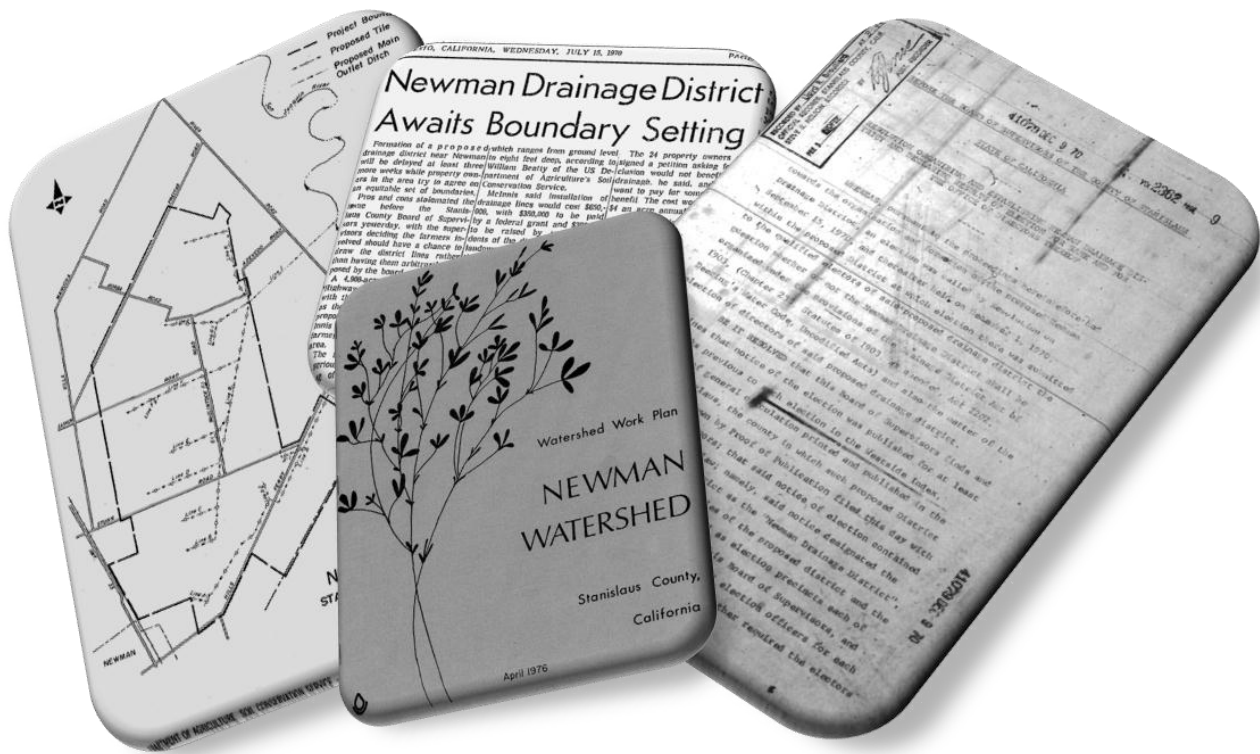




MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE:



NEWMAN DRAINAGE DISTRICT

Prepared By:

Stanislaus Local Agency Formation Commission
1010 Tenth Street, Third Floor
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Adopted: July 27, 2011

STANISLAUS

LOCAL AGENCY FORMATION COMMISSION

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Municipal Service Review and Sphere of Influence Update For the Newman Drainage District

Introduction

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

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

Service Review Factors to be Addressed

1. Growth and Population Projections for the Affected Area
2. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies
3. Financial Ability of Agencies to Provide Services
4. Status of, and Opportunities for, Shared Facilities
5. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies
6. 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 Newman Drainage District. The Service Review will also provide a basis for the District and LAFCO to evaluate, and, if appropriate, make changes to the District's Sphere of Influence.

Sphere of Influence Update Process

A special district is a government agency that is required to have an adopted and updated Sphere of Influence. Section 56425(g) of the CKH Act calls for Spheres of Influence to be reviewed and updated every five years, as necessary. Stanislaus LAFCO processes the Service Review and Sphere of Influence Updates concurrently to ensure efficient use of resources. For rural special districts, which do not have the typical municipal level services to review, a Service Review will be used to determine what type of services the district is expected

to provide and the extent to which it is actually able to do so. The Sphere of Influence will delineate the service capability and expansion capacity of the agency, if applicable.

Background

The Newman Drainage District is a single-purpose, independent special district, which was formed to install and operate sub-surface drains to lower the water table so the surface lands could be tilled for agricultural purposes.

The majority of the territory within the District suffers from a high water table. This high water table can result in a decline in agricultural productivity and an increase in public health hazards (e.g. mosquitos). The high water table limits the choice of crops, shortens the longevity of perennial crops and reduces yields. Damage to structures can also result from the high water table, as wetting and drying of the soil causes it to swell and shrink, leading to the cracking of building foundations. The water table also fluctuates, which increases the problem.

Authority

The Newman Drainage District was organized under the Drainage District Act of 1903 and is considered a landowner-voter district, as owners of the land within the District's boundaries elect the board members.

The Drainage District Act of 1903 provides for the organization and governmental structure of special districts whose sole purpose is to drain agricultural lands. The Act does not grant authority to perform other services, including urban service functions. The Act provides for the districts to issue bonds for capital improvements and to use eminent domain as necessary for public purposes. The Act also provides for the districts to levy taxes, but this ability was limited by the passage of Proposition 13 and Proposition 218.

An unusual restriction in the Drainage District Act of 1903 is that only lands that are susceptible to one general mode of drainage by the same system of works may be included within a district. The districts are formed along topographic lines that allow the drainage of agricultural lands within a common system of drainage. Lands that cannot be served by the common system of drainage may not be included within the district.

Classification of Services

As part of this service review, the District has provided a listing of the services provided within its boundary. The District is authorized to provide the functions or classes of services (e.g. operation and maintenance of an agricultural sub-surface drainage system) as identified in this report.

Service Review – Newman Drainage District

Formation

The Newman Drainage District was formed on December 8, 1970, pursuant to the Drainage District Act of 1903. At the time of formation of the District, the water table within the area was sufficiently high to prevent agricultural development in many areas.

Location and Size

The District is located along the southern boundary of Stanislaus County, west of the San Joaquin River, and encompasses approximately 3,200 acres. In addition, portions of the City of Newman, which have been annexed since the formation of the District, are located within the District boundaries.

Services

The District was formed to operate and maintain an agricultural sub-surface drain. In order to solve the high water table problem, the District installed land treatment and structural measures to lower the water table. The drainage collection system allows individual farmers to install on-farm tile drains and lower the water table to a minimum of seven feet below the ground surface. The system also minimizes soil compaction, promotes better soil aeration, and improves water intake into the soil, thus providing a better environment for crops.

The current activities for the District consist primarily of conducting the day-to-day business, including maintenance of the facilities. Little maintenance is required for the underground drains, but on-going maintenance is required for open ditches. The Board of Directors performs largely caretaker functions. The District has no staff and District operations are performed by contract.

Sphere of Influence

The District's original Sphere of Influence was adopted in 2005 and is coterminous with the existing District boundary. This Sphere of Influence was recommended in recognition of the current boundary's relationship to the planned uses in the area and the continued need for the services provided by the District. The District has also stated that they are not interested in annexing additional lands beyond their current boundaries.

Governance

A six-member Board of Directors governs the District and is elected by landowners within the District. Three members are elected by Divisions and three members are elected at-large. One annual meeting is held and other meetings are scheduled on an as-needed basis.

Support Agencies

The District maintains collaborative relationships with other agencies, including the City of Newman, Stanislaus County, West Stanislaus Resource Conservation District, and the United States Department of Agriculture (USDA).

Funding Sources

The Drainage District is funded through special assessments on individual landowners within the District boundaries.

Service Review Determinations:

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

1. Growth and Population Projections for the Affected Area

When the District was originally formed, the area within its boundaries was used primarily for agricultural purposes. Since this time, a portion of the District's territory (approximately 340 acres) has been annexed to the City of Newman. The City's Sphere of Influence overlaps additional acreage in the District's boundaries, which may impact the services of the District as land is annexed for urban uses. In the past, proposed development has created concerns for the District, as new homes would be built within close proximity of the subsurface drains.

In order to mitigate these concerns, the City of Newman has adopted policies in its General Plan in order to ensure urban runoff does not enter the tile drain systems. The City also has a policy stating that parks and greenbelts will be developed above those portions of the tile drain system that are within developed areas or areas to be developed and that no buildings shall be placed on top of the tile drain system. Urban development within the boundaries of the District is required to relocate existing District pipelines or provide replacement pipelines to ensure the continued operation of the District's drainage system.

2. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies

Shortly after the formation of the District, bonds were issued to construct the necessary drainage facilities. The bonds were issued in 1978 and are due in 2018. The District has installed approximately 10.5 miles of subsurface drain lines and 0.9 miles of channel, to collect and dispose of the effluent from on-farm drains. A permanent, 30-foot wide easement has been acquired for all subsurface lines, totaling 38 acres of permanent easements. The high water table within the District's boundaries is not expected to decrease, thereby necessitating the continued demand for the subsurface drainage system.

Operation and maintenance of the land treatment measures are the responsibility of the individual landowners on whose properties the measures have been installed. The District is responsible for the maintenance of all structural measures.

3. Financial Ability of Agencies to Provide Services

At the present time, the District appears to have adequate financial resources to fund the necessary levels of service within the District's boundaries. Special assessments for the District are set on an annual basis. Cost avoidance opportunities are maximized by board members and/or landowners within the District performing some of the maintenance work themselves and/or by using independent contractors rather than hiring staff.

4. Status of, and Opportunities for, Shared Facilities

The District does not currently share any facilities with other districts or agencies.

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

The District's governing body consists of a six-member Board of Directors elected by the landowners within the District. The District conforms to the provisions of the Brown Act requiring open meetings. The current management structure of the District is adequate to serve the present and future needs of the agency. It is reasonable to conclude that the District can adequately serve the areas under its jurisdiction.

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

None.

Sphere of Influence Update

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

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.

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 Newman Drainage District's Sphere of Influence update are made in conformance with Government Code §56425 and local Commission policy.

Determinations:

1. Present and Planned Land Uses in the Area

Territory within the District boundaries consists predominately of agricultural uses, with the exception of those areas located within the City of Newman, which are designated as low-density residential. 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 in the District's boundaries is retained by Stanislaus County and the City of Newman.

A portion of the City's Sphere of Influence overlaps District boundaries in the vicinity of Stuhr and Hills Ferry Roads. Mitigation measures need to be in place to protect the underground facilities if future development by the City of Newman is to occur, unless the District determines the abandonment of the facilities can occur without affecting the remaining drainage systems and the territory can be detached.

2. Present and Probable Need for Public Facilities and Services in the Area

The District was formed to operate and maintain an agricultural sub-surface drainage system within its boundary. The present and probable need for this service is not expected to change. In addition, the District's ability to provide public facilities and services in the area is affected by the fact that a portion of the City of Newman's Sphere of Influence overlaps the District.

Ideally, when territory to be developed is annexed to the City of Newman, it would be simultaneously detached from the District (i.e. a LAFCO reorganization action), if the services provided by the district are no longer required. However, if a district's services are

still required, detachment would not take place. Recent annexations to the City of Newman have not included detachment from the Newman Drainage District, resulting in urbanized development in the proximity of the District's infrastructure. The City of Newman has adopted General Plan policies in order to ensure that use of the tile drains can continue as the city grows. In areas where the City limits currently overlaps the District, the use of greenbelts and easements over the tile drain system have been used to protect the facilities.

3. Present Capacity of Public Facilities and Adequacy of Public Services Provided

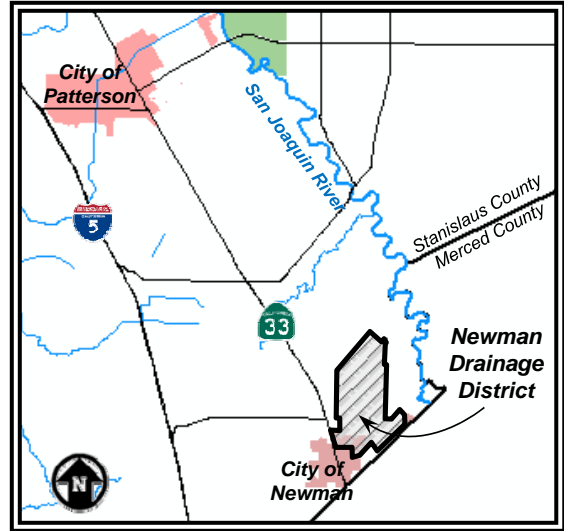
Over time, portions of the territory within the boundaries of the Drainage District have been developed for urban uses. The transition of properties from agricultural use to urban use has a continuing impact on the operations of the District. As lands are developed for urban uses, agricultural drainage facilities could be compromised and the installation of more sophisticated systems of surface drainage may be required. As development occurs, it is necessary for the City of Newman, Stanislaus County, and other agencies to ensure that urban development does not negatively impact the existing facilities of the District.

4. Communities of Interest in the Area

The City of Newman is considered to be a community of interest in the area, as a portion of the City's Sphere of Influence and City limits overlap with the Newman Drainage District.

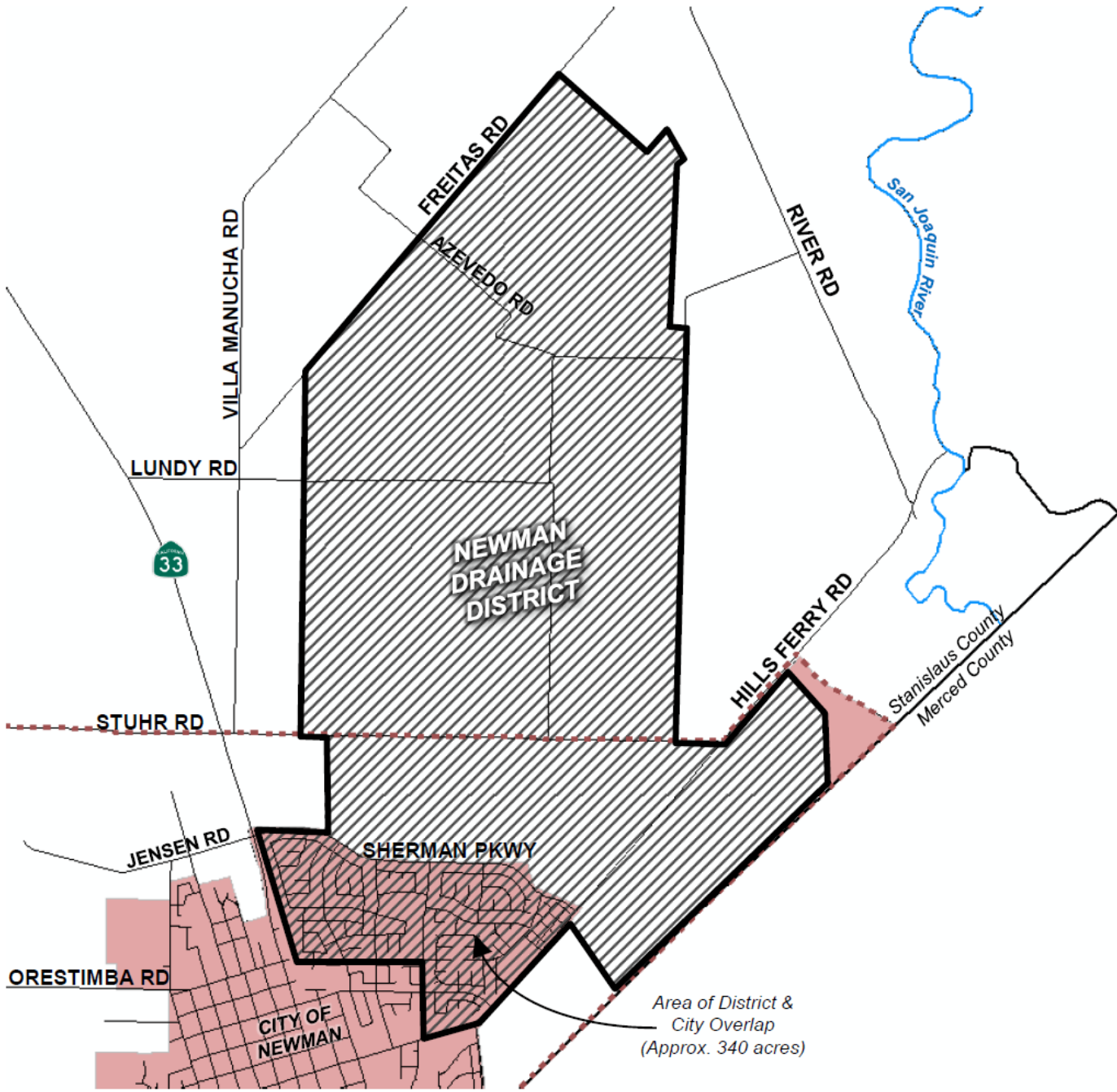
APPENDIX "A" DISTRICT SUMMARY PROFILE



| | | | | | | | |
|------------------------------|---|------------------------------|--|-----------|-----------|---------------|-----------|
| District: | NEWMAN DRAINAGE DISTRICT | | | | | | |
| Formation: | December 8, 1970 | | | | | | |
| Location: | In rural Stanislaus County, west of the San Joaquin River and north of the Merced County Line | | | | | | |
| District Services: | Operation and maintenance of an agricultural sub-surface drainage system | | | | | | |
| Service Area: | Approximately 3,200 acres | | | | | | |
| Population: | Approximately 3,185 persons (2010 Census) | | | | | | |
| Land Use: | Predominately agriculture, with the exception of urbanized areas within the City of Newman. | | | | | | |
| Enabling Act: | Drainage District Act of 1903 | | | | | | |
| Governing Body: | Six-member Board of Directors, elected by landowners within the District | | | | | | |
| Budget*: | <table border="0" style="margin-left: 20px;"> <tr> <td colspan="2"><u>Fiscal Year 2008-2009</u></td> </tr> <tr> <td>Revenues:</td> <td>\$ 53,199</td> </tr> <tr> <td>Expenditures:</td> <td>\$ 46,970</td> </tr> </table> | <u>Fiscal Year 2008-2009</u> | | Revenues: | \$ 53,199 | Expenditures: | \$ 46,970 |
| <u>Fiscal Year 2008-2009</u> | | | | | | | |
| Revenues: | \$ 53,199 | | | | | | |
| Expenditures: | \$ 46,970 | | | | | | |
| Revenue Sources: | Special assessments | | | | | | |



*Source: California State Controllars Office, April 26, 2011

**MAP 1:
NEWMAN DRAINAGE DISTRICT
BOUNDARIES AND SPHERE OF INFLUENCE**

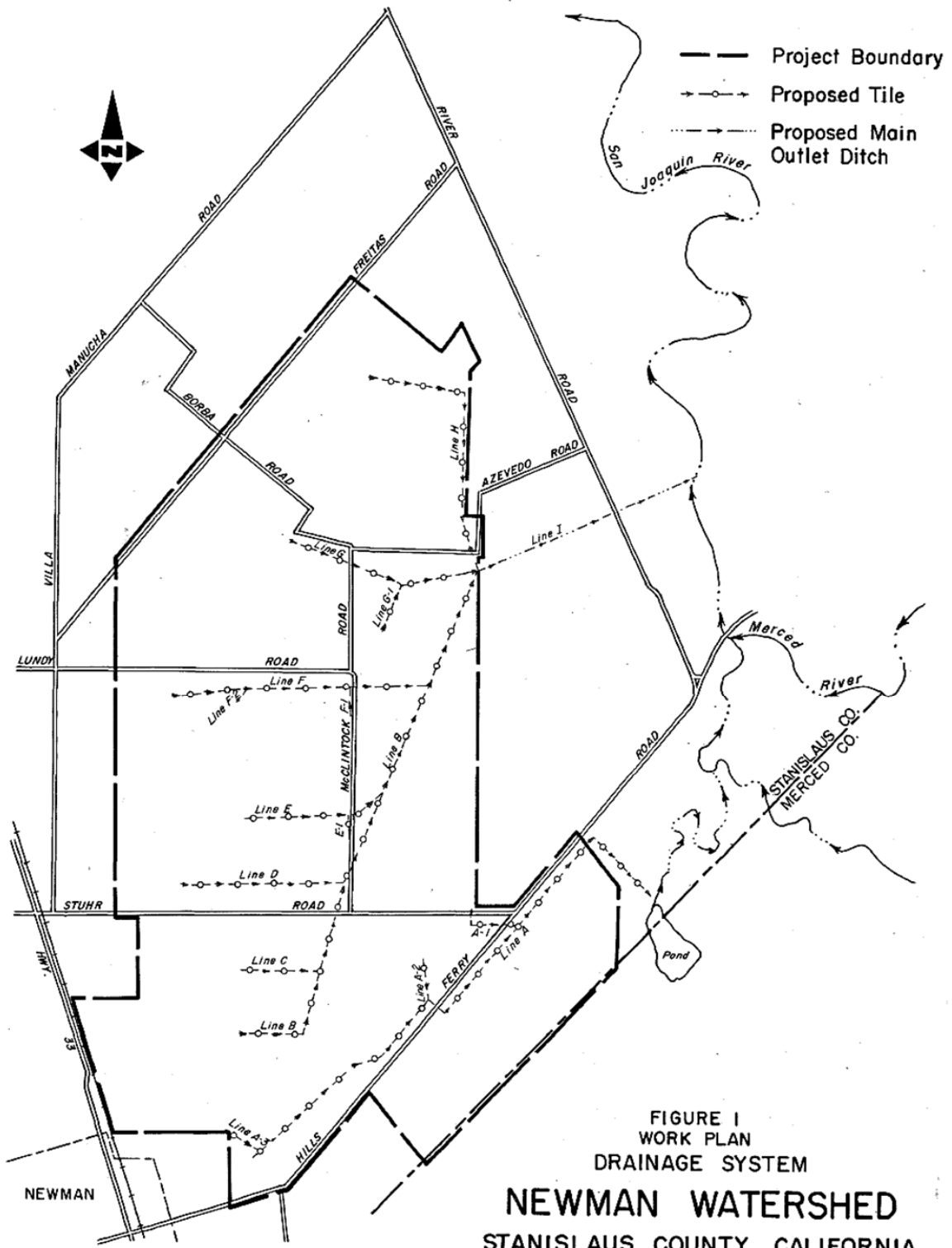


| | |
|---|---|
|  District Boundary (3,200+/- acres) |  Overlapping City Sphere of Influence |
|  District Sphere of Influence (SOI) (coterminous with boundary) |  City of Newman |

Source -- LAFCO files
Date: May 2011



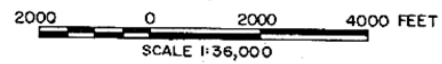
MAP 2: DISTRICT DRAINAGE SYSTEM



- Project Boundary
- Proposed Tile
- - - Proposed Main Outlet Ditch

FIGURE 1
WORK PLAN
DRAINAGE SYSTEM
NEWMAN WATERSHED
STANISLAUS COUNTY, CALIFORNIA
APRIL 1976

FOR ILLUSTRATIVE PURPOSES ONLY



U. S. DEPARTMENT OF AGRICULTURE SOIL CONSERVATION SERVICE

APPENDIX "B"
NOTICE OF EXEMPTION

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

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

Title: Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Newman Drainage District

Description: The Stanislaus Local Agency Formation Commission has prepared a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Newman Drainage District. The District is legally authorized to provide agricultural sub-surface drainage services, and as a special district, 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 July 27, 2011. Contact Person: Sara Lytle-Pinhey, 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.

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 Municipal Service Review and Sphere of Influence Update does not involve, authorize or permit the siting or construction of any facilities associated with the District. No change to the Sphere of Influence of the District is recommended.

Signature: *Sara Lytle-Pinhey*

Date: May 31, 2011

Name & Title: Sara Lytle-Pinhey
Assistant Executive Officer

APPENDIX “C”

REFERENCES

1. California State Controllers Office, “Special Districts Annual Report, Fiscal Year 2008-09”, April 26, 2011.
2. City of Newman, “Municipal Service Review”, Adopted by LAFCO on January 28, 2009.
3. City of Newman, “Newman 2030 General Plan”, April 10, 2007.
4. City of Newman, “Newman 2030 General Plan Environmental Impact Report”, April 10, 2007.
5. Newman Watershed Work Plan, April 1976.
6. National Resource Conservation Service, United States Department of Agriculture (USDA).
7. Previous Municipal Service Review and Establishment of a Sphere of Influence for the Newman Drainage District, Adopted by LAFCO on July 27, 2005.