

**EXECUTIVE OFFICER'S AGENDA REPORT  
JULY 22, 2009**

**TO: LAFCO Commissioners**

**FROM: Sara Lytle-Pinhey, Assistant Executive Officer**

**SUBJECT: MSR No. 09-01, SOI Update 2009-01: Municipal Service Review and Sphere of Influence Updates for the Denair and Keyes Community Services Districts**

**INTRODUCTION**

This proposal was initiated by the Local Agency Formation Commission in response to State mandates, which require the Commission to conduct municipal service reviews and sphere of influence updates for all cities and special districts at least once every five years. The current review covers the Denair and Keyes Community Services Districts. The previous update for these districts was adopted February 25, 2004.

The Denair and Keyes Community Services Districts (CSDs) were organized under §61000 et. seq. of the Government Code to provide services such as municipal sewer, water, and/or street lighting. The CSDs are considered "registered voter districts" as their board members are elected by the registered voters residing in the respective district's boundaries.

**DISCUSSION**

The Municipal Service Review and Sphere of Influence Update process provides an opportunity for the Districts to share accurate and current data, accomplishments and information regarding the services they provide. LAFCO Staff sent the previously approved Municipal Service Review and Sphere of Influence document to each of the CSDs for their comments, revisions and updated information. Once this data was collected, a revised Municipal Service Review and Sphere of Influence Update document was drafted. During this process, Staff also created new, electronic versions of each District's Sphere of Influence on the County's Geographical Information Systems (GIS).

The proposed Municipal Service Review and Sphere of Influence document is attached to this report as Exhibit 1. The relevant factors and determinations as put forth by the Cortese-Knox-Hertzberg Act are discussed for each District. No changes are being proposed for the Districts' Spheres of Influence.

**ENVIRONMENTAL REVIEW RECOMMENDATIONS**

The California Environmental Quality Act requires that an environmental review be undertaken and completed for the Sphere of Influence study. The Municipal Service Review and Sphere of Influence Updates qualify for a General Exemption from further CEQA review based upon 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.*

Since there are no land use changes or environmental impacts, as no suggested boundary changes are associated with this document, a Notice of Exemption is the appropriate environmental document.

**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 Updates for the Denair and Keyes Community Services Districts.
- Option 2:** DENY one or more of the updates.
- 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 Updates for the Denair and Keyes Community Services Districts. Therefore, Staff recommends that the Commission adopt Resolution Nos. 2009-10 and 2009-11, which:

1. Determine that the Sphere of Influence Updates qualify for a General Exemption from further California Environmental Quality Act (CEQA) review based on CEQA Regulation §15061(b)(3);
2. Make determinations related to the Municipal Service Reviews as required by Government Code §56430; and,
3. Determine that the Spheres of Influence for the Denair and Keyes Community Services Districts should be affirmed as they currently exist.

*Attachments:*

*Exhibit 1* - Municipal Service Review and Sphere of Influence Updates for the Denair and Keyes Community Services Districts

*Exhibit 2* - Resolution No. 2009-10 (Denair Community Services District)  
Resolution No. 2009-11 (Keyes Community Services District)

**EXHIBIT 1:**

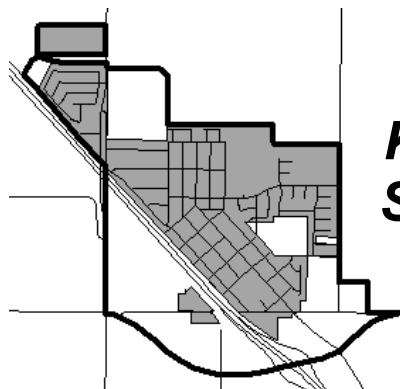
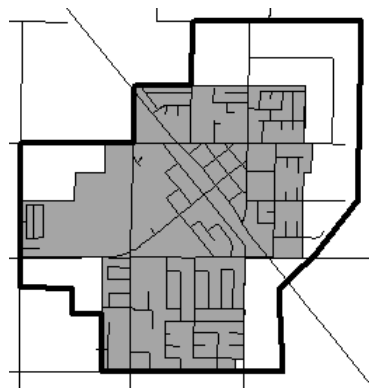
**MUNICIPAL SERVICE REVIEW AND  
SPHERE OF INFLUENCE UPDATE**

**DENAIR AND KEYES  
COMMUNITY SERVICES DISTRICTS**

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**MUNICIPAL SERVICE REVIEW AND  
SPHERE OF INFLUENCE UPDATES FOR:**

**DENAIR COMMUNITY  
SERVICES DISTRICT**



**KEYES COMMUNITY  
SERVICES DISTRICT**

*Prepared By:*

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

**Adopted: \_\_\_\_\_, 2009**

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# **STANISLAUS**

## **LOCAL AGENCY FORMATION COMMISSION**

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Brad Hawn, City Member

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Sara Lytle-Pinhey, Assistant Executive Officer

Dean Wright, Commission Counsel

Debbie Hamilton, Commission Clerk

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# TABLE OF CONTENTS

---

<b>Introduction .....</b>	<b>1</b>
Service Review Factors and Sphere of Influence Update Process .....	1
Background .....	2
Authority .....	2
Purpose .....	2
Classification of Services .....	2

## MUNICIPAL SERVICE REVIEWS

<b>Denair Community Services District .....</b>	<b>3</b>
Formation .....	3
Services .....	3
Capacity .....	3
Location and Size.....	3
Sphere of Influence .....	3
Governance.....	3
Personnel .....	4
Support Agencies.....	4
Funding Sources .....	4
<b>Municipal Service Review Determinations .....</b>	<b>4</b>
Growth and Population Projections.....	4
Present and Planned Capacity of Public Facilities, Adequacy of Public Services .....	4
Financial Ability of Agencies to Provide Services .....	5
Status of, and Opportunities for, Shared Facilities .....	5
Accountability for Community Service Needs .....	5
Any Other Matter Related to Effective or Efficient Service Delivery .....	5
<b>Keyes Community Services District.....</b>	<b>6</b>
Formation .....	6
Services .....	6
Capacity .....	6
Location and Size.....	6
Sphere of Influence .....	6
Governance.....	6
Personnel .....	6
Support Agencies.....	7
Funding Sources .....	7
<b>Municipal Service Review Determinations .....</b>	<b>7</b>
Growth and Population Projections.....	7
Present and Planned Capacity of Public Facilities, Adequacy of Public Services .....	7
Financial Ability of Agencies to Provide Services .....	7
Status of, and Opportunities for, Shared Facilities .....	7
Accountability for Community Service Needs .....	8
Any Other Matter Related to Effective or Efficient Service Delivery .....	8

---

**TABLE OF CONTENTS (Cont.)**

---

**SPHERE OF INFLUENCE UPDATES**

<b>Denair Community Services District .....</b>	<b>9</b>
<b>Sphere Determinations .....</b>	<b>9</b>
Present and Planned Land Uses .....	9
Present and Probable Need for Public Facilities and Services .....	9
Present Capacity of Public Facilities and Adequacy of Public Services.....	9
Communities of Interest in the Area .....	9
<b>Keyes Community Services District.....</b>	<b>10</b>
<b>Sphere Determinations .....</b>	<b>10</b>
Present and Planned Land Uses .....	10
Present and Probable Need for Public Facilities and Services .....	10
Present Capacity of Public Facilities and Adequacy of Public Services.....	10
Communities of Interest in the Area .....	10
Appendix A-1: Denair Community Services District Summary Profile .....	11
<b>Map 1: Denair Community Services District Boundary &amp; SOI .....</b>	<b>12</b>
<b>Map 2: Denair Community Plan .....</b>	<b>13</b>
Appendix A-2: Keyes Community Services District Summary Profile .....	14
<b>Map 3: Keyes Community Services District Boundary &amp; SOI.....</b>	<b>15</b>
<b>Map 4: Keyes Community Plan.....</b>	<b>16</b>
Appendix B: Notice of Exemption .....	17
Appendix C: References/Agencies Contacted.....	18

# **Municipal Service Review and Sphere of Influence Updates For the Denair and Keyes Community Services Districts**

## **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. 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 Denair and Keyes Community Services Districts. The Service Review will also provide a basis for the Districts 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. For these special districts, the spheres will delineate the service capability and expansion capacity of the agency, if applicable.

### **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 3,400 special districts, which provide over 30 different types of services. There are 54 major types of special districts ranging from airports to fire protection to mosquito abatement to water conservation. To date, there are 318 Community Services Districts (CSDs) in California.

### **Authority**

This review will cover two independent special districts, which are geographically located on the northeastern portion of the county: Denair and Keyes Community Services Districts. The Districts were organized under Section 61000 et. seq. of the Government Code. In addition, both Districts are considered “registered voter districts”, as the board members are elected by the registered voters residing within the district’s boundaries.

### **Purpose**

Community Services Districts may be formed to provide water, sewer, or 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.

### **Classification of Services**

As part of this service review, the Districts have provided a listing of the services provided within their boundaries. The Districts are authorized to provide the functions or classes of services (e.g. water, sewer, street lighting) as identified in this report. Due to recent changes in the Cortese-Knox-Hertzberg Act, the Districts would have to seek LAFCO approval to exercise other latent powers not currently provided.

## **Service Review – Denair Community Services District**

### **Formation**

The Denair Community Services District was formed on October 3, 1961.

### **Services**

The District provides sewer and domestic water services to the community of Denair. In addition, the District has a contractual agreement with the City of Turlock for sewer disposal services.

The following community service buildings are owned and operated by the District: Community Center, Gaslight Theatre, Library Building, Senior Center, and Scout Hall.

The District also has established a website that is user-friendly and provides current information on District programs and activities ([www.denaircsd.org](http://www.denaircsd.org)).

### **Capacity**

The District has purchased the necessary sewer capacity from the City of Turlock to serve future development within its sphere of influence. Infrastructure improvements would be required in order to deliver additional wastewater to the City's treatment plant.

With regards to domestic water, the District currently has four groundwater wells, one stand-by well, and four lift stations, which serve customers within the existing District boundaries. Water produced from these wells has continuously met all State Title 22 drinking requirements. In order to accommodate future growth within the District's sphere of influence, installation of additional groundwater wells and/or pipelines would be necessary. The District, in 2000, adopted a Water Master Plan, which identifies projected water requirements and recommended system improvements over the next 10 to 20 years.

### **Location and Size**

The District is located in the unincorporated community of Denair, east of the City of Turlock, in eastern Stanislaus County, and encompasses approximately 674 acres.

### **Sphere of Influence**

The District's Sphere of Influence (SOI) incorporates approximately 1,056 acres. The attached map outlines the District's boundaries and SOI, which are not coterminous.

The original SOI boundary was established by LAFCO in 1984 to correspond with the Denair Community Plan. In 1998, the County updated the Denair Community Plan, which maintained the same community planning boundaries. (See "Map 2", Community Plan Map)

### **Governance**

A five member Board of Directors, elected by registered voters within the District boundaries, governs the District. Meetings are held on the third Tuesday of each month at 6:30 p.m., at the District Office, located at 3850 N. Gratton Road, Denair.

## **Personnel**

The District employs seven employees – 5 full-time and 2 part-time. The District also contracts with outside consultants for engineering, legal, and financial (auditor) services.

## **Support Agencies**

The District maintains collaborative relationships with other agencies, such as the: the City of Turlock, Stanislaus County, Department of Health Services (DHS), Department of Water Resources, California Rural Water Association, California Special Districts Association, National Rural Water Association, and American Water Works Association.

## **Funding Sources**

The District receives funds from monthly user and connection fees, as well as a very small portion of the shared property tax revenues from Stanislaus County.

## **Service Review Determinations – Denair Community Services District**

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

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

The District serves the unincorporated community of Denair. The area is designated in the Stanislaus County General Plan and Denair Community Plan for residential, commercial, and industrial uses. The District currently serves over 1,300 customers with water and sewer service. Although the District has purchased the necessary sewer capacity from the City of Turlock to serve future development within its sphere of influence, due to limited infrastructure and resources, it is not expected that any significant population growth will occur within the District boundaries at this time. The District may consider expanding its current infrastructure and facilities within the next 2-5 years should development consistent with the Denair Community Plan area be approved by the County.

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

The present water and sewer demand within the District's current boundaries can be met with existing facilities and infrastructure. However, before additional areas can be served within the sphere of influence, significant sewer and water infrastructure facilities will be required.

The District is currently constructing a new above-ground steel water tank (Water Tank No. 1) and associate booster pumps to help minimize capacity constraints during peak flows, and to increase fire-flow requirements for the Denair Middle School and surrounding community. The new water tank will be adjacent to the existing trunk system which was designed and constructed in 2005 to provide the District with a capacity increase.

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

At present time, the District appears to have the necessary financial resources to fund existing levels of water and sewer services within the District's boundaries. There is no overlapping or duplication of services within these boundaries. The District, on an annual basis, reviews its rate and fee schedule and attempts to keep the rates and fees as minimal as possible.

### **4. Status of, and Opportunities for, Shared Facilities**

The District shares facilities with other agencies as necessary and continually reviews new opportunities to continue these efforts. For example, the District owns, operates and maintains the following community facilities: Community Center, Gaslight Theater, Library Building, Senior Center, and Scout Hall.

### **5. 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 the necessary resources and staffing levels to operate in a cost-efficient and professional manner.

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

In 2008, the District received approval to establish a corporation yard for the storage of materials required to maintain water and sewer mains, utility services and fire hydrants within the community of Denair. The additional space provided by the yard assists the District in providing efficient service to District facilities.

## **Service Review – Keyes Community Services District**

### **Formation**

The Keyes Community Services District was formed on June 20, 1955.

### **Services**

The District provides sewer, water and street lighting services to the community of Keyes. In addition, the District has a contractual agreement with the City of Turlock for sewer disposal services.

### **Capacity**

With regards to its sewer system, the District has recently entered into an agreement with the City of Turlock to use new collection system improvements that have been constructed by Turlock which will allow Keyes CSD to expand its sewage capacity significantly. Keyes CSD has purchased 25,000 gallons per day (gpd) of additional sewage treatment capacity from Turlock, and developers have also purchased capacity for their future developments. There is presently additional sewage treatment capacity that can be purchased from Turlock. Currently, the District has 4 groundwater wells that provide drinking water to District customers. The District has some excess water capacity for growth.

### **Location and Size**

The District is located in the unincorporated community of Keyes, northwest the City of Turlock. The boundaries of the District encompass approximately 444 acres.

### **Sphere of Influence**

The District's Sphere of Influence (SOI) includes approximately 793 acres. The attached map also highlights the District's boundaries and SOI, which are not coterminous.

The original SOI boundary was established by LAFCO in 1984 to correspond with the Keyes Community Plan. The County updated the Keyes Community Plan in 2000 to include additional territory along the west side of Washington Road (see Keyes Community Plan Map). The Commission approved an expansion of the SOI and annexation of 118 acres to the Keyes CSD in 2000 to accommodate residential development and a school.

### **Governance**

A five member Board of Directors, elected by registered voters within the District boundaries, governs the District. Meetings are held on the fourth Tuesday of each month at 6:00 p.m., at the District office located at 5601 7<sup>th</sup> Street, Keyes.

### **Personnel**

The District employs six (6) persons – 5 full-time and 1 part-time. The District also contracts out for legal, engineering and bookkeeping services.

## **Support Agencies**

The District maintains collaborative relationships with other agencies, such as the: the City of Turlock, Stanislaus County, the Keyes Fire Protection District, California Rural Water Association, Department of Health Services (DHS), and the California Statewide Development Authority.

## **Funding Sources**

The District receives funds from monthly service and connection fees, annual street lighting assessments, and a very small portion of the shared property tax revenues from Stanislaus County.

## **Service Review Determinations – Keyes Community Services District**

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

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

The District serves the unincorporated community of Keyes. The area is designated in the Stanislaus County General Plan and Keyes Community Plan for residential, commercial, and industrial uses. The District currently serves 1,274 customers with municipal water and 1,317 customers with sewer service. In order to accommodate future projected growth, the District must negotiate with the City of Turlock for additional sewer capacity.

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

At the present time, the District has the ability to serve the residents in its existing service area boundary and has no unmet infrastructure needs or deficiencies. Some minor growth can occur now, but before major growth can occur a new main sewage lift station will need to be constructed, the existing force main modified and additional water wells installed. Also, the groundwater has arsenic concentrations that slightly exceed the State maximum contaminate level (MCL). The District has recently received approval for a planning loan through the Drinking Water State Revolving Fund for test wells to locate suitable locations for new water wells that meet Title 22 drinking water quality requirements, including the arsenic limit.

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

The District appears to have the necessary financial resources to fund existing levels of water, sewer, and street lighting services within the District's boundaries. There is no overlapping or duplication of services within the area. The District, on an annual basis, reviews its rate and fee schedule and attempts to keep the rates and fees as minimal as possible.

### **4. Status of, and Opportunities for, Shared Facilities**

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

**5. 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. It is reasonable to conclude the District can adequately serve the current areas under its jurisdiction. The District has a small, yet adequate staff to provide the necessary services to its customers.

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

None.

## **Sphere of Influence Updates for the Denair and Keyes Community Services Districts**

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 to the agency.

This document proposes no changes to the Districts' existing spheres of influence. Rather, it serves to reaffirm the existing SOI boundaries. As part of this process, Staff researched the history of the establishment of each District's SOI. Previous approvals of the SOIs included maps that were outdated and/or hand-drawn. These have since been converted to electronic format along with the current District boundary maps, which are attached to this document.

### **SOI Update – Denair Community Services District**

The following determinations for the Denair Community Services District Sphere of Influence update and are made in conformance with Government Code Section 56425 and local Commission policy.

#### **Determinations:**

##### **1. Present and Planned Land Uses**

The District's Sphere of Influence (SOI) includes approximately 1,056 acres. Territory within the District boundaries consists of residential, commercial, and industrial land use areas. These uses are not expected to change. In addition, the District does not have the authority to make land use decisions within its boundaries. The responsibility for land use decisions within the District boundaries is retained by the County.

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

The District is presently meeting the water and sewer needs of its customers within its existing service area boundary. However, additional infrastructure and resources would be necessary to accommodate future development within the District's Sphere of Influence (e.g. additional water wells and installation of transmission lines to connect to the Turlock wastewater disposal system).

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

The District currently has adequate capacity to provide the necessary water and sewer services to customers within its existing service area boundary.

#### **4. Communities of Interest in the Area**

The unincorporated community of Denair is a community of interest within the District boundaries.

### **SOI Update – Keyes Community Services District**

The following determinations for the Keyes Community Services District’s Sphere of Influence update and are made in conformance with Government Code Section 56425 and local Commission policy.

#### **Determinations:**

##### **1. Present and Planned Land Uses**

The District’s Sphere of Influence (SOI) includes approximately 793 acres. Territory within the District boundaries consists of residential, commercial, and industrial 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. Present and Probable Need for Public Facilities and Services in the Area**

The District is presently meeting the water, sewer, and street lighting needs of its customers within the existing service area boundaries. However, additional infrastructure and resources would be necessary to accommodate future development within the District’s Sphere of Influence (e.g. purchase of additional wastewater disposal capacity from the City of Turlock and/or possible alternative sources of domestic water to supplement groundwater wells).

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

The District currently has adequate capacity to provide the necessary water, sewer, and street lighting services to customers within its existing service area boundary.

##### **4. Communities of Interest in the Area**

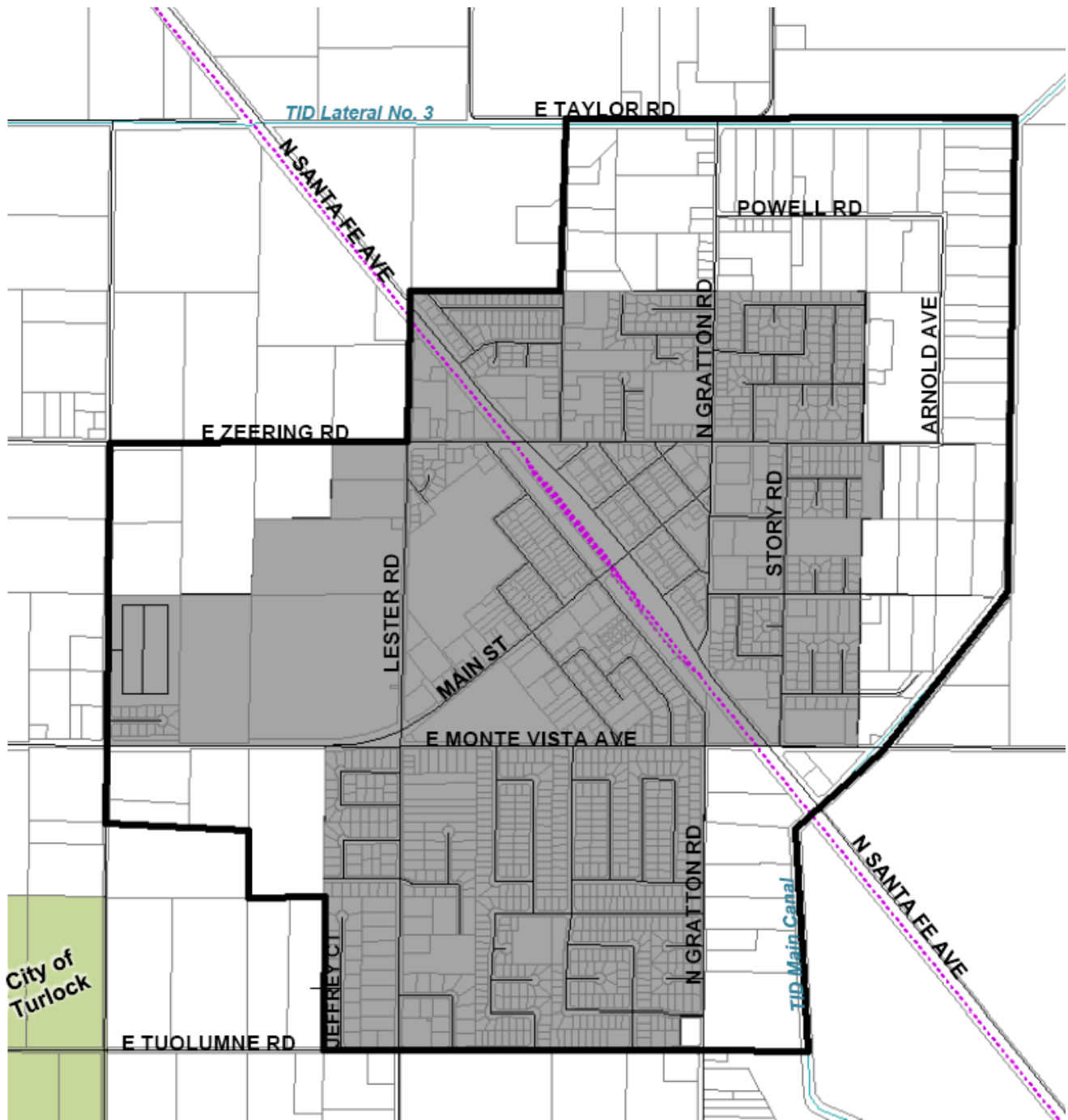
The unincorporated community of Keyes is a community of interest within the District boundaries.



**APPENDIX “A-1”  
DISTRICT SUMMARY PROFILE**

District:	<b>DENAIR COMMUNITY SERVICES DISTRICT</b>
Location:	East of the City of Turlock, in the unincorporated community of Denair.
Service Area:	Approximately 674 acres
Population*:	3,120
Land Use:	Residential, commercial, and industrial
Date of Formation:	October 3, 1961
Enabling Act:	California Government Code, Section 61000, et seq.
Governing Body:	5 directors, elected by registered voters within District boundaries
Administration:	7 employees (5 full-time, 2-part time)
District Services:	Municipal water and sewer services
Total Revenues:	\$1,832,775 (Fiscal Year 2006-2007)
Revenue Sources:	Monthly service and connection fees; property taxes; the district also received a \$200,000 Local Groundwater Management Assistance (AB303) Grant from the Department of Water Resources for a Groundwater Management Program.

*\*Source: 2000 Census*

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

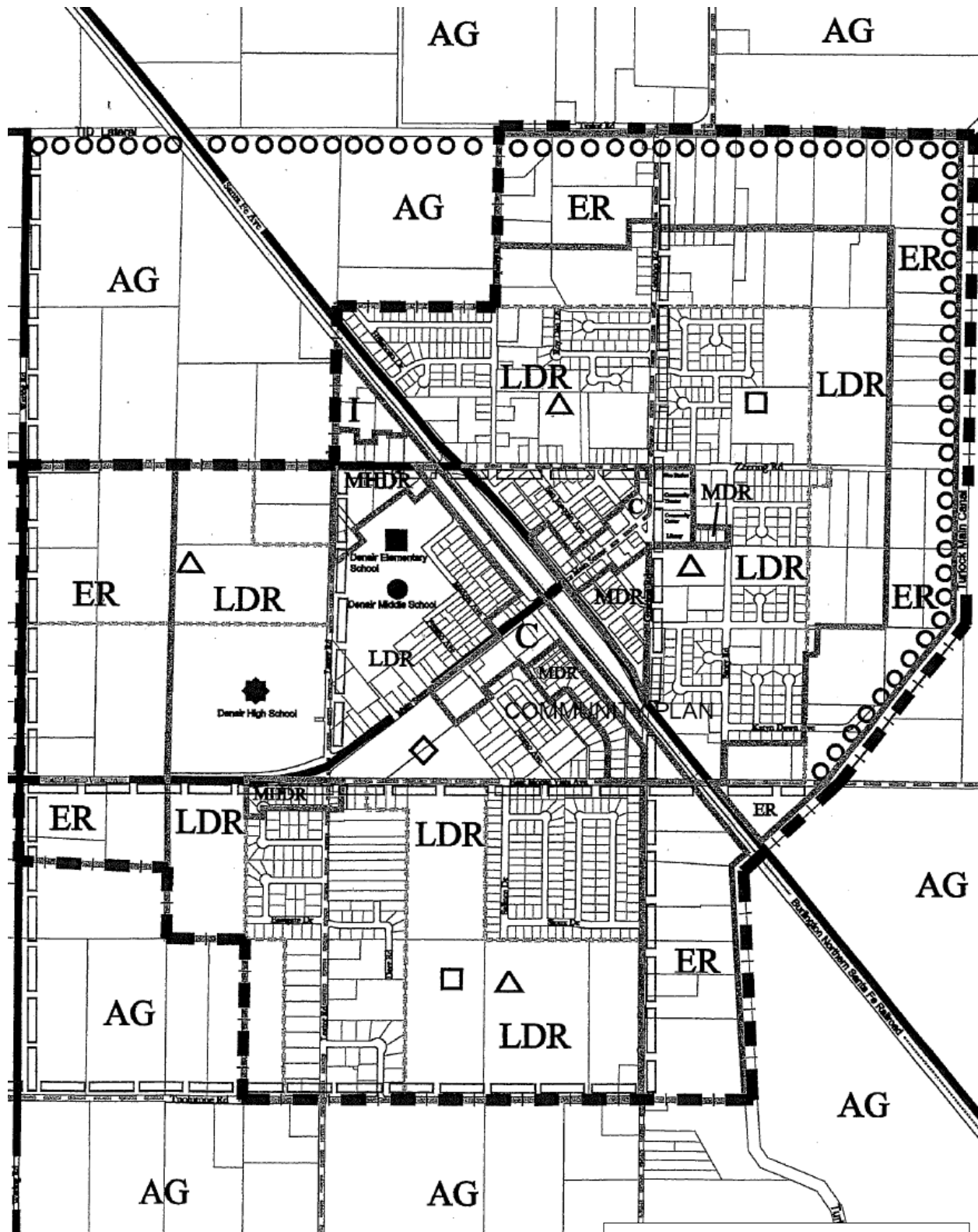


	District Boundary (674 +/- acres)
	District Sphere of Influence (1,056 +/- acres)

Source -- LAFCO files  
Date: April 2009



**MAP 2:  
DENAIR COMMUNITY PLAN**



**■ | ■** COMMUNITY PLAN BOUNDARY

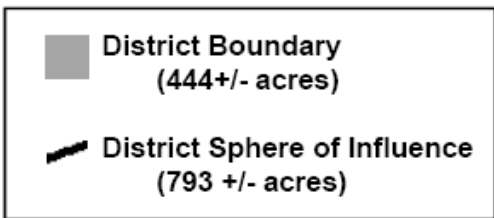
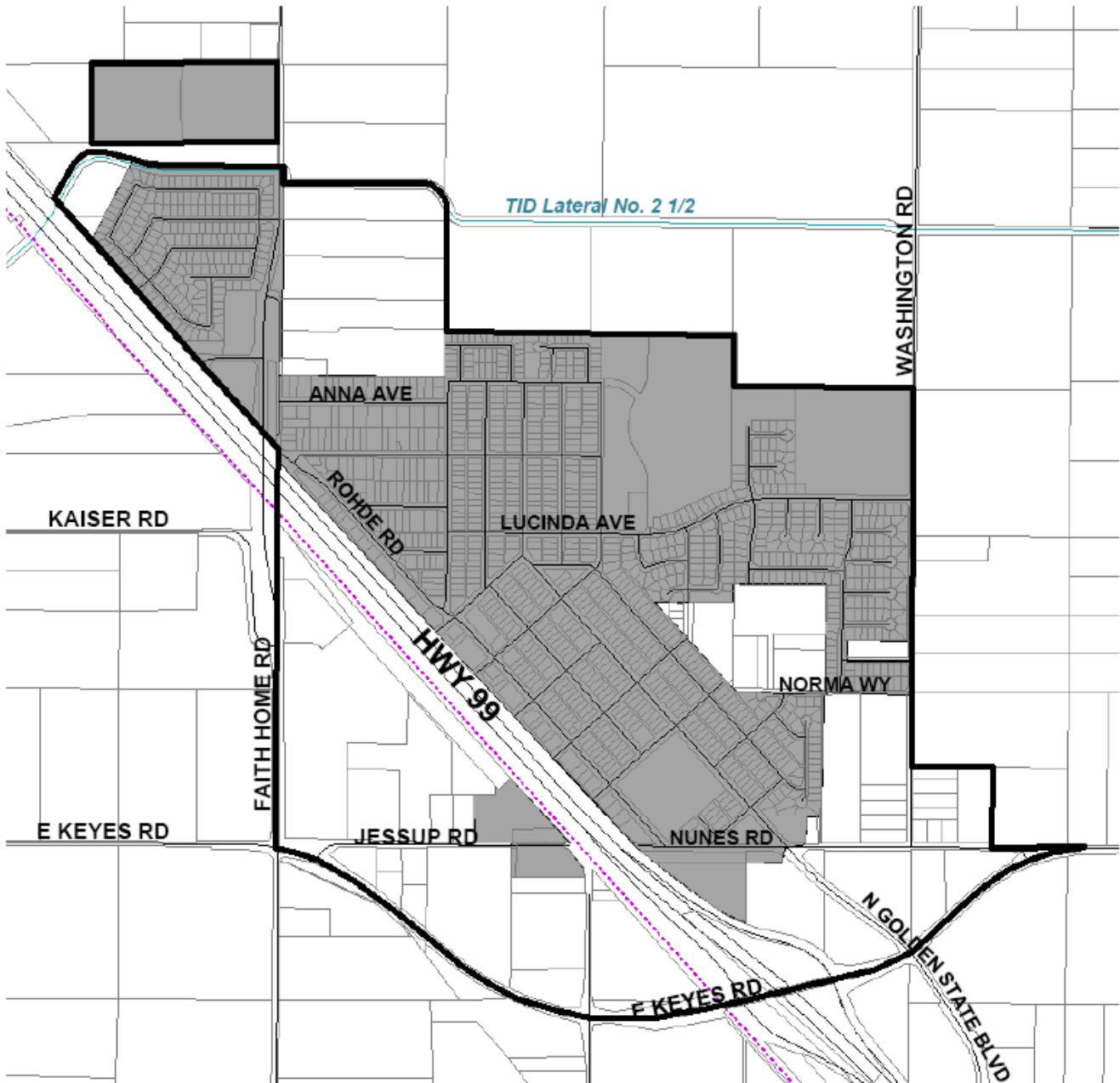
Source: Stanislaus County General Plan  
 For Illustrative Purposes Only. Check with  
 County Planning to Verify Designations

**APPENDIX “A-2”  
DISTRICT SUMMARY PROFILE**

District:	<b>KEYES COMMUNITY SERVICES DISTRICT</b>
Location:	In the unincorporated community of Keyes, northwest of the City of Turlock.
Service Area:	Approximately 444 acres
Population*:	4,232
Land Use:	Residential, commercial, and industrial
Date of Formation:	June 20, 1955
Enabling Act:	California Government Code, Section 61000, et. seq.
Governing Body:	5 member Board of Directors, elected by registered voters within District boundaries
Administration:	6 employees (5 full-time and 1 part-time)
District Services:	Water, sewer, and street lighting services
Total Revenues:	\$1,147,740 (Fiscal Year 2006-2007)
Revenue Sources:	Monthly service and connection fees; property taxes

*\*Source: 2000 Census*

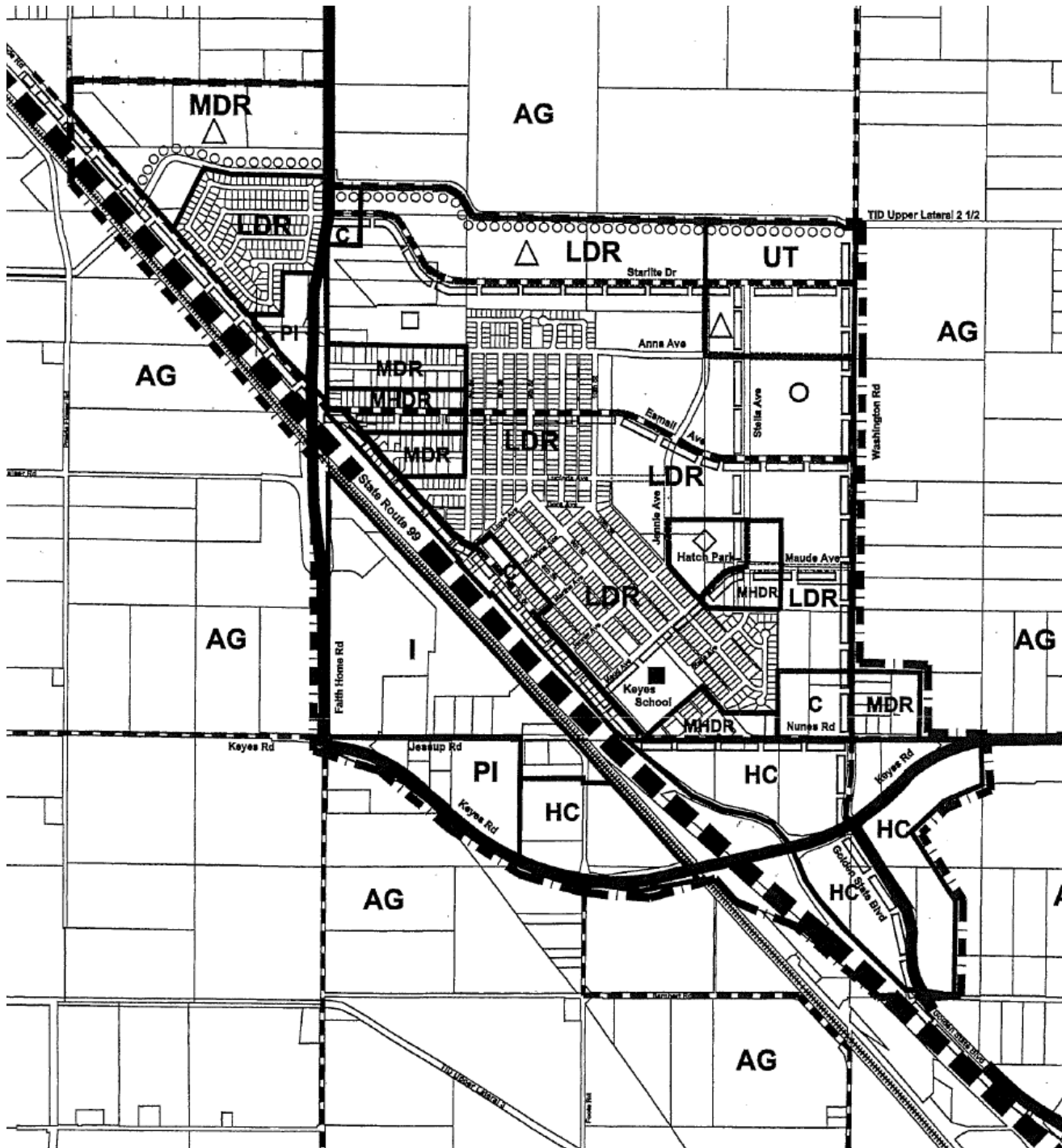
**MAP 3:  
KEYES COMMUNITY SERVICES DISTRICT  
BOUNDARIES AND SPHERE OF INFLUENCE**



Source -- LAFCO files  
Date: April 2009



# MAP 4: KEYES COMMUNITY PLAN



■ ■ ■ COMMUNITY PLAN BOUNDARY

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) and Sphere of Influence (SOI) Updates for the Denair and Keyes Community Services Districts

**Description:** The Stanislaus Local Agency Formation Commission has prepared a Municipal Service Review (MSR) and Sphere of Influence (SOI) Updates for the Denair and Keyes Community Services Districts. The Districts are legally authorized to provide water, sewer and/or street lighting services and as special districts they are 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 Districts and provides the information base for updating the District's Spheres of Influence. It is recommended that the SOI boundaries for both Districts reviewed 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 22, 2009  
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. The Stanislaus Local Agency Formation Commission will file this Notice of Exemption upon approval of the MSR and SOI Updates for the Districts.

**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 does not involve, authorize or permit the siting or construction of any facilities associated with either District. No change to the Spheres of Influence of either District is recommended.

Signature: *Sara Lytle-Pinhey*

Date: 6/12/09

Name & Title: Sara Lytle-Pinhey  
Assistant Executive Officer

## APPENDIX “C”

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### REFERENCES

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1. State of California Legislative Analyst’s Office Report – “Water Special Districts: A Look at Governance and Public Participation, March 2002”.
2. California Rural Water Association ([www.calruralwater.org](http://www.calruralwater.org)).
3. State Water Resources Control Board ([www.swrcb.ca.gov](http://www.swrcb.ca.gov)).
4. Association of California Water Agencies (ACWA) ([www.acwanet.com](http://www.acwanet.com)).
5. California Statewide Development Authority ([www.cacommunitues.com](http://www.cacommunitues.com)).
6. Turlock Groundwater Basin Association, “Groundwater Management Plan”, January 17, 2008.
7. California State Controllers Office, “Special Districts Annual Report, October 30, 2008”.
8. Previous MSR/SOI Update for the Denair and Keyes Community Services Districts, Adopted February 25, 2004.

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### INDIVIDUALS AND AGENCIES CONTACTED

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1. Gaylon Wade, District Manager, Denair Community Services District
2. Rosemary Winter, Office Manager, Keyes Community Services District
3. Lee Fremming, Fremming Parson & Pecchenino
4. Stanislaus County Department of Planning and Community Development

**EXHIBIT 2:**

**LAFCO RESOLUTION NO. 2009-10  
DENAIR COMMUNITY SERVICES DISTRICT**

**LAFCO RESOLUTION NO. 2009-11  
KEYES COMMUNITY SERVICES DISTRICT**

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**STANISLAUS COUNTY LOCAL AGENCY  
FORMATION COMMISSION**

**RESOLUTION**

**DATE:** July 22, 2009

**NO.** 2009-10

**SUBJECT:** MSR No. 09-01 and SOI Update No. 2009-01 – Making Written Determinations and Approving the Service Review and Sphere of Influence Update for the Denair Community Services District

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

Ayes: Commissioners:  
Noes: Commissioners:  
Absent: Commissioners:  
Ineligible: Commissioners:  
Disqualified: 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 Denair Community Services District, in accordance with the Cortese-Knox-Hertzberg Reorganization Act of 2000;

**WHEREAS**, at the time and in the form and manner provided by law, the Executive Officer has given notice of the July 22, 2009 public hearing by this Commission on this matter;

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

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

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

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

1. Growth and Population Projections for the Affected Area: The District serves the unincorporated community of Denair. The area is designated in the Stanislaus County General Plan and Denair Community Plan for residential, commercial, and industrial uses. The District currently serves over 1,300 customers with water and sewer service. Although the District has purchased the necessary sewer capacity from the City of Turlock to serve future development within its sphere of influence, due to limited infrastructure and resources, it is not expected that any significant population growth will occur within the

District boundaries at this time. The District may consider expanding its current infrastructure and facilities within the next 2-5 years should development consistent with the Denair Community Plan area be approved by the County.

2. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies: The present water and sewer demand within the District's current boundaries can be met with existing facilities and infrastructure. However, before additional areas can be served within the sphere of influence, significant sewer and water infrastructure facilities will be required.

The District is currently constructing a new above-ground steel water tank (Water Tank No. 1) and associate booster pumps to help minimize capacity constraints during peak flows, and to increase fire-flow requirements for the Denair Middle School and surrounding community. The new water tank will be adjacent to the existing trunk system which was designed and constructed in 2005 to provide the District with a capacity increase.

3. Financial Ability of Agencies to Provide Services: At present time, the District appears to have the necessary financial resources to fund existing levels of water and sewer services within the District's boundaries. There is no overlapping or duplication of services within these boundaries. The District, on an annual basis, reviews its rate and fee schedule and attempts to keep the rates and fees as minimal as possible.
4. Status of, and Opportunities for, Shared Facilities: The District shares facilities with other agencies as necessary and continually reviews new opportunities to continue these efforts. For example, the District owns, operates and maintains the following community facilities: Community Center, Gaslight Theater, Library Building, Senior Center, and Scout Hall.
5. 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 the necessary resources and staffing levels to operate in a cost-efficient and professional manner.
6. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy: In 2008, the District received approval to establish a corporation yard for the storage of materials required to maintain water and sewer mains, utility services and fire hydrants within the community of Denair. The additional space provided by the yard assists the District in providing efficient service to District facilities.

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

1. Present and Planned Land Uses: The District's Sphere of Influence (SOI) includes approximately 1,056 acres. Territory within the District boundaries consists of residential, commercial, and industrial land use areas. These uses are not expected to change. In addition, the District does not have the authority to make land use decisions within its boundaries. The responsibility for land use decisions within the District boundaries is retained by the County.

2. Present and Probable Need for Public Facilities and Services in the Area: The District is presently meeting the water and sewer needs of its customers within its existing service area boundary. However, additional infrastructure and resources would be necessary to accommodate future development within the District's Sphere of Influence (e.g. additional water wells and installation of transmission lines to connect to the Turlock wastewater disposal system).
3. Present Capacity of Public Facilities and Adequacy of Public Services Provided: The District currently has adequate capacity to provide the necessary water and sewer services to customers within its existing service area boundary.
4. Communities of Interest in the Area: The unincorporated community of Denair is a community of interest within the District boundaries.

**WHEREAS**, the Denair Community Services District was established to provide municipal water and sewer services within its boundaries;

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

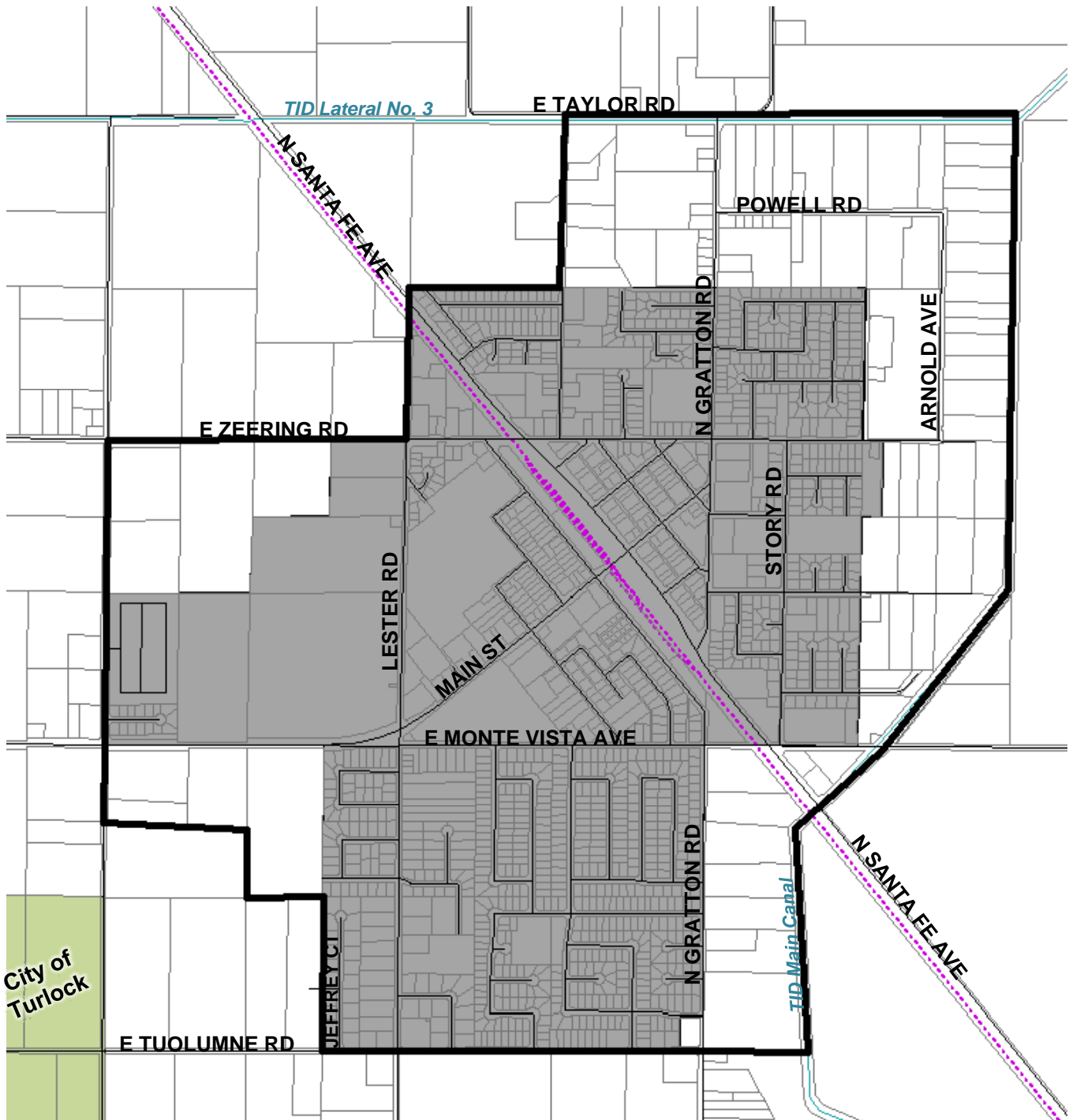
**WHEREAS**, no changes to the District's Sphere of Influence are proposed or contemplated through this review.



**NOW, THEREFORE, BE IT RESOLVED** by the Commission:

1. Certifies that the project is statutorily exempt under the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the State CEQA Guidelines.
2. Approves the Service Review prepared in compliance with State law for the review and update of the Denair Community Services District Sphere of Influence, and written determinations prepared by the Staff and contained herein.
3. Determines that except as otherwise stated, no new or different function or class of services shall be provided by the District, unless approved by the Commission.
4. Determines, based on presently existing evidence, facts, and circumstances filed and considered by the Commission, that the Sphere of Influence for the Denair Community Services District should be affirmed as it currently exists, as more specifically described on the map contained within the Service Review document.
5. Directs the Executive Officer to circulate this resolution depicting the adopted Sphere of Influence Update to all affected agencies, including the Denair Community Services District.

**ATTEST:** \_\_\_\_\_  
Marjorie Blom  
Executive Officer

# Denair Community Services District Boundary & Sphere of Influence



	District Boundary (674 +/- acres)
	District Sphere of Influence (1,056 +/- acres)

Source -- LAFCO files  
Date: April 2009



**DRAFT**

**STANISLAUS COUNTY LOCAL AGENCY  
FORMATION COMMISSION**

**RESOLUTION**

**DATE:** July 22, 2009

**NO.** 2009-11

**SUBJECT:** MSR No. 09-01 and SOI Update No. 2009-01 – Making Written Determinations and Approving the Service Review and Sphere of Influence Update for the Keyes Community Services District

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

Ayes: Commissioners:  
Noes: Commissioners:  
Absent: Commissioners:  
Ineligible: Commissioners:  
Disqualified: 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 Keyes Community Services District, in accordance with the Cortese-Knox-Hertzberg Reorganization Act of 2000;

**WHEREAS**, at the time and in the form and manner provided by law, the Executive Officer has given notice of the July 22, 2009 public hearing by this Commission on this matter;

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

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

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

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

- 1. Growth and Population Projections for the Affected Area: The District serves the unincorporated community of Keyes. The area is designated in the Stanislaus County General Plan and Keyes Community Plan for residential, commercial, and industrial uses. The District currently serves 1,274 customers with municipal water and 1,317 customers

with sewer service. In order to accommodate future projected growth, the District must negotiate with the City of Turlock for additional sewer capacity.

2. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies: At the present time, the District has the ability to serve the residents in its existing service area boundary and has no unmet infrastructure needs or deficiencies. Some minor growth can occur now, but before major growth can occur a new main sewage lift station will need to be constructed, the existing force main modified and additional water wells installed. Also, the groundwater has arsenic concentrations that slightly exceed the State maximum contaminate level (MCL). The District has recently received approval for a planning loan through the Drinking Water State Revolving Fund for test wells to locate suitable locations for new water wells that meet Title 22 drinking water quality requirements, including the arsenic limit.
3. Financial Ability of Agencies to Provide Services: The District appears to have the necessary financial resources to fund existing levels of water, sewer, and street lighting services within the District's boundaries. There is no overlapping or duplication of services within the area. The District, on an annual basis, reviews its rate and fee schedule and attempts to keep the rates and fees as minimal as possible.
4. Status of, and Opportunities for, Shared Facilities: The District does not share facilities with any other district or agency.
5. 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. It is reasonable to conclude the District can adequately serve the current areas under its jurisdiction. The District has a small, yet adequate staff to provide the necessary services to its customers.
6. Any other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy: None.

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

1. Present and Planned Land Uses: The District's Sphere of Influence (SOI) includes approximately 793 acres. Territory within the District boundaries consists of residential, commercial, and industrial 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. Present and Probable Need for Public Facilities and Services in the Area: The District is presently meeting the water, sewer, and street lighting needs of its customers within the existing service area boundaries. However, additional infrastructure and resources would be necessary to accommodate future development within the District's Sphere of Influence

(e.g. purchase of additional wastewater disposal capacity from the City of Turlock and/or possible alternative sources of domestic water to supplement groundwater wells).

3. Present Capacity of Public Facilities and Adequacy of Public Services Provided: The District currently has adequate capacity to provide the necessary water, sewer, and street lighting services to customers within its existing service area boundary.
4. Communities of Interest in the Area: The unincorporated community of Keyes is a community of interest within the District boundaries.

**WHEREAS**, the Keyes Community Services District was established to provide water, sewer and street lighting services within its boundaries;

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

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

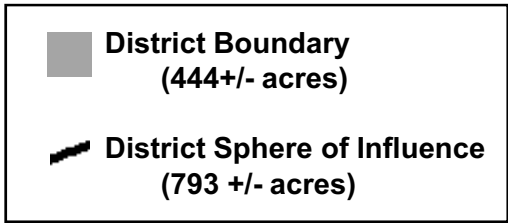
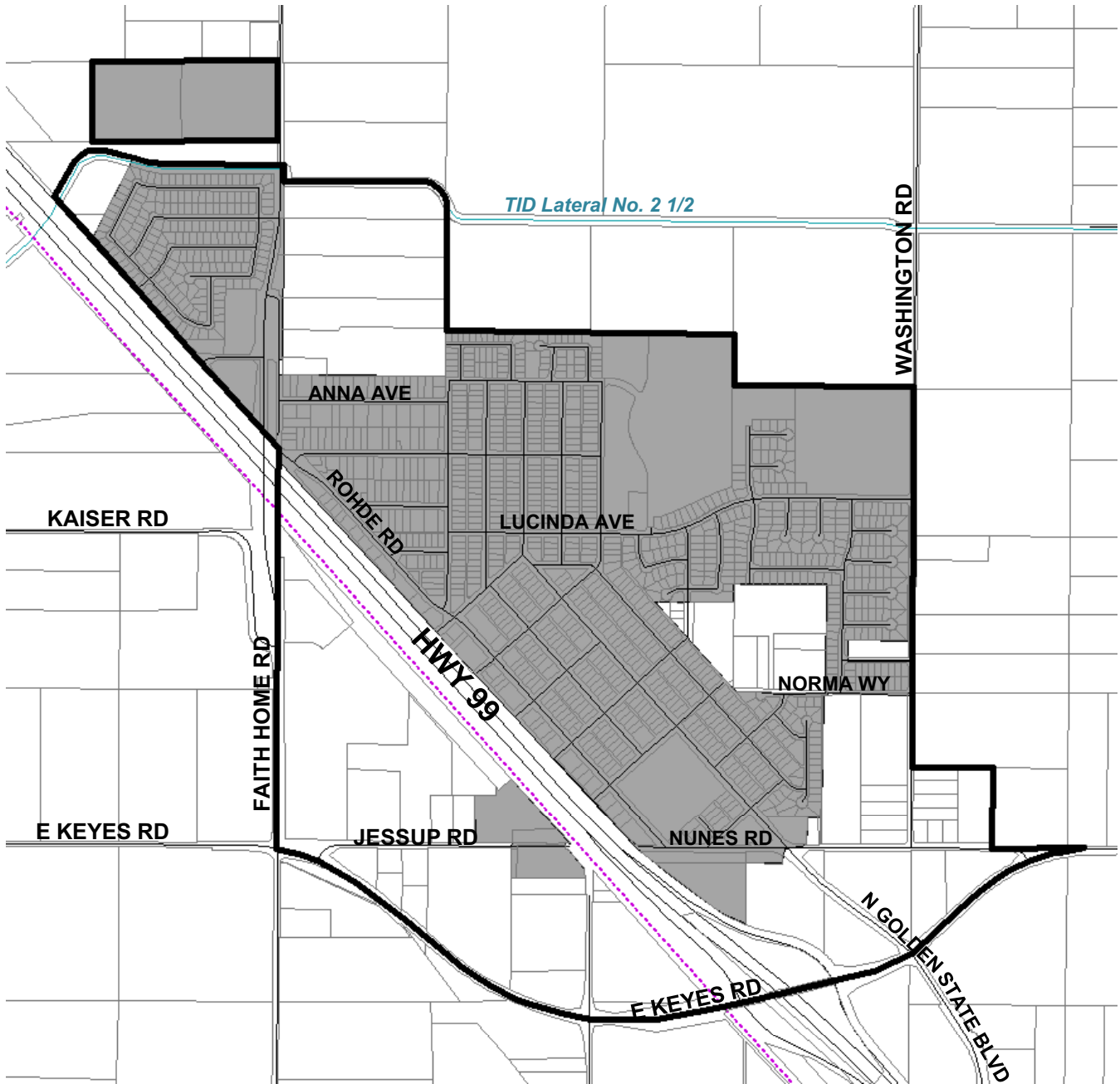
**NOW, THEREFORE, BE IT RESOLVED** by the Commission:

1. Certifies that the project is statutorily exempt under the California Environmental Quality Act (CEQA) pursuant to Section 15061(b)(3) of the State CEQA Guidelines.
2. Approves the Service Review prepared in compliance with State law for the review and update of the Keyes Community Services District Sphere of Influence, and written determinations prepared by the Staff and contained herein.
3. Determines that except as otherwise stated, no new or different function or class of services shall be provided by the District, unless approved by the Commission.
4. Determines, based on presently existing evidence, facts, and circumstances filed and considered by the Commission, that the Sphere of Influence for the Keyes Community Services District should be affirmed as it currently exists, as more specifically described on the map contained within the Service Review document.
5. Directs the Executive Officer to circulate this resolution depicting the adopted Sphere of Influence Update to all affected agencies, including the Keyes Community Services District.

**ATTEST:** \_\_\_\_\_

Marjorie Blom  
Executive Officer

# Keyes Community Services District Boundary & Sphere of Influence



Source -- LAFCO files  
Date: April 2009

