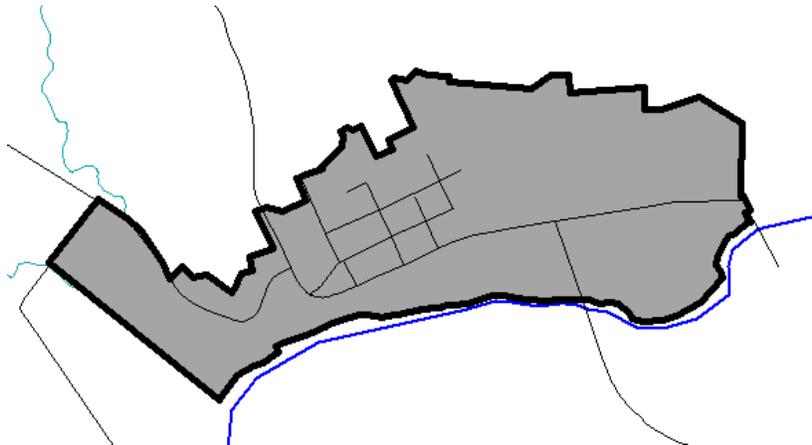


**MUNICIPAL SERVICE REVIEW AND  
SPHERE OF INFLUENCE UPDATE FOR THE:**

**KNIGHTS FERRY  
COMMUNITY SERVICES DISTRICT**



*Prepared By:*

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

**Adopted: August 24, 2016**

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# **STANISLAUS**

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# **Municipal Service Review and Sphere of Influence Update For the Knights Ferry Community Services District**

## **Introduction**

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

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

## **Service Review Factors to be Addressed**

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

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

## **Sphere of Influence Update Process**

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

# **Service Review – Knights Ferry Community Services District**

## **Authority**

This review will cover the Knights Ferry Community Services District, which was organized under Section 61000 et. seq. of the Government Code. In addition, the District is considered a “registered voter district”, as the board members are elected by the registered voters residing within the district’s boundaries.

## **Background**

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

## **Purpose**

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

## **Governance**

Five Board members, elected by the registered voters within the District boundaries, govern the District. Meetings are held on the fourth Thursday of each month at 7:00 p.m., at the Knights Ferry Community Club House, Main Street in Knights Ferry.

## **Formation**

The Knights Ferry Community Services District (CSD) was formed on August 5, 1970. The District was originally formed to supply the inhabitants of the district with water for domestic use, irrigation, sanitation, industrial use, fire protection and recreation.

## **Location and Size**

The District is located in the historic unincorporated community of Knights Ferry, in northeast Stanislaus County, and encompasses approximately 92 acres. The community is located on the adjacent to and north of the Stanislaus River. Sonora Road bisects the community.

## **Sphere of Influence**

The District’s Sphere of Influence is coterminous with its current boundaries.

## **Personnel**

The District employs three part-time persons: secretary, water operator and maintenance manager. In addition, the District contacts for financial (auditing) and engineering services.

## **Classification of Services**

As part of this service review, the District has provided a listing of the services provided within their boundaries. The District is authorized to provide the functions or classes of services (e.g. domestic water) 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 provides domestic water service connections to approximately 65 customers, which include residential units, several businesses, and the Knights Ferry Elementary School District.

The District's distribution lines are Knights Ferry CSD facilities and assets. The District connects to a single supply line to a water treatment plant. The treatment supply line and water treatment plants are Knights Ferry CSD facilities.

The CSD is a part of the historic water rights that OID acquired through its purchase of the San Joaquin Water Company at the turn of the century. OID delivers surface water through a pipeline that is operated and maintained by OID to the Knights Ferry's water treatment plant from March to October. In the winter months (November through February) a river pump on the Stanislaus River exists to meet the CSD's demands. The pump, intake pipeline and associated facilities between the pump and the Stanislaus River were installed by OID as a temporary measure during major a reconstruction project on the Joint Main Canal. It was never removed and exists today.

## **Support Agencies**

The District maintains collaborative relationships with other agencies, as necessary. These agencies include: Oakdale Irrigation District, Stanislaus County (Department of Environmental Resources, Public Works and Chief Executive Office); Knights Ferry Municipal Advisory Council; Stanislaus Economic Development and Workforce Alliance; State Economic Development Bank; State Department of Health Services (DHS); and the Regional Water Quality Control Board.

## **Funding Sources**

The District derives its revenue from; monthly user and connection fees, overuse penalties, as well as a very small portion of the shared property tax revenues from Stanislaus County.

The Knights Ferry CSD has experienced staffing issues which presented challenges with documentation for the completion of an audit. As a result, the District is currently 10 years delinquent with their financial statements. Staffing issues have also impacted the District's accounts receivable billing ultimately affecting their cash flow. The Stanislaus County Auditor's Office is currently working close with the district to provide resources, options, and alternatives for compliance.

The District is working on a complete audit of the last two most recent fiscal years (2013-2014 and 2014-2015). The District is on a two-year audit cycle.

## **Service Review Determinations:**

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

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

The District serves the unincorporated historic community of Knights Ferry. The entire area is designated as "Historical" in the Stanislaus County General Plan. However, due to limited service capacity, it is not expected that any significant population growth will occur within the District boundaries in the near future. The District currently serves approximately 65 customers with domestic water.

### **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 Knights Ferry Community Services District is not identified as a Disadvantaged Unincorporated Community (DUC) as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act of 2000.

### **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.**

In partnership with Stanislaus Alliance, the County's Chief Executive Office and Department of Environmental Resources, the District recently received a loan of \$83,450 from the State Economic Development Bank for engineering and construction funding to upgrade the surface water treatment facility. The project will be done in phases in order to bring the facility into compliance with the State Regional Water Quality Control Board and to allow for the continued delivery of safe drinking water to the community. In addition, District representatives indicate that additional infrastructure needs include replacement of the original tank and replacing chlorine treatment with ozone.

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

The District is currently making payments on a loan in the amount of up to \$83,450 from the Economic Development Bank for system upgrades. The District is required to make payments to the County Auditor-Controller at the rate of \$278.00 per month. The loan must be paid back on or before December 21, 2028. Loan payments received from the District will be reimbursed to the Economic Development Bank.

In April 2002, the District increased water rates, connection fees and overuse penalties in an effort to generate increased revenues for the effective long-term operation of the water system. The new rate structure puts the District as having one of the highest water rates of any comparable water district in the surrounding area. There is no overlapping or duplication of services within the District boundaries.

The District is 10 years delinquent with its financial statements and is currently in the process of completing a financial audit for the two most recent fiscal years.

**5. Status of, and Opportunities for, Shared Facilities**

The District does not share any facilities with any other District or agency.

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

A five member Board of Directors, elected by the registered voters, governs the District. The District conforms to the provisions of the Brown Act requiring open meetings. The District has a very small, yet adequate part-time staff to provide the necessary services to its customers. The District also contracts out for financial (auditing) and engineering services.

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

It is reasonable to conclude that the District can adequately serve the areas under its jurisdiction.

## **Sphere of Influence Update for the Knights Ferry Community Services District**

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

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides, or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines they are relevant.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

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

The following determinations for the Knights Ferry Community Services District's Sphere of Influence update are made in conformance with Government Code §56425 and Commission policy.

### **Determinations:**

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

The District's Sphere of Influence (SOI) encompasses a land area of approximately 92 acres. Territory within the District boundaries consists of historically designated residential and commercial land uses. These uses are not expected to change. In addition, the District does not have the authority to make land use decisions, nor does it have authority over present or planned land uses within its boundaries. The responsibility for land use decisions within the District boundaries is retained by the County.

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

The most critical need for the District at this time is complete the upgrade of the surface water treatment plant.

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

The District currently has sufficient capacity to meet existing demands for domestic water services within its sphere of influence. However, based on current infrastructure, the District has indicated limitations on providing new connections for water services.

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

The unincorporated historic community of Knights Ferry is considered a community of interest within the District boundaries.

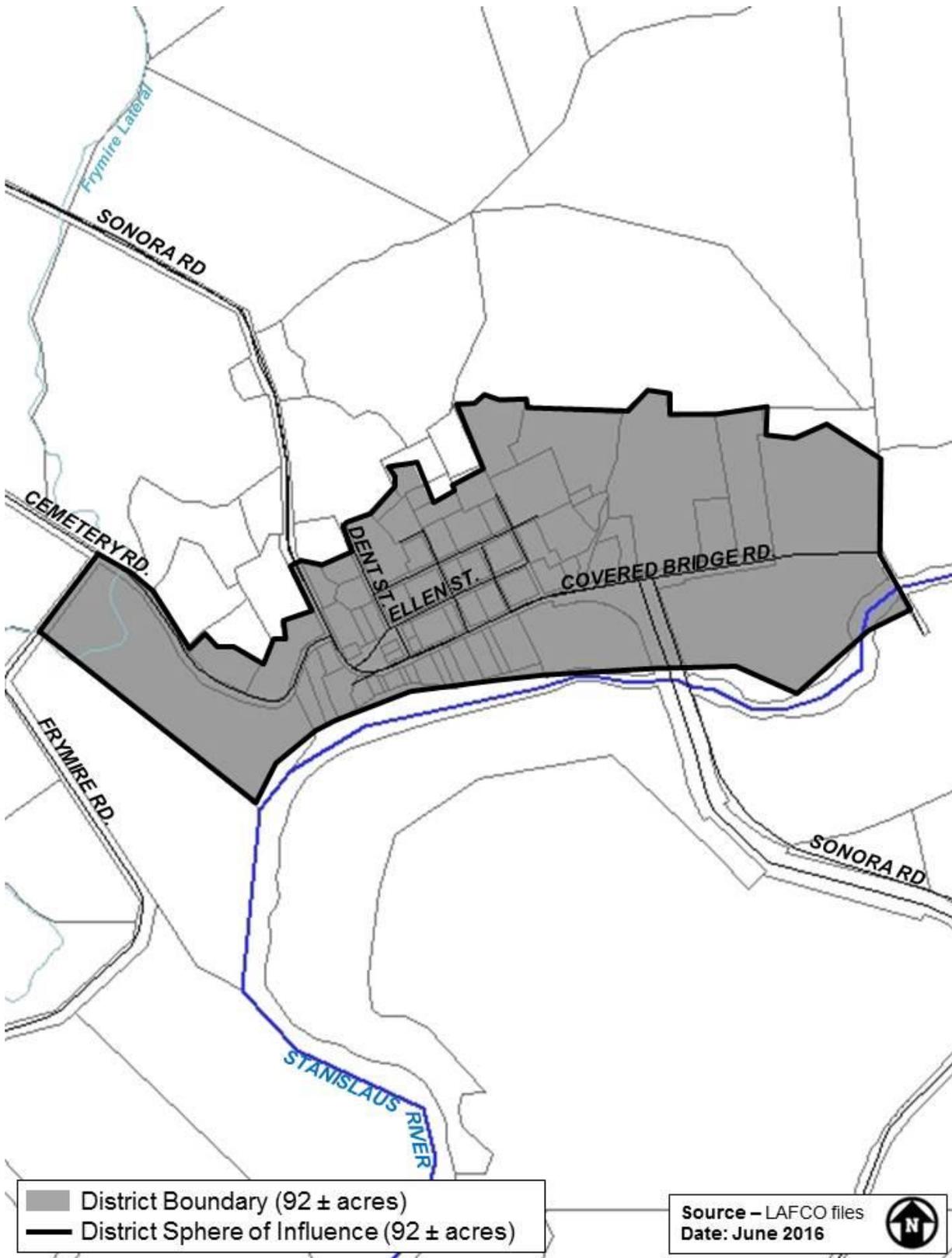
**5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

No Disadvantaged Unincorporated Communities (DUCs) have been identified within or contiguous to the District's Sphere of Influence as defined in Section 56033.5 of the CKH Act.

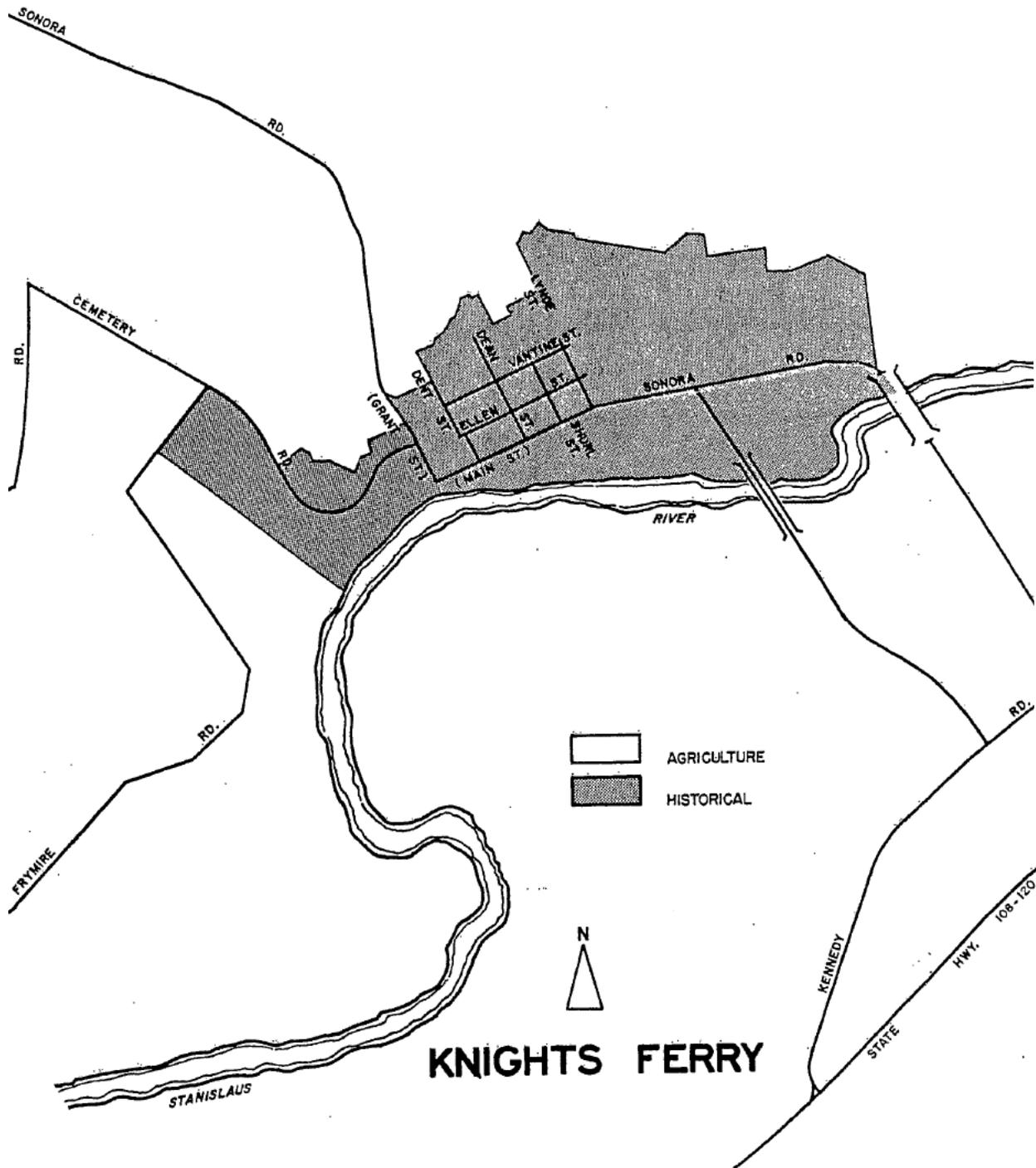
**APPENDIX “A”  
DISTRICT SUMMARY PROFILE**

District:	<b>KNIGHTS FERRY COMMUNITY SERVICES DISTRICT</b>
Location:	Unincorporated historic community of Knights Ferry, northeast Stanislaus County
Service Area:	Approximately 92 acres
Population:	92 persons
Land Use:	Residential and commercial, designated as historical on the Keyes Community Plan
Date of Formation:	August 5, 1970
Enabling Act:	California Government Code, Section 61000, et. seq.
Governing Body:	Five Member Board of Directors, elected by the registered voters within the District
Administration:	3 Part-time employees – Secretary, Maintenance Manager and Water Operator
District Services:	Domestic Water
Total Revenues:	\$60,797 (Fiscal year 2011-2012)
Revenue Sources:	Service and connection fees overuse penalties, and a very small share of county property tax revenues

**MAP 1:  
KNIGHTS FERRY COMMUNITY SERVICES DISTRICT  
BOUNDARIES AND SPHERE OF INFLUENCE**



## MAP 2: KNIGHTS FERRY COMMUNITY PLAN



Source: Stanislaus County General Plan  
 For Illustrative Purposes Only. Check with  
 County Planning to Verify Designations

**APPENDIX “B”  
NOTICE OF EXEMPTION**

**TO:** Lee Lundrigan – County Clerk-Recorder  
1021 “I” Street  
Modesto, CA 95354

**FROM:** Stanislaus LAFCO  
1010 Tenth Street, 3<sup>rd</sup> Floor  
Modesto, CA 95354  
(209) 525-7660

**Title: Municipal Service Review (MSR) No. 2016-03 and Sphere of Influence (SOI) No. 2016-03 Update for the Knights Ferry Community Services District**

**Description:** The Stanislaus Local Agency Formation Commission has prepared a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Knights Ferry Community Services Districts. The District is legally authorized to provide domestic water service and as a special district, it is required to have an adopted and updated SOI. The Cortese-Knox-Hertzberg Act of 2000 calls for the Service Review to be completed prior to or concurrent with the SOI Update. The Service Review evaluates the public services provided by the District and provides the information base for updating the District’s Sphere of Influence. It is recommended that the SOI boundary for the District remain unchanged.

**Public Agency Approving Project:** The Stanislaus Local Agency Formation Commission (LAFCO). The date of the LAFCO hearing on this proposal is scheduled for August 24, 2016. Contact Person: Javier Camarena, Assistant Executive Officer, (209) 525-7660.

**Environmental Determination:** The purpose of the environmental review process is to provide information about the environmental effects of the actions and decisions made by LAFCO and to comply with the California Environmental Quality Act (CEQA). In this case it has been determined that this project is exempt from CEQA pursuant to Section 15061 (b)(3) of the State Guidelines. The Stanislaus Local Agency Formation Commission will file this Notice of Exemption upon approval of the MSR and SOI Updates for the District.

**Reasons for Exemption:** It has been determined with certainty that there is no possibility that the project may have a significant effect on the environment and therefore it is found to be exempt from CEQA pursuant to Section 15061(b)(3) of the State Guidelines. The proposed Sphere of Influence Update and Municipal Services Review do not involve, authorize or permit the siting or construction of any facilities associated with the District. No changes to the Sphere of Influence of the District are recommended.

Signature: *Javier Camarena*

Date: 7/20/2016

Name & Title: Javier Camarena  
Assistant Executive Officer

## APPENDIX “C”

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### REFERENCES

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1. California State Controller’s Office, “Special Districts Annual Report for Fiscal Year Ending June 30, 2012, November 22, 2013”.
2. Economic Development “Bank” project agreement between Stanislaus County and the Knights Ferry Community Services District.
3. Municipal Service Review and Sphere of Influence Update for the Knights Ferry Community Services District, Adopted July 22, 2009.
4. Newspaper Articles from The Oakdale Leader, dated November 20, 2003 and June 8, 2003, regarding funding approved for the Knights Ferry Community Services District for improvements to its water treatment plant.
5. State of California Legislative Analyst’s Office Report – “Water Special Districts: A Look at Governance and Public Participation, March 2002”.
6. Stanislaus County Department of Planning and Community Development, Initial Study for Vesting Tentative Subdivision Map No. 2006-06 & Exception No. 2008-02, Dated April 30, 2008.
7. U.S. Environmental Protection Agency website ([www.epa.gov/safewater](http://www.epa.gov/safewater)).