the Master EIR was certified, and no new information, which was not known and could not have been known at the time that the Master EIR was certified as complete, has become available.

2. **Mitigated Negative Declaration Required** - On the basis of the above determinations, the project is not within the scope of the Master EIR. A mitigated negative declaration will be prepared for the project. The following statements are all found to be true:

   A. The subsequent project is within the scope of the project covered by the Master EIR.
B. All applicable policies, regulations, and mitigation measures identified in the Master EIR have been applied to the subsequent project or otherwise made conditions of approval of the subsequent project.

C. The project will have one or more potential new significant effects on the environment that were not addressed as significant effects in the Master EIR. New or additional mitigation measures are being required of the project that will reduce the effects to a less-than-significant level.

D. No substantial changes have occurred with respect to the circumstances under which the Master EIR was certified, and no new information, which was not known and could not have been known at the time that the Master EIR was certified as complete, has become available.

3. Focused EIR Required- On the basis of the above determinations, the project is not within the scope of the Master EIR. A Focused EIR will be prepared for the project. All of the following statements are found to be true:

A. The subsequent project is within the scope of the project covered by the Master EIR.

B. All applicable policies, regulations, and mitigation measures identified in the Master EIR have been applied to the subsequent project or otherwise made conditions of approval of the subsequent project.

C. The project will have one or more new significant effects on the environment that were not addressed as significant effects in the Master EIR. New or additional mitigation measures or alternatives are required as a result.

D. No substantial changes have occurred with respect to the circumstances under which the Master EIR was certified, and no new information, which was not known and could not have been known at the time that the Master EIR was certified as complete, has become available.

[Signatures and dates]
4. Within the Scope Analysis of this Document:

The Master EIR allows projects to be found within the scope of the MEIR if certain criteria are met. If the following statements are found to be true for all 21 impact categories included in this Initial Study, then the proposed project is addressed by the MEIR analysis and is within the scope of the MEIR. Any "No" response must be discussed.

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) The lead agency for subsequent projects shall be the City of Modesto or a responsible agency identified in the Master EIR.</td>
<td>X</td>
<td>0</td>
</tr>
<tr>
<td>(2) City policies which reduce, avoid, or mitigate environmental effects will continue to be in effect and, therefore, would be applied to subsequent projects where appropriate. The policies are described in the list of policies in place and mitigation measures attached to the Initial Study template. Project impacts would be mitigated to a less-than-significant level using MEIR mitigations only.</td>
<td>X</td>
<td>0</td>
</tr>
<tr>
<td>(3) Federal, State, regional, and Stanislaus County regulations do not change in a manner that is less restrictive on development than current law (i.e., would not offer the same level of protection assumed under the Master EIR).</td>
<td>X</td>
<td>0</td>
</tr>
<tr>
<td>(4) No specific information concerning the known or potential presence of significant resources is identified in future reports, or through formal or informal input received from responsible or trustee agencies or other qualified sources.</td>
<td>X</td>
<td>0</td>
</tr>
<tr>
<td>(5) The development will occur within the boundaries of the City's planning area as established in this Urban Area General Plan.</td>
<td>X</td>
<td>0</td>
</tr>
<tr>
<td>(6) Development within the project will comply with all appropriate mitigation measures contained and enumerated in the 2008 General Plan Master EIR.</td>
<td>X</td>
<td>0</td>
</tr>
</tbody>
</table>

5. Currency of the Master EIR Document

The MEIR should be reviewed on a regular basis to determine its currency, and whether additional analysis/mitigation should be incorporated into the MEIR via a Supplemental or Subsequent EIR (CEQA Section 21157.6). Staff has reviewed Sections 1 through 21 of this document in light of the criteria listed below to determine whether the MEIR is current. The analysis contained within the Master EIR is current as long as the following circumstances have not changed. Any "no" response must be explained.

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Certification of the General Plan Master EIR occurred less than five years prior to the filing of the application for this subsequent project.</td>
<td>0</td>
<td>X</td>
</tr>
<tr>
<td>(2) This project is described in the Master EIR and its approval will not affect the adequacy of the Master EIR for any subsequent project because the City can make the following findings:</td>
<td>X</td>
<td>0</td>
</tr>
<tr>
<td>(a) No substantial changes have occurred with respect to the circumstances under which the Master EIR was certified.</td>
<td>X</td>
<td>0</td>
</tr>
<tr>
<td>(b) No new information, which was not known and could not have been known at the time the Master EIR was certified as complete, has become available.</td>
<td>X</td>
<td>0</td>
</tr>
<tr>
<td>(c) Policies remain in effect which require site-specific mitigation, and avoidance or other mitigation of impacts as a prerequisite to future development.</td>
<td>X</td>
<td>0</td>
</tr>
</tbody>
</table>
Discussion:

(1) The General Plan Master EIR was certified on October 14, 2008, so more than five years has passed since the MEIR was certified. However, the analysis contained in the MEIR is still adequate for subsequent projects, as documented in the discussion below.

(2) The project is consistent with the analysis contained in the MEIR. This is documented in the discussion of the individual issue areas of this initial study.

(2)(a) There have been no substantive changes to the General Plan since the MEIR was certified that would create additional significant environmental effects that were not analyzed by the MEIR.

(2)(b) There has been no new information that would affect the adequacy of the analysis contained in the MEIR.

(2)(c) All policies contained in the MEIR that require site-specific mitigation or avoidance of impacts remain in effect and will be applied to the project as appropriate.

IV. ENVIRONMENTAL ANALYSIS

This Initial Study, in accordance with Section 21157.1(b) of the Public Resources Code, discloses whether the proposed project may cause any project-specific significant effect on the environment that was not examined in the Final Master EIR (MEIR) for the General Plan and whether new or additional mitigation measures or alternatives may be required as a result. The Initial Study thereby documents whether or not the project is "within the scope" of the Master EIR.

Pursuant to Public Resources Code Section 21157.1, no new environmental document or findings are necessary for projects that are determined to be within the scope of the MEIR. Adoption of the findings specified in Section III.1, above after completion of the Initial Study fulfills the City's obligation in that situation.

All environmental effects cited reflect 2025 conditions resulting from the Urban Area General Plan, as identified in the Master EIR.

The environmental impact analysis in the Master EIR for the Urban Area General Plan is organized in twenty-one subject areas. The following analysis is based on the impact analyses contained in Chapter V of the Master EIR. For ease of reference, the sections are numbered in the same order as the analyses in Chapter V.

1. TRAFFIC AND CIRCULATION

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable traffic and circulation impacts expected after application of mitigations/policies:

**Direct Impacts**

**Effect:** Increased automobile traffic will result in roadway segments (see MEIR on Table V-1-7, pages V-1-28 to V-1-31) operating at LOS D, Modesto's significance threshold for automobile traffic, or lower (LOS E or F).
Effect: The substantial increase in traffic relative to the existing load and capacity of the street system will cause, either individually or cumulatively, the violation of automobile service standards established by StanCOG's Congestion Management Plan for designated roads and highways.

Effect: A substantial increase in automobile vehicle miles traveled and automobile vehicle hours of travel and a decrease in average automobile vehicle speed (see MEIR Table V-1-6, page V-1-28).

Cumulative Impacts

Effect: Potential for growth inducement or acceleration of development resulting from highway and local road projects.

Effect: Substantial increase in traffic in relation to the existing traffic load and capacity of the street system, including a violation, either individually or cumulatively, of an automobile LOS standard established by the Congestion Management Plan for designated roads and highways.

Effect: Increased demand for capacity-enhancing alterations to existing roads or automobile traffic reduction.

Other impact categories affected by Traffic and Circulation are addressed throughout this Initial Study (see also Section 2, Degradation of Air Quality; Section 3, Generation of Noise; Section 7 Loss of Sensitive Wildlife and Plant Habitat; Section 8, Disturbance of Archaeological/Historic Sites; Section 14 Increased Demand for Fire Services; Section 18, Energy; Section 19, Visual Resources; Section 20, Land Use and Planning, and Section 21, Climate Change).

b. Master EIR and/or New Mitigation Measures Applied to the Project

Traffic and Circulation mitigation measures pertinent to this project are found on MEIR pages V-1-9 through V-1-24. All mitigation measures appropriate to the project, including any new measures, will be incorporated into or made conditions of approval of this project and are listed in Section V, Mitigation Measures Applied to Project.

Discussion:

The appropriate mitigation to be applied to this project includes none from the MEIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-1.B of the Master EIR provides analysis of Traffic and Circulation impacts of development of the General Plan, the following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

Significance Criteria: A subsequent development project will have a new significant effect on the environment if it would exceed the following criteria:
### 1. TRAFFIC AND CIRCULATION

<table>
<thead>
<tr>
<th></th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1)</td>
<td>The proposed project exceeds traffic generation assumptions in the Master EIR for the site by 100 trips or more and City Engineering and Transportation staff has determined that the project would have additional potentially significant project-specific effects that are not avoided or reduced by the Master EIR's mitigation measures.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2)</td>
<td>Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3)</td>
<td>The proposed project would cause additional roadway segments in the General Plan area to exceed LOS D and/or cause additional violations of standards in the Congestion Management Plan, and/or cause an increase in automobile vehicle miles or vehicle hours of travel or a decrease in automobile travel speed, as compared to the impacts disclosed in the Master EIR.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>4)</td>
<td>The proposed project would cause emergency response times to exceed acceptable standards established by the Fire Department, as compared to impacts disclosed in the Master EIR (see Section 14, Increased Demand for Fire Services).</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>5)</td>
<td>The proposed project would result in less parking than required by the Municipal Code or as determined by staff.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>6)</td>
<td>The proposed project would conflict with adopted policies, plans, or programs that support alternative transportation, including, but not limited to the Regional Transportation Plan, the Sustainable Communities Strategy, the Bicycle Action Plan, and so on.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>7)</td>
<td>The proposed project would result in an increase in automobile vehicle miles traveled on a per capita basis, in excess of that considered in the Urban Area General Plan MEIR.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

**Discussion:**

(1) 80 of the employees will be field crews and will report and leave the site between 6 am to 7 am and return to the site before leaving for home beginning around 3 pm to 3:30 pm. Most of these trips will not be made during the AM and PM peak hour traffic on the streets. 20 office staff will generate fewer than 20 trips during both AM and PM peak hours. Their traffic impacts on the streets are insignificant.
The proposed Water Corporation Yard site is designated as Business Park (BP) in the General Plan and is estimated to generate approximately 1,200 employees. The proposed Water Corporation Yard will have 100 employees. The traffic impact of the proposed Water Corporation Yard is much less than expected in the current General Plan.

(2) The proposed project would not exceed a level of service standard established by the county congestion management agency (StanCOG).

(3) There are no significant changes in the level of service or the volume-capacity ratio as a result of the project and therefore there are no significant cumulative (long term) traffic impacts.

(4) The proposed project would not impact emergency response time. The street improvements would help improve the response time.

(5) The proposed project would provide parking consistent with the Zoning Ordinance.

(6) The proposed project would not conflict with alternative transportation. The project includes plans to widen Litt Road to two lanes per County standards. At the time that the surrounding area is developed, Litt Road will be improved to City standards including bike lanes and bus stops.

(7) The proposed project would not result in a significant increase in automobile vehicle miles traveled (per capita) in excess of what was considered in the Urban Area General Plan.

2. DEGRADATION OF AIR QUALITY

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable air quality impacts expected after application of mitigations/policies:

**Direct Impacts**

*Effect:* Expected automobile traffic will result in increased operational emissions of reactive organic gases (ROG) and oxides of nitrogen (NOx) (see MEIR Table 2-8, page V-2-26).

*Effect:* Expected automobile traffic will result in increased emissions of particulate matter 10 microns or less (PM\textsubscript{10}) and 2.5 microns or less in diameter (PM\textsubscript{2.5}) (see MEIR Table 2-8, page V-2-26).

*Effect:* Expected automobile traffic will result in increased carbon monoxide (CO) levels in the project area (see MEIR Table 2-7, page V-2-26, and Table 2-8, page V-2-26).

**Cumulative Impacts**

The Master EIR indicates the same impacts identified as direct impacts above will contribute to regional impacts on air quality for the criteria pollutants ROG, NO\textsubscript{x}, PM\textsubscript{10}, and PM\textsubscript{2.5}. 

City of Modesto
General Plan Master EIR

Initial Study EA UTL No. 2015-09
October 9, 2015
b. Master EIR and/or New Mitigation Measures Applied to the Project

Air quality mitigation measure(s) pertinent to the proposed project are found on pages V-2-14 through V-2-23 of the Master EIR. All mitigation measures appropriate to the project will be incorporated into or made conditions of approval of this project and are listed in Section V, Mitigation Measures Applied to Project.

Discussion:
The appropriate mitigation to be applied to this project includes AQ-39 through AQ-44, and AQ-46 through AQ-56 from the MEIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-2.B of the Master EIR is the analysis of air quality impacts resulting from development of the Urban Area General Plan. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not analyzed in the Master EIR.

Significance Criteria: Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:

<table>
<thead>
<tr>
<th>2. DEGRADATION OF AIR QUALITY</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The proposed project exceeds the project-level emissions thresholds established for CO, ROG, NOx, PM_{10}, and PM_{2.5} by the San Joaquin Valley Air Pollution Control District (SJVUAPCD) and is not consistent with the development assumptions for the project site, as established in the Urban Area General Plan and Master EIR.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>2) The proposed project does not incorporate the best management practices established by the SJVAPCD for CO, ROG, NOx, PM_{10}, and PM_{2.5}.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>3) The proposed project does not comply with the air quality policies in the Modesto Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>4) The proposed project would expose sensitive receptors to pollutant concentrations in excess of those expected to occur as a result of implementation of the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>5) The proposed project would create objectionable odors affecting a substantial number of people.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
</tbody>
</table>
Discussion:

(1) Emissions associated with the project would result from construction-related activity, an increase in traffic volumes, and site operation including asphalt grinding. The net increase in emissions generated by these activities and other secondary sources would not exceed the thresholds of significance recommended by the San Joaquin Valley Air Pollution Control District or the development assumptions established in the Master EIR. Mitigation measures AQ-39, AQ-40, and AQ-41 address reduction in emissions of PM-10 and other particulates. Mitigation measures AQ-42, AQ-43, AQ-44, and AQ-46 through AQ-56 address construction activities.

(2) This project would incorporate the best management practices established by the SJVUAPD (see mitigation measures in Section V). In addition, the project is subject to SJVAPCD Rule VIII (Fugitive Dust Rules) and Rule 9510 (Indirect Source Review). Rule VIII identifies control measures for PM10 emissions during the construction phase and the corporation yard operation including the asphalt grinding activity. Rule 9510 fulfills the SJVAPCD's emission reduction commitments in the PM10 and Ozone Attainment Plans through design features or by payment of applicable off-site mitigation fees.

(3) Applicable air quality policies of the General Plan would be applied to the project.

(4) There are two residential dwellings near the project site. The project is not in itself a significant contributor to air pollution levels. The primary source of air pollution associated with the project would be traffic related and asphalt grinding but would not result in a significant impact. The PM10 emissions created through construction and site activities will be mitigated as called for by the MEIR with the measures listed above.

(5) Construction activities for the project could potentially include the application of architectural coatings and asphalt paving materials that could generate localized temporary odors. The use of diesel-powered equipment could also generate localized temporary odors. Construction and site activities will be mitigated as called for by the MEIR with the mitigation measures listed above.

3. GENERATION OF NOISE

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable noise impacts expected after application of mitigations/policies:

Direct Impacts

Effect: Future automobile traffic noise levels and roadway construction and maintenance activities resulting from development of the Urban Area General Plan will exceed the City's noise thresholds at various locations, but particularly in areas adjacent to heavily traveled roadways (see MEIR Table 3-3, page V-3-11, and Table 3-6, pages V-3-19 and V-3-20).

Effect: Expected noise from airport operations and airport construction projects may expose up to 468 dwellings and three churches to noise levels of 65 dB CNEL and up to eight dwellings to noise levels of 70 dB CNEL.

Effect: Expose noise-sensitive land uses to noise from the construction of bicycle and transit projects.
Effect: Expose noise-sensitive land uses to noise from freight and passenger rail operations.

Cumulative Impacts

Effect: Traffic from development in the City of Modesto would, when combined with traffic from new development in the County and other cities, contribute to a cumulative increase in roadside noise levels on major roads and highways throughout Stanislaus County.

b. Master EIR and/or New Mitigation Measures Applied to the Project

Noise policies and mitigation measures pertinent to the project being analyzed in this Initial Study are found on pages V-3-12 through V-3-15 of the Master EIR. All mitigation measures appropriate to the project will be incorporated into or made conditions of approval of this project and any new measures are listed in Section V, Mitigation Applied to Project.

Discussion:
The appropriate mitigation to be applied to this project includes N-1, N-2, and N-3 from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-3.B of the MEIR discloses noise impacts resulting from development of the Urban Area General Plan. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not analyzed in the Master EIR.

Significance Criteria: Determination of the proposed project's effects are based on the following thresholds. Project-specific effects will be less than significant unless:

<table>
<thead>
<tr>
<th>3. GENERATION OF NOISE</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The proposed project will exceed the standards for noise level and hours of operation established by the Modesto noise ordinance.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>2) The proposed project will not comply with the noise policies of, or otherwise be inconsistent with, the Modesto Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☒</td>
</tr>
<tr>
<td>3) The proposed project will result in an increase in ambient noise levels in the project vicinity above those disclosed in the Master EIR.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☒</td>
</tr>
<tr>
<td>4) The proposed project will result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels disclosed in the Master EIR implementation of the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☒</td>
</tr>
</tbody>
</table>
Discussion:

(1) The project would not generate a significant amount of noise. The asphalt grinder will operate about twice per year for a total time of one to two months. It generates noise levels similar to farm equipment used in the area. The grinder operation will be on the east side of the site at approximately 1,000 feet to the nearest dwelling unit and 800 feet from adjacent properties to the north and south also designated for business park use. The grinder operation will be subject to the mitigation measures N-1 and N-2 that identifies the City's noise ordinance requirements regarding prohibition of loud raucous noise and hours of operation. Construction activities could potentially cause a temporary increase in noise levels; however, mitigation measure N-3 will be applied to the project, which would mitigate those impacts to a less than significant level.

(2) The project would comply with the noise policies of the General Plan.

(3, 4) Aside from temporary construction-related noise which will be mitigated through the application of mitigation measure N-3, the project would not in itself cause an increase in ambient noise above those disclosed in the General Plan MEIR.

4. EFFECTS ON AGRICULTURAL LANDS

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts on agricultural lands expected after application of mitigations/policies:

Direct Impacts

Effect: Between 1995 and 2025, development of the Urban Area General Plan may convert up to approximately 26,000 acres of farmland in various categories in the Planned Urbanizing Area to urban uses.

Effect: Approximately 1,200 acres of urban development along a 28.5-mile boundary 350 feet wide between urban and agricultural uses could be affected by continued agricultural operations, including noise, dust, and chemical overspray or drift.

Cumulative Impacts

Effect: Growth within Modesto’s planning area would contribute considerably to the loss of agricultural land within Stanislaus County, accounting for the conversion of as much as approximately 26,000 acres of farmland in various categories in the Planned Urbanizing Area from 1995 to 2025.

b. Master EIR and/or New Mitigation Measures Pertinent to the Project

Agricultural land mitigation measures pertinent to the proposed project are found on pages V-4-5 to and V-4-8 of the Master EIR. All mitigation measures appropriate to the project and any new mitigation to be incorporated into or made conditions of approval of this project are listed in Section V, Mitigation Applied to Project.
Discussion:

The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-4.B of the Master EIR discloses the impacts resulting from the implementation of the Urban Area General Plan on agricultural lands. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not previously analyzed in the Master EIR.

Significance Criteria: Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:

<table>
<thead>
<tr>
<th>4. EFFECTS ON AGRICULTURAL LANDS</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The proposed project is inconsistent with the Urban Area General Plan's policies relating to agricultural land.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
</tr>
<tr>
<td>2) The proposed project will either directly or indirectly result in the development of land outside the 2008 Urban Area General Plan's planning area boundary.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
</tr>
<tr>
<td>3) The proposed project will conflict with existing zoning for agricultural use, or there is an existing Williamson Act contract on the project site.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
</tr>
<tr>
<td>4) The proposed project will involve other changes in the existing environment not anticipated in the Master EIR which, due to their location or nature, could result in conversion of farmland to non-agricultural use.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
</tr>
</tbody>
</table>

Discussion:

(1, 2) The project site is located within the Urban Area General Plan and is consistent with policies related to agricultural land.

(3) There is no Williamson Act contract on the project site.

(4) This site is designated for Business Park that allows for light industrial use. The proposed corporation yard is consistent with a light industrial use and will not result in the conversion of farmland to non-agricultural use.
5. INCREASED DEMAND FOR LONG-TERM WATER SUPPLIES

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts on long-term water supplies expected after application of mitigations/policies:

Direct Impacts
Effect: No residual significant direct impacts have been disclosed in the Master EIR.

Cumulative Impacts
Effect: Operational yields of the Modesto and Turlock subbasins, both of which underlie the City of Modesto, are unknown, although the City is participating in a study with the United States Geological Survey in order to quantify the operational yields of both subbasins. Groundwater withdrawals from both basins by the City, when combined with other users' withdrawals, may result in overdrafting both subbasins.

Effect: Despite available options, during drought years, significant water shortages are forecast for the San Joaquin River basin, which includes both the Modesto and Turlock subbasins, by 2020. Modesto would make a cumulatively considerable contribution to the cumulative impact on water supply under drought conditions.

b. Master EIR and/or New Mitigation Measures Applied to the Project

Water supply mitigation measures pertinent to the proposed project are found on pages V-5-6 through V-5-11 of the Master EIR. All mitigation measures appropriate to the project to be incorporated into or made conditions of approval of this project are listed in Section V, Mitigation Measures Applied to Project.

Discussion:
The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-5.B of the Master EIR discloses impacts on long-term water supplies resulting from implementation of the Urban Area General Plan. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

Significance Criteria: Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:
5. **INCREASED DEMAND FOR LONG-TERM**

<table>
<thead>
<tr>
<th></th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1)</td>
<td>The proposed project is inconsistent with water supply policies in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2)</td>
<td>Water demand for the proposed project will exceed estimates for similar projects or for development on the project site anticipated in the Urban Area General Plan or sufficient water supplies are not otherwise available to serve the project from existing entitlements and resources.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3)</td>
<td>The proposed project would deplete groundwater supplies to a greater degree than anticipated in the Urban Area General Plan or would interfere with groundwater recharge.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

**Discussion:**

(1) The project is consistent with the water supply policies in the General Plan.

(2) The project will require minimal water usage. There will be a maximum of 100 employees reporting to the site with approximately 80 employees leaving the site to work in the field all day. The water demand for the project will not exceed estimates for similar projects.

(3) The proposed project is consistent with the ground water demands assumed in the General Plan. The project would not have a significant effect on ground water recharge or depletion of long-term water supplies.

6. **INCREASED DEMAND FOR SANITARY SEWER SERVICES**

**a. Significant Effects Identified in the Master EIR**

The Master EIR discloses the following residual significant and unavoidable impacts on sanitary sewer services after application of mitigations/policies:

**Direct Impacts**

**Effect:** Development resulting from implementation of the Urban Area General Plan will require substantial new sewage treatment and disposal capacity, treatment plant improvements, sewer mains and collection lines, and pump stations. The Wastewater Master Plan anticipates the need for these facilities and its EIR evaluates the impact of developing those facilities. Potential impacts include degradation of water quality through erosion and chemical releases; localized flooding; construction noise; exposure of construction workers and the public to hazardous materials; and on the habitat of the elderberry longhorn beetle, burrowing owl, and Swainson’s hawk, as well as certain other regulated habitats. All of these impacts are mitigated to a less-than-significant level.

Additional impacts that are not mitigated to a less-than-significant level include loss of farmland cause by construction of the Phase IA tertiary treatment facility at the Jennings Road Secondary Treatment City of Modesto
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Facility, an increase in pollutant loads from increased wastewater flows to the San Joaquin River, and an increase in noise and criteria air pollutants due to construction activities, including traffic.

**Cumulative Impacts**

**Effect:** No additional cumulative impacts were identified in the Master EIR.

**b. Master EIR and/or New Mitigation Measures Applied to the Project**

Sewer service mitigation measures pertinent to the proposed project are found on pages V-6-2 through V-6-7 of the Master EIR. All mitigation measures appropriate to the project to be incorporated into or made conditions of approval of this project are listed in Section V, Mitigation Measures Applied to Project.

**Discussion:**

The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

**c. Project-Specific Effects**

Section V-6.B of the Master EIR discloses impacts on the Increased Demand for Sanitary Sewer Service resulting from implementation of the Urban Area General Plan. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

**Significance Criteria:** Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:

<table>
<thead>
<tr>
<th>6. INCREASED DEMAND FOR SANITARY SEWER SERVICES</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The proposed project is inconsistent with wastewater policies in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2) The proposed project will generate sewage flows greater than those anticipated in the Urban Area General Plan for the project site.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3) The proposed project will result in a determination by the wastewater treatment provider which serves or may serve the project that it has inadequate capacity to serve the project's projected demand in addition to the provider's existing commitments.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

**Discussion:**

(1) The project is consistent with the wastewater policies in the General Plan. The project site is planned for business park development.
(2) The proposed project will generate minimal sewage flows and would not be greater than those anticipated in the Urban Area General Plan.

(3) There is adequate capacity to serve the project. The proposed corporation yard is combining three separate water services locations in the city into one site. There will be the less sewer flows than assumed in the General Plan.

7. LOSS OF SENSITIVE WILDLIFE AND PLANT HABITAT

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts on sensitive wildlife and plant habitat expected after application of mitigations/policies:

**Direct Impacts**

**Effect:** No residual significant impacts on sensitive wildlife and plan habitat are expected to occur with the application of the policies contained in the Urban Area General Plan.

**Cumulative Impacts**

**Effect:** Implementation of the Urban Area General Plan will contribute to the cumulative impact of habitat loss in the San Joaquin Valley. Requiring density development than has occurred in the past or that is expected in the future would minimize the City's contribution to the cumulative loss of habitat. Nonetheless, this is a significant and unavoidable impact.

b. Master EIR and/or New Mitigation Measures Applied to the Project

Wildlife and plant habitat mitigation measures pertinent to the proposed project are found on pages V-7-18 through V-7-24 of the Master EIR. All mitigation measures appropriate to the project to be incorporated into or made conditions of approval of this project are listed in Section V, Mitigation Measures Applied to Project.

**Discussion:**

The appropriate mitigation to be applied to this project includes SWPH-13 (j, k) from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-7.B of the Master EIR discloses impacts on the Loss of Sensitive Wildlife and Plant Habitat resulting from implementation of the Urban Area General Plan. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

**Significance Criteria:** Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:
<table>
<thead>
<tr>
<th>7. LOSS OF SENSITIVE WILDLIFE AND PLANT HABITAT</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The project is inconsistent with the policies pertaining to the loss of sensitive wildlife and plant habitat contained in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>2) Consultation with the California Department of Fish and Game or the U.S. Fish and Wildlife Service determines that the project would have a significant effect on a candidate, sensitive, or special status species in excess of the impact disclosed in the Master EIR.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>3) The proposed project would have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act through direct removal, filling, hydrological interruption, or other means, in excess of the impact disclosed in the Master EIR.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>4) The proposed project would substantially interfere with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>5) Conflict with local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>6) The proposed project would conflict with provisions of an adopted habitat conservation plan, natural community conservation plan, or other approved local, regional, or state habitat conservation plan.</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
</tbody>
</table>

Discussion:

(1, 2) The project site is agricultural land within the Planned Urbanized Area that is surrounded by agricultural uses. The project site is planned for development and would be consistent with General Plan policies regarding sensitive plant and wildlife habitat. The California Department of Fish and Wildlife were consulted in the course of preparing the General Plan MEIR. Mitigation measure SWPH-13 of the Master EIR provides policies for sensitive biological habitats.

(3) The project site is not located within a wetland area and does not qualify as a federally protected wetland per Section 404 of the Clean Water Act.

(4) The project site is not within a biologically sensitive site as defined by Figures V-7-1a through V 7-1e of the MEIR.

(5) The project would not interfere with local policies or ordinances protecting biological resources.
(6) The proposed project would not conflict with any adopted habitat conservation plan, natural community conservation plan, or other approved local, regional, or state habitat conservation plan.

8. DISTURBANCE OF ARCHAEOLOGICAL/HISTORICAL SITES

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts on archaeological/historical sites expected after application of mitigations/policies:

**Direct Impacts**

- **Effect:** Modification resulting in a substantial adverse change in the significance of a historic resource or the demolition of a listed or eligible historic resource.

- **Effect:** The modification or demolition of a structure more than 50 years in age may be significant.

- **Effect:** Discovery of archaeological resources in areas outside of the riparian corridors, as a result of construction activities.

- **Effect:** Construction in an area of high archaeological sensitivity.

**Cumulative Impacts**

- **Effect:** No additional cumulative impacts were disclosed in the Master EIR.

b. Master EIR and/or New Mitigation Measures Applied to the Project

Archaeological or historic mitigation measures pertinent to the project being analyzed in this Initial Study are found on page V-8-15 through V-8-19 of the Master EIR. All mitigation measures appropriate to the project to be incorporated into or made conditions of approval of this project are listed in Section V, Mitigation Applied to Project:

**Discussion:**

The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-8.B of the MEIR discloses impacts on archaeological/historical resources resulting from implementation of the Urban Area General Plan. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

**Significance Criteria:** Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:
8. DISTURBANCE OF ARCHAEOLOGICAL/HISTORICAL SITES

<table>
<thead>
<tr>
<th></th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1)</td>
<td>The proposed project is inconsistent with the archaeological/historical resource policies in the Urban Area General Plan.</td>
<td></td>
<td></td>
<td>☒</td>
</tr>
<tr>
<td>2)</td>
<td>The proposed project would demolish a building eligible for listing as a historic resource or remove a landmark from the Modesto inventory.</td>
<td></td>
<td></td>
<td>☒</td>
</tr>
<tr>
<td>3)</td>
<td>The proposed project would modify or demolish a structure more than 50 years in age.</td>
<td></td>
<td></td>
<td>☒</td>
</tr>
<tr>
<td>4)</td>
<td>The project would adversely affect a cultural resource that is either listed or eligible for listing in the California Register of Historical Resources.</td>
<td></td>
<td></td>
<td>☒</td>
</tr>
<tr>
<td>5)</td>
<td>Conflict with local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance.</td>
<td></td>
<td></td>
<td>☒</td>
</tr>
</tbody>
</table>

Discussion:

(1) The project is consistent with the archeological and historical resource policies in the General Plan.

(2-3) The project site is agricultural land with no structures.

(4) The project would not affect a resource that is listed or eligible for listing in the California Register of Historic Resources.

(5) The project would not conflict with local policies affecting biological resources.

9. INCREASED DEMAND FOR STORM DRAINAGE

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts on storm drainage expected after application of mitigations/policies:

Direct Impacts

**Effect:** No residual significant direct impacts were disclosed in the Master EIR.

Cumulative Impacts

**Effect:** The population of Stanislaus County is projected to increase in a fashion similar to that of Modesto, resulting in additional urban development and associated increases in impervious surface
area and associated increases in storm water runoff. Cumulative hydrologic impacts of storm water flows from Modesto urban areas and other areas of the County could occur due to the fixed capacity of MID and TID irrigation canals to convey drainage west to the San Joaquin River. If drainage channels in some areas prove insufficient to handle the increased drainage discharges, existing storm water runoff from urban and agricultural areas during large storm events would have to be interrupted until water levels receded to a point allowing the resumption of discharges to the channel. Ceasing discharges to drainage channels could cause inundation in and around the drainage conveyance pipeline systems, surface drainage channels, detention basins, and other urban areas. This cumulative impact is considered significant and unavoidable.

b. Master EIR and/or New Mitigation Measures Applied to the Project

Storm Drainage mitigation measures pertinent to the project being analyzed in this Initial Study are found on pages V-9-4 through V-9-9. All mitigation measures appropriate to the project to be incorporated into or made conditions of approval of this project are listed in Section V, Mitigation Measures Applied to Project:

Discussion:

The appropriate mitigation to be applied to this project includes SD-9 from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-9.8 of the MEIR discloses impacts on the demand for storm drainage resulting from development of the Urban Area General Plan. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

Significance Criteria: Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:

<table>
<thead>
<tr>
<th>9. INCREASED DEMAND FOR STORM DRAINAGE</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The proposed project is inconsistent with the storm drainage policies in the Urban Area General Plan.</td>
<td>❌</td>
<td>❌</td>
<td>❌</td>
<td>❌</td>
</tr>
<tr>
<td>2) The proposed project would substantially increase the rate or amount of surface runoff in a manner that would result in flooding on- or offsite, as compared to impacts anticipated to result from the Urban Area General Plan or create substantial unanticipated sources of polluted runoff.</td>
<td>❌</td>
<td>❌</td>
<td>❌</td>
<td>❌</td>
</tr>
<tr>
<td>3) The proposed project does not utilize Low Impact Development strategies to reduce runoff from the site and increase infiltration, resulting in no net increase in runoff before and after development.</td>
<td>❌</td>
<td>❌</td>
<td>❌</td>
<td>❌</td>
</tr>
</tbody>
</table>
Discussion:

(1) The proposed project is consistent with the storm drainage policies in the Urban Area General Plan.

(2) The project will contribute additional water runoff but would not generate more runoff than anticipated from the Urban Area General Plan.

(3) The project will utilize low impact strategies and meet the standards contained in the "Guidance Manual for New Development-Storm Water Quality Control Measures." This requirement will be implemented as a condition of project approval.

10. FLOODING AND WATER QUALITY

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts on flooding and water quality expected after application of mitigations/policies:

Direct Impacts

Effect: No residual significant direct impacts were disclosed in the Master EIR.

Cumulative Impacts

Effect: No residual significant cumulative impacts were disclosed in the Master EIR.

b. Master EIR and/or New Mitigation Measures Applied to the Project

Flooding and Water Quality mitigation measures pertinent to the project being analyzed in this Initial Study are found on pages V-10-6 through V-10-9 of the Master EIR. All mitigation measures appropriate to the project will be incorporated into or made conditions of approval of this project are listed in Section V, Mitigation Applied to Project:

Discussion:

The appropriate mitigation to be applied to this project includes FWQ-13 from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-10.B of the Master EIR provides analysis of Flooding and Water Quality impacts of development of the General Plan, the following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not previously analyzed in the Master EIR.

Significance Criteria: Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:
<table>
<thead>
<tr>
<th>10. FLOODING AND WATER QUALITY</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The proposed project is inconsistent with the flooding and water quality policies in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>2) The proposed project does not comply with the regulatory requirements of the federal Clean Water Act or the State Porter-Cologne Act.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>3) The proposed project would place more housing within a 100-year flood hazard zone than assumed in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>4) The proposed project would place structure within a 100-year flood hazard area so that they would impede or redirect floodwater or would substantially alter the existing on-site drainage pattern or a watercourse, in such a way as to cause flooding on- or offsite.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>5) The proposed project does not comply with Modesto's Guidance Manual for New Development Storm Water Quality Control Measures.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>6) The proposed project would violate water quality standards or waste discharge requirements.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>7) The proposed project would substantially alter the existing drainage pattern of the site or area or a watercourse in a manner that would result in substantial erosion or siltation on- or offsite in excess of the assumptions of the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>8) The proposed project would create or contribute runoff, which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff, not expected as part of Urban Area General Plan implementation.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
</tbody>
</table>

Discussion:

(1) The proposed project is consistent with the flooding and water quality policies in the Urban Area General Plan.

(2) The project would comply with the Federal Clean Water Act and the Porter Cologne Act requirements.

(3-4) The project site is not within a 100-year flood hazard zone as established by the Federal Emergency Management Agency (FEMA)
(5) The project will comply with the Guidance Manual for New Development Storm Water Quality Control Measures (MIER Policy SD-11). This will be implemented as a condition of project development.

(6) The project will not violate water quality standards or waste discharge requirements.

(7) The project would not substantially alter the existing drainage pattern of the site, area or a watercourse in a manner that would result in erosion or siltation.

(8) The project will not contribute additional water runoff that would exceed the capacity of the storm drainage system and would not generate additional runoff beyond the expectation of the Urban Area General Plan.

11. INCREASED DEMAND FOR PARKS AND OPEN SPACE

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts on parks and open space expected after application of mitigations/policies:

**Direct Impacts**

**Effect**: No residual significant direct impacts were disclosed in the Master EIR.

**Cumulative Impacts**

**Effect**: No residual significant cumulative impacts were disclosed in the Master EIR.

b. Master EIR and/or New Mitigation Measures Applied to the Project

Parks and open space mitigation measures pertinent to the proposed project are found on pages V-11-3 through V-11-8 of the Master EIR. All mitigation measures appropriate to the project to be incorporated into or made conditions of approval of this project are listed in Section V, Mitigation Applied to Project:

**Discussion**:

The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-11.B of the MEIR discloses impacts of the Urban Area General Plan on parks and open space. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

**Significance Criteria**: Determination of project effects will be based on the following thresholds. Project-specific effects will be less than significant unless:
11. INCREASED DEMAND FOR PARKS AND

<table>
<thead>
<tr>
<th>1) The proposed project is inconsistent with the parks and open space policies in the Urban Area General Plan.</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐</td>
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<td>☐</td>
<td>☒</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2) The proposed project would eliminate parks or open space.</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3) The proposed project would cause an increase in the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility in question would occur or be accelerated or the proposed project would include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment.</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
<td></td>
</tr>
</tbody>
</table>

**Discussion:**

1) The project is consistent with the parks and open space policies in the General Plan.

2) The project would not eliminate an existing park or designated open space. The project is on a site designated for Business Park.

3) The project would not increase in the use of existing park facilities.

12. INCREASED DEMAND FOR SCHOOLS

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts on school facilities expected after application of mitigations/policies:

**Direct Impacts**

**Effect:** No residual significant direct impacts were disclosed in the Master EIR. By statute, the impact of new students is considered to be mitigated below a level of significance by payment of school impact fees and the exercise of any or all of the financing options set out in Government Code Section 65997.

**Cumulative Impacts**

**Effect:** Similar to direct impacts of implementation of the Urban Area General Plan, no residual significant direct impacts were disclosed in the Master EIR.
b. Master EIR and/or New Mitigation Measures Applied to the Project

Mitigation relies upon the implementation of the policies in place under the Modesto Urban Area General Plan. As long these policies are applied to all subsequent projects, no new mitigation is necessary. Further, payment of school impact fees and compliance with SB 50 is statutorily deemed to be full mitigation of school impacts (Government Code Section 65995).

The following schools mitigation measures on pages V-12-4 through V-12-7 of the Master EIR are pertinent to the proposed project. All mitigation measures appropriate to the project will be incorporated into or made conditions of approval of this project. Those measures are listed in Section V, Mitigation Applied to Project.

Discussion:

The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-12.8 of the Master EIR discloses impacts resulting from implementation of the Urban Area General Plan associated with increased demand for schools. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

Significance Criteria: Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:

<table>
<thead>
<tr>
<th>12. INCREASED DEMAND FOR SCHOOLS</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The proposed project is inconsistent with the policies relating to schools in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>✗</td>
</tr>
<tr>
<td>2) The proposed project does not comply with SB 50/Proposition 1A funding provisions, or succeeding measures which state that compliance results in less-than-significant impacts on schools.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>✗</td>
</tr>
</tbody>
</table>

Discussion:

(1) The project is consistent with the policies relating to schools in the General Plan.

(2) The proposed corporation yard would have no effects related to demand for schools.
13. **INCREASED DEMAND FOR POLICE SERVICES**

a. **Significant Effects Identified in the Master EIR**

The Master EIR discloses the following residual significant and unavoidable impacts on police services expected after application of mitigations/policies:

**Direct Impacts**

**Effect:** No residual significant direct impacts were disclosed in the Master EIR.

**Cumulative Impacts**

**Effect:** No residual significant cumulative impacts were disclosed in the Master EIR.

b. **Master EIR and/or New Mitigation Measures Applied to the Project**

Police services mitigation measures pertinent to the proposed project are found on pages V-13-2 through V-13-5 of the Master EIR. All mitigation measures appropriate to the project to be incorporated into or made conditions of approval of this project are listed in Section V, Mitigation Measures Applied to Project.

**Discussion:**

The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. **Project-Specific Effects**

Section V-13.B of the Master EIR discloses impacts on police services resulting from implementation of the Urban Area General Plan. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

**Significance Criteria:** Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:

<table>
<thead>
<tr>
<th>13. INCREASED DEMAND FOR POLICE SERVICES</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The proposed project is inconsistent with policies relating to police services in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>2) The proposed project would result in the need for new or significantly altered facilities not considered as part of the Urban Area General Plan or Master EIR which could cause new significant environmental impacts in order to maintain acceptable service ratios, response times, or other performance objectives.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
</tbody>
</table>
Discussion:

(1) The project is consistent with the policies relating to police services in the General Plan.

(2) The project would not result in the need for construction of new or significantly altered facilities which could cause new significant environmental impacts in order to maintain acceptable service ratios, response times or other performance objectives. The project meets City Standards for emergency services access.

14. INCREASED DEMAND FOR FIRE SERVICES

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts on fire services expected after application of mitigations/policies:

Direct Impacts

Effect: No residual significant direct impacts were disclosed in the Master EIR.

Cumulative Impacts

Effect: No residual significant cumulative impacts were disclosed in the Master EIR.

b. Master EIR and/or New Mitigation Measures Applied to the Project

Fire Services mitigation measure(s) pertinent to the project being analyzed in this Initial Study are found on pages V-14-4 through V-14-6 of the Master EIR. All mitigation measures appropriate to the project to be incorporated into or made conditions of approval of this project are listed in Section V, Mitigation Measures Applied to Project.

Discussion:

The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-14.B of the Master EIR discloses impacts on fire services resulting from implementation of the Urban Area General Plan. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

Significance Criteria: Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:
### 14. INCREASED DEMAND FOR FIRE SERVICES

<table>
<thead>
<tr>
<th></th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The proposed project is inconsistent with the fire service policies in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
</tr>
<tr>
<td>2) The proposed project would result in the need for new or significantly altered facilities not considered as part of the Urban Area General Plan or Master EIR which could cause new significant environmental impacts in order to maintain acceptable service ratios, response times, or other performance objectives.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
</tr>
<tr>
<td>3) The proposed project, based upon substantial evidence, would cause the erosion or elimination of fire protection services in adjoining fire protection districts.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
</tr>
</tbody>
</table>

**Discussion:**

1. The project is consistent with the fire service policies in the General Plan.
2. The project would not result in the need for construction of new or significantly altered facilities which could cause new significant environmental impacts in order to maintain acceptable service ratios, response times or other performance objectives.
3. The project would not significantly impact adjacent fire districts or result in the elimination of fire protection services.

### 15. GENERATION OF SOLID WASTE

**a. Significant Effects Identified in the Master EIR**

The Master EIR discloses the following residual significant and unavoidable impacts on solid waste expected after application of mitigations/policies:

**Direct Impacts**

- **Effect:** No residual significant direct impacts were disclosed in the Master EIR.

**Cumulative Impacts**

- **Effect:** No residual significant cumulative impacts were disclosed in the Master EIR.

**b. Master EIR and/or New Mitigation Measures Applied to the Project**

Solid waste mitigation measures pertinent to the proposed project are found on pages V-15-4 through V-15-6 of the Master EIR. All mitigation measures appropriate to the project to be incorporated into or made conditions of approval of this project are listed in Section V, Mitigation Applied to Project.
Discussion:
The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-15.B of the Master EIR discloses solid waste impacts resulting from implementation of the Urban Area General Plan. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

Significance Criteria: Determination of project effects will be based on the following thresholds. Project-specific effects will be less than significant unless:

<table>
<thead>
<tr>
<th>15. GENERATION OF SOLID WASTE</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The project is inconsistent with the solid waste policies in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>2) The County is unable to expand its solid waste disposal capacity, as expected, causing all new development to result in cumulative impacts on the County's disposal capacity.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
</tbody>
</table>

Discussion:
(1) The project is consistent with the solid waste policies in the General Plan.
(2) The proposed street improvements would have no effects related to generation of solid waste.

16. GENERATION OF HAZARDOUS MATERIALS

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts regarding hazardous materials expected after application of mitigations/policies:

Direct Impacts
Effect: No residual significant direct impacts were disclosed in the Master EIR.

Cumulative Impacts
Effect: No residual significant cumulative impacts were disclosed in the Master EIR.
b. Master EIR and/or New Mitigation Measures Applied to the Project

Hazardous materials mitigation measures pertinent to the proposed project are found on pages V-16-8 through V-16-12 of the Master EIR. All mitigation measures appropriate to the project to be incorporated into or made conditions of approval of this project are listed in Section V, Mitigation Measures Applied to Project.

Discussion:
The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-16.B of the Master EIR discloses impacts on hazardous materials resulting from implementation of the Urban Area General Plan. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

Significance Criteria: Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:

<table>
<thead>
<tr>
<th>16. GENERATION OF HAZARDOUS MATERIALS</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The project is inconsistent with the hazardous materials policies in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>2) The proposed project would 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>☐</td>
<td>☒</td>
</tr>
<tr>
<td>3) The proposed project would 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 create a significant hazard to the public or the environment.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>4) The proposed project would be constructed on a contaminated site not known to the State of California as of March 2008.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
</tbody>
</table>

Discussion:

(1) The project is consistent with the hazardous materials policies in the General Plan.

(2) The project would comply with all applicable federal, state, and county standards and regulations relative to the handling, storage, disposal, and transport of hazardous or toxic materials or wastes.
The project area is not 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 not create a significant hazard to the public or the environment.

The project site is not known to contain any contaminants.

17. GEOLOGY, SOILS, AND MINERAL RESOURCES

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts related to geology, soils, and mineral resources expected after application of mitigations/policies:

Direct Impacts

Effect: No residual significant direct impacts were disclosed in the Master EIR.

Cumulative Impacts

Effect: No residual significant direct impacts were disclosed in the Master EIR.

b. Master EIR and/or New Mitigation Measures Applied to the Project

Geology, soils, and mineral resource mitigation measures pertinent to the proposed project are found on pages V-17-9 and V-17-10 of the Master EIR. All mitigation measures appropriate to the project to be incorporated into or made conditions of approval of the proposed project are listed in Section V, Mitigation Measures Applied to Project.

Discussion:

The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-17.B of the Master EIR discloses geology, soils, and mineral resource impacts resulting from implementation of the Urban Area General Plan. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

Significance Criteria: Determination of project effects will be based on the following thresholds. Project-specific effects will be less than significant unless:
### 17. GEOLOGY, SOILS, AND MINERAL RESOURCES

<table>
<thead>
<tr>
<th>Interaction</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The project is inconsistent with policies relating to geology, soils, and mineral resources contained in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>2) The proposed project would expose people or structures to potential substantial adverse effects including the risk of loss, injury, or death involving fault rupture, strong seismic activity; location on an expansive soil; result in the loss of topsoil; location on soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems in areas where sewers are not available for the disposal of wastewater; result in the loss of known mineral resources that would be of value to the region and the state; or 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>
<td>☐</td>
<td>☒</td>
</tr>
</tbody>
</table>

**Discussion:**

(1) The project is consistent with policies related to geology, soils and mineral resources in the General Plan.

(2) The project would not be located on soil that is unstable or that would become unstable as a result of the project. There are no known mineral resources of value to the region or state at the project site.

### 18. ENERGY

#### a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts pertaining to energy expected after application of mitigations/policies:

**Direct Impacts**

**Effect:** Continued development in the Planned Urbanizing Area would have an impact on available energy supplies. Energy consumption likely would increase substantially by 2025 as a result of implementation of the Urban Area General Plan.

**Cumulative Impacts**

**Effect:** Implementation of the Urban Area General Plan will have a cumulatively considerable impact on energy consumption.
b. Master EIR and/or New Mitigation Measures Applied to the Project

The following energy mitigation measures pertinent to the proposed project are found on pages V-18-2 through V-18-7 in the Master EIR. All mitigation measures appropriate to the project will be incorporated into or made conditions of approval of this project. Those measures will be listed in Section V, Mitigation Applied to Project.

Discussion:

The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-18.8 of the Master EIR discloses impacts of implementing the Urban Area General Plan on energy resources. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

Significance Criteria: Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:

<table>
<thead>
<tr>
<th>18. ENERGY</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The proposed project is inconsistent with policies relating to energy in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>2) The proposed project would result in energy consumption during construction, operation, maintenance, or removal that is more wasteful, inefficient, and unnecessary than assumed in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
</tbody>
</table>

Discussion:

(1) The project is consistent with the energy policies in the General Plan.

(2) The project would not result in energy consumption during construction, operation, maintenance or removal that is more wasteful, inefficient and unnecessary than assumed in the General Plan.

19. EFFECTS ON VISUAL RESOURCES

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts on visual resources expected after application of mitigations/policies:
Direct Impacts

Effect: New development in the Planned Urbanizing Area will occur in areas that are in agricultural production or are otherwise lightly developed, which could lead to the introduction of light and glare in areas that have little nighttime illumination.

Cumulative Impacts

Effect: No additional cumulative impacts were disclosed in the Master EIR.

b. Master EIR and/or New Mitigation Measures Applied to the Project

The following visual resources mitigation measures pertinent to the proposed project are found on pages V-19-3 and V-19-4 in the Master EIR. All mitigation measures appropriate to the proposed project will be incorporated into or made conditions of approval of this project. Those measures will be listed in Section V, Mitigation Applied to Project.

Discussion:

The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-18.B of the Master EIR discloses impacts of implementing the Urban Area General Plan on energy resources. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

Significance Criteria: Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:

<table>
<thead>
<tr>
<th>19. EFFECTS ON VISUAL RESOURCES</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The proposed project is inconsistent with policies relating to visual resources in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
</tr>
<tr>
<td>2) The proposed project would degrade views from riverside areas and parks to a greater degree than assumed in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
</tr>
<tr>
<td>3) The proposed project would degrade views of riverside areas from public roadways and nearby properties to a greater degree than assumed in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
</tr>
</tbody>
</table>

Discussion:

(1) The project is consistent with the policies related to the visual resources in the General Plan.
The project site is not in the vicinity of riverside areas and would not degrade views to parks to a greater degree than assumed in the Urban Area General Plan. Mary Grogan Community Park is located about .2 mile to the south. The nearest waterway is the Dry Creek, 2.5 miles to the south. The facility will include fencing and landscaping to screen outdoor storage areas consistent with city standards.

20. LAND USE AND PLANNING

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts pertaining to land use and planning expected after application of mitigations/policies:

Direct Impacts

**Effect:** No residual significant direct impacts were disclosed in the Master EIR.

Cumulative Impacts

**Effect:** No residual significant cumulative impacts were disclosed in the Master EIR.

b. Master EIR and/or New Mitigation Measures Applied to the Project

The following land use and planning mitigation measures pertinent to the proposed project are found on pages V-20-7 through V-20-15 in the Master EIR. All mitigation measures appropriate to the project will be incorporated into or made conditions of approval of this project. Those measures will be listed in Section V, Mitigation Applied to Project.

**Discussion:**

The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-20.B of the Master EIR discloses impacts of implementing the Urban Area General Plan on land use and planning. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

**Significance Criteria:** Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:
20. LAND USE AND PLANNING

<table>
<thead>
<tr>
<th>NO.</th>
<th>Description</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The proposed project is inconsistent with land use and planning policies in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>2</td>
<td>The proposed project contains elements that would physically divide an established community in a way not assumed in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>3</td>
<td>The proposed project conflicts with a land use plan, policy or regulation established for the purpose of avoiding or mitigating an environmental impact by an agency that has jurisdiction over the proposed project.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>4</td>
<td>The proposed project conflicts with an applicable habitat conservation plan or natural community conservation plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
</tbody>
</table>

Discussion:

1) The land use for the site is designated as Business Park (BP) in the General Plan. The designation provides for light industrial uses. The proposed water corporation yard is consistent with the land use and planning policies in the General Plan.

2) The proposed project would not divide an established community. The project site is surrounded with agricultural uses but the area to the north and south is also designated Business Park and is expected to eventually also develop with business park and light industrial uses compatible with corporation yard. The area to the east is not in the Modesto Urban Area and is separated by the Burlington Northern Sante Fe Railroad tracks and Terminal Avenue. The area to the west is designate as Village Residential and separated by Litt Road.

3) The project does not conflict with the land use plan, policies and regulations of the City of Modesto designed to mitigate project impacts.

4) The project does not conflict with applicable habitat conservation plans or natural community conservation plans.

21. CLIMATE CHANGE

a. Significant Effects Identified in the Master EIR

The Master EIR discloses the following residual significant and unavoidable impacts pertaining to climate change expected after application of mitigations/policies:
Direct Impacts

Effect: Impacts resulting from implementation of the Urban Area General Plan are not substantial enough to result in a significant direct impact on climate change, as disclosed in the Master EIR.

Cumulative Impacts

Effect: Implementation of the Urban Area General Plan will have a cumulatively considerable impact on climate change.

b. Master EIR and/or New Mitigation Measures Applied to the Project

The following climate change mitigation measures pertinent to the proposed project are found on pages V-21-7 through V-21-10 in the Master EIR. All mitigation measures appropriate to the project will be incorporated into or made conditions of approval of this project. Those measures will be listed in Section V, Mitigation Applied to Project.

Discussion:

The appropriate mitigation to be applied to this project includes none from the Master EIR. No new or additional mitigation measures or alternatives are required to reduce project impacts to a less-than-significant level.

c. Project-Specific Effects

Section V-18.B of the Master EIR discloses impacts of implementing the Urban Area General Plan on climate change. The following is an analysis of whether the proposed project would result in a new, significant, project-specific effect not disclosed in the Master EIR.

Significance Criteria: Determination of project effects will be based on the following thresholds. The project-specific effects will be less than significant unless:

<table>
<thead>
<tr>
<th>21. CLIMATE CHANGE</th>
<th>Potentially Significant Impact</th>
<th>Less Than Significant with Mitigation Incorporated</th>
<th>Less Than Significant Impact</th>
<th>No Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The proposed project is inconsistent with policies relating to climate change in the Urban Area General Plan.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
</tr>
<tr>
<td>2) The proposed project would result in average automobile trip lengths or CO₂ emissions higher than those assumed in the Master EIR.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
</tr>
<tr>
<td>3) The proposed project would conflict with the Sustainable Communities Strategy or Alternative Planning Strategy that the Air Resources Board has agreed will achieve the goals of AB 32.</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☑</td>
</tr>
</tbody>
</table>
Discussion:

(1) The City of Modesto General Plan Master EIR addressed potential climate change impacts due to development and other activities associated with the Urban Area General Plan (UAGP). The Urban Area General Plan Master EIR (MEIR) determined that buildout of the UAGP would make a cumulatively considerable contribution to global climate change. The UAGP nonetheless authorizes development that will contribute to global climate change by virtue of the production of greenhouse gases. The MEIR states the projected rate of growth of vehicle miles traveled (VMT) will increase the City's contribution to global climate change as the City develops. Development under the UAGP is expected to generate approximately 1,096,226.4 metric tons per year above 2005 emissions. The City Council adopted a Statement of Overriding Considerations in 2008, finding that the benefits of the UAGP outweighed the City's increased contribution to global climate change.

The MEIR identifies policies CL-3 through CL-26 as policies in effect that have been determined to reduce, avoid or mitigate air quality environmental impacts within the existing City limits and within the Planned Urbanizing Areas as they annex and develop. These policies include but are not limited to, the use of shade trees to reduce the heat island effect, current energy efficient building standards to reduce energy consumption, and the inclusion of facilities for alternative transportation. The proposed project is required to develop in accordance with climate change policies included in the UAGP and the MIER.

(2) Climate change is an inherently cumulative impact because no single project can produce enough greenhouse gases to substantially alter the global climate. No thresholds have been set for individual or cumulative greenhouse gases. Nonetheless, the proposed project would result in greenhouse gas emissions due primarily to automobile travel and energy use for lighting, heating, cooling and other activities. The primary source of CO₂ emissions generated from the project would be related to automobile trips. As identified under the traffic and circulation discussion, traffic engineering staff has determined that the project will be in substantial conformance with the GP MEIR assumptions for traffic generation, the CO₂ emissions generated from the project would also be in substantial conformance with that which was assumed under the GP MEIR analysis.

(3) A Sustainable Communities Strategy has not yet been implemented by the Air Resources Board. Future development will be required to comply with the provisions of the Sustainable Communities Strategy once it is established.

V. MITIGATION MEASURES APPLIED TO THE PROPOSED PROJECT

If the Initial Study results in the determination that a Finding of Conformance can be adopted for the proposed project Section A below applies. If the Initial Study results in the determination that a Finding of Conformance cannot be adopted and a Mitigated Negative Declaration/EIR must be prepared for the project then Section B, below applies.

A. Master EIR Mitigation Measures Applied to the Project

Pursuant to Public Resources Code Section 21157.1(c), in order for a Finding of Conformance to be made, all appropriate mitigation measures from the Master EIR shall be incorporated into the proposed project. Urban Area General Plan Policies/Master EIR mitigation measures shall be made
part of the proposed project prior to approval by means of conditions of project approval or incorporation into the appropriate document or plan.

All applicable and appropriate mitigation measures have been applied to the project (see mitigation measures listed below).

**B. New or Additional Mitigation Measures or Alternatives Required**

Where the project’s effects would exceed the significance criteria for each environmental impact category, a mitigated negative declaration or Focused EIR must be prepared. Staff has reviewed the project against the significance criteria thresholds established in the Master EIR for all impact categories in this Initial Study.

A Mitigated Negative Declaration or Focused EIR shall be prepared for the project. The following additional project-specific mitigation measures listed below are necessary to reduce the identified new significant effect:

**Traffic and Circulation:**

N/A

**Degradation of Air Quality:**

AQ-39: The City of Modesto should work with the SJVAPCD to reduce particulate emissions from construction, grading, excavation, and demolition to the maximum extent feasible in accordance with the requirements of SJVAPCD Regulation VIII. Regulation VIII was adopted to reduce the amount of particulate matter suspended in the atmosphere as a result of emissions generated from anthropogenic (man-made) fugitive dust sources.

AQ-40: The City of Modesto shall require all access roads, driveways, and parking areas serving new commercial and industrial development are to be constructed with materials that minimize particulate emissions in accordance with the requirements of SJVAPCD Regulation VIII and are appropriate to the scale and intensity of use.

AQ-42: All disturbed areas, including storage piles, which are not being actively utilized for construction purposes, shall be effectively stabilized of dust emissions using water, chemical stabilizer/suppressant, covered with a tarp or other suitable cover or vegetative ground cover.

AQ-43: All on-site unpaved roads and off-site unpaved access roads shall be effectively stabilized of dust emissions using water or chemical stabilizer/suppressant.

AQ-44: All land clearing, grubbing, scraping, excavation, land leveling, grading, cut & fill, and demolition activities shall be effectively controlled of fugitive dust emissions utilizing application of water or by presoaking.

AQ-46: When materials are transported off-site, all material shall be covered, or effectively wetted to limit visible dust emissions, and at least six inches of freeboard space from the top of the container shall be maintained.
AQ-47: All operations shall limit or expeditiously remove the accumulation of mud or dirt from adjacent public streets at the end of each workday. (the use of dry rotary brushes is expressly prohibited except where preceded or accompanied by sufficient wetting to limit the visible dust emissions.) (Use of blower devices is expressly forbidden.)

AQ-48: Following the addition of materials to, or the removal of materials from, the surface of outdoor storage piles, said piles shall be effectively stabilized of fugitive dust emissions utilizing sufficient water or chemical stabilizer/suppressant.

AQ-49: Within urban areas, track out shall be immediately removed when it extends 50 or more feet from the site and at the end of each workday.

AQ-50: Any site with 150 or more vehicle trips per day shall prevent carryout and track out.

The following measures should be implemented at construction sites when required to mitigate significant PM10 impacts (note, these measures are to be implemented in addition to Regulation VIII requirements):

AQ-51: Limit traffic speeds on unpaved roads to 15 mph; and

AQ-52: Install sandbags or other erosion control measures to prevent silt runoff to public roadways from sites with a slope greater than one percent (1%).

AQ-53: Install wheel washers for all exiting trucks, or wash off all trucks and equipment leaving the site.

AQ-54: Install wind breaks at windward side(s) of construction areas.

AQ-55: Suspend excavation and grading activity when winds exceed 20 mph. Regardless of windspeed, an owner/operator must comply with Regulation VIII's 20 percent (20%) opacity limitation.

AQ-56: Limit the area subject to excavation, grading and other construction activity at any one time.

**Generation of Noise:**

N-1: The City has also established a noise ordinance to control noise within the City. The City's noise ordinance (Modesto Municipal Code Section 4-9.101) prohibits the "loud and raucous discharge into the open air of the steam of any steam equipment or exhaust from any stationary internal combustion engine."

N-2: Additionally, the noise ordinance prohibits the loud and raucous operation or use of any of the following before 7:00 a.m. or after 9:00 p.m. daily (except Saturday and Sunday and state or federal holidays, when the prohibited time shall be before 9:00 a.m. and after 9:00 p.m.):

A hammer, or any other device or implement used to pound or strike an object.

1. An impact wrench, or other tool or equipment powered by compressed air.
3. Any tool or piece of equipment powered by an internal-combustion engine such as, but not limited to, chain saw, backpack blower, and lawn mower.
4. Any electrically powered (whether by alternating current electricity or by direct current electricity) tool or piece of equipment used for cutting, drilling, or shaping wood, plastic, metal, or other materials or objects, such as, but not limited to, a saw, drill, lathe, or router.

5. Any of the following: heavy equipment (such as but not limited to bulldozer, steam shovel, road grader, back hoe), ground drilling and boring equipment (such as but not limited to derrick or dredge), hydraulic crane and boom equipment, portable power generator or pump, pavement equipment (such as but not limited to pneumatic hammer, pavement breaker, tamper, compacting equipment), pile driving equipment, vibrating roller, sand blaster, gunite machine, trencher, concrete truck, and hot kettle pump.

6. Any construction, demolition, excavation, erection, alteration, or repair activity. In the case of urgent necessity and in the interest of public health and safety, the Chief Building Official may issue a permit for exemption from these. Such period shall not exceed three (3) working days in length while the emergency continues but may be renewed for successive periods of three (3) days or less while the emergency continues. The Chief Building Official may limit such permit as to time of use and/or permitted action, depending upon the nature of the emergency and the type of action requested.

N-3: The project shall comply with the City's noise ordinance. Construction equipment and vehicles should be equipped with properly operating mufflers according to the manufacturers' recommendations. Air compressors and pneumatic equipment should be equipped with mufflers, and impact tools should be equipped with shrouds or shields. Equipment that is quieter than standard equipment should be utilized. Haul routes that affect the fewest number of people should be selected.

**Effects on Agricultural Lands:**

N/A

**Increased Demand for Long-Term Water Supplies:**

N/A

**Increased Demand for Sanitary Sewer Services:**

N/A

**Loss of Sensitive Wildlife and Plant Habitat:**

SWPH-13: Table V-7-1

j. Burrowing owls are known to occur within the study area. Impacts to burrowing owls and their nest burrows must be avoided in order to comply with the Federal Migratory Bird Treaty Act (MBTA) and Department of Fish and Game (DFG) Code Sections 3503, 3503.5, and 3513. If any ground-disturbing activities occur during the burrowing owl nesting season (approximately February 1 through August 31), implementation of avoidance measures is required. DFG recommends that a preconstruction site survey be conducted no more than 30 days before the onset of any ground-disturbing activities. Further, if preconstruction surveys determine that during the nonbreeding season burrowing owls occupy the site, a passive relocation effort shall be installed.

DFG's Staff Report on Burrowing Owl Mitigation (California Department of Fish and Game 1995)
recommends that impacts to occupied burrows be avoided by implementation of a no-construction buffer zone of a minimum of 250 feet, unless a qualified biologist approved by DFG verifies through noninvasive methods that either: 1) the burrowing owls have not begun egg laying and incubation; or 2) that juveniles from the occupied nest are foraging independently and are capable of independent survival. Failure to implement this buffer zone could cause adult burrowing owls to abandon nests, cause eggs or young to be directly impacted (crushed), and/or result in reproductive failure. The DFG Staff report on Burrowing Owl Mitigation also recommends that a minimum of 6.4 acres of foraging habitat per pair or unpaired resident burrowing owl should be acquired and permanently protected to offset the loss of foraging and burrowing habitat.

k. The State-threatened Swainson’s hawk is known to nest within the study area. Due to loss of suitable foraging habitat and existing nesting habitat that may occur during area development, mitigation measures compensating for these potential losses of habitat should be included. DFG’s Staff Report Regarding Mitigation for Impacts to Swainson’s Hawks (California Department of Fish and Game 1994) recommends that for projects that occur within 1 mile of an active nest tree, 1.5 acres of habitat be protected in perpetuity for every acre of Swainson’s hawk foraging habitat affected; for projects that occur within 5 miles of an active nest tree, 0.75 acre of habitat should be protected in perpetuity for every acre of foraging habitat impacted; and for projects within 10 miles of an active nest tree, 0.5 acre of habitat should be protected in perpetuity for every acre of foraging habitat impacted. The project sponsor should provide funding of a sufficient long-term endowment for the management of the protected properties.

The project area contains mature trees that could be used as nesting habitat. DFG considers the removal of known raptor nest trees, even outside of the nesting season, to be a significant impact under CEQA and, in the case of Swainson’s hawk, could also result in “take” under the CESA. This is especially true in species such as Swainson’s hawk, which exhibit high site fidelity to their nest and nest trees year after year (California Department of Fish and Game 1994). To avoid such impacts, surveys for nesting raptors should be conducted following the survey methodology developed by the Swainson’s Hawk Technical Advisory Committee (2000) prior to any disturbance within 5 miles of a potential nest tree). Impacts to known nest trees should be avoided at all times of year. If avoidance of a known nest tree is not feasible, consultation with DFG is warranted prior to taking any action, and a determination of “take” potential under CESA or under Fish and Game Code Sections 3503.5 and 3513 will be made. Project-related “take” (as defined in Section 86 of the Fish and Game Code) of Swainson’s hawk must be completely avoided or a State Incidental Take Permit, pursuant to Section 2081 of the Fish and Game Code, would be warranted.

**Disturbance of Archaeological/Historic Sites:**

N/A

**Increased Demand for Storm Drainage:**

SD-9: Construction activities shall comply with the requirements of the City’s Storm Water Management Plan under its municipal NPDES stormwater permit, and the State Water Resources Control Board’s General Permit for Discharges of Storm Water Associated with Construction Activity.
Flooding and Water Quality:

FWQ-13: Construction activities shall comply with the requirements of the City’s Storm Water Management Plan under its municipal NPDES Stormwater permit, and the State Water Resources Control Board’s General Permit for Discharges of Storm Water Associated with Construction Activity.

Increased Demand for Parks and Open Space:

N/A

Increased Demand for Schools:

N/A

Increased Demand for Police Services:

N/A

Increased Demand for Fire Services:

N/A

Generation of Solid Waste:

N/A

Generation of Hazardous Materials:

N/A

Geology, Soils, and Mineral Resources:

N/A

Energy:

N/A

Effects on Visual Resources:

N/A

Land Use and Planning:

N/A

Climate Change:

N/A
EXHIBIT C

Government Code Section 56133
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GOVERNMENT CODE §56133

(a) 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 commission in the affected county.

(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.

(c) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries and 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 if both of the following requirements are met:

(1) The entity applying for the contract 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, or sewer system corporation as defined in Section 230.6 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 of a contract 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 those requests to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the contract for extended services. If the contract is disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.

(e) This section does not apply to 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. This section does not apply to contracts for the transfer of nonpotable or nontreated water. This section does not apply to 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. This section does not apply to an extended service that a city or district was providing on or before January 1, 2001. This section does not apply to 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 boundaries.
EXHIBIT D

LAFCO 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
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...
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.