EXECUTIVE OFFICER'S AGENDA REPORT
MAY 25, 2011

TO: **LAFCO Commissioners**

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

SUBJECT: **MSR No. 11-01, SOI Update 2011-01: Municipal Service Review and Sphere of Influence Update for the Turlock Irrigation District**

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 every five years, as needed. This current review is a routine update to the previous document, adopted by the Commission in 2004 for the Turlock Irrigation District, which provides irrigation water, domestic water (through historical contract), and electrical power services. The District operates under Irrigation District Law, Division 11 of the Water Code, §20500 et. seq. The District's boundaries are located in Stanislaus County, in an area south of the Tuolumne River, east of the San Joaquin River, with a portion extending into Merced County (north of the Merced River). The District also has an electrical service area which extends beyond its boundary to the east and west (the boundary for the electrical service area is *not* regulated by LAFCO).

DISCUSSION

The Municipal Service Review and Sphere of Influence Update process provides an opportunity for districts to share accurate and current data, accomplishments and information regarding the services they provide. LAFCO staff met with a representative from TID to go over the updated document. Since the previous update in 2004, the Turlock Irrigation District has completed numerous projects, including construction of a natural gas-fired plant (Walnut Energy Center), the Westley Substation and Transmission Line, a fuel cell plant at the City of Turlock's Regional Water Quality Control Facility, and the Tuolumne Wind project (located in Washington). The District has also been working with the cities within its boundaries to explore the possibility of constructing a joint surface water supply plant.

The proposed Municipal Service Review and Sphere of Influence Update 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 the District. No changes are being proposed for the District's Sphere 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 Update qualifies 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 informational report, 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 Update for the Turlock Irrigation District.

Option 2: DENY the update.

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

RECOMMENDED ACTION

Approve Option 1. Based on the information presented, Staff recommends approval of Municipal Service Review and Sphere of Influence Update for the Turlock Irrigation District. Therefore, Staff recommends that the Commission adopt Resolution No. 2011-07 which:

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

2. Makes determinations related to the Municipal Service Review, as required by Government Code Section 56430; and,

3. Determines that the Sphere of Influence for the Turlock Irrigation District should be affirmed as it currently exists.

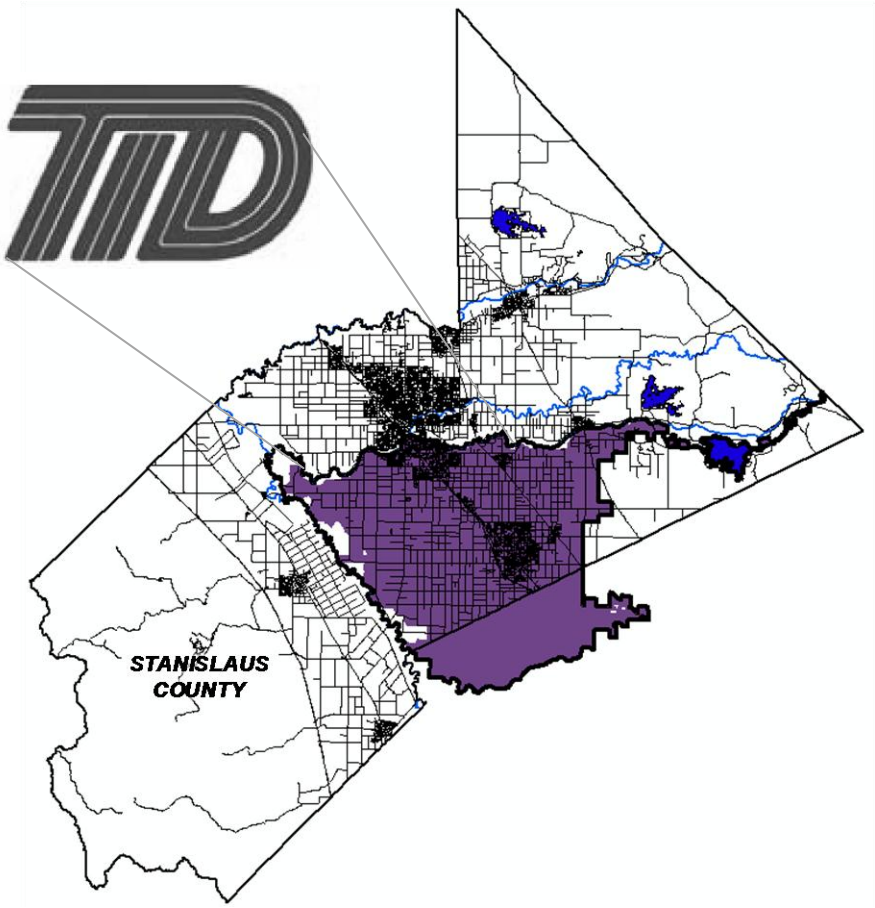
Attachments:

Exhibit 1 - Municipal Service Review and Sphere of Influence Update for the Turlock Irrigation District
Exhibit 2 - Resolution No. 2011-07

Stanislaus LAFCO
LOCAL AGENCY FORMATION COMMISSION

DRAFT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE:



TURLOCK IRRIGATION DISTRICT

Prepared By:

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

Adopted: _____

STANISLAUS
LOCAL AGENCY FORMATION COMMISSION

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Municipal Service Review and Sphere of Influence Update
For the Turlock Irrigation District

Introduction

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

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

Service Review Factors to be Addressed

1. Growth and Population Projections for the Affected Area

2. 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 Turlock Irrigation 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 (SOI). 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 Update concurrently to ensure efficient use of resources. For the Turlock Irrigation District, the Service Review and Sphere of Influence Update provide the basis for reaffirming the District's SOI.

Background

Throughout the years, water and California have been linked. No resource is more vital to California than water, from the agricultural areas, urban centers, and industrial plants, to open space and recreational areas, the distribution of water has been critical to all land uses.

In California, there are hundreds of special water districts with a great diversity of purposes, governance structures, and financing mechanisms. Some districts are responsible for one type of specific duty, while other districts provide multiple public services, as is the case for the Turlock Irrigation District.

Authority

The Turlock Irrigation District was organized under the Wright Act and operates under the provisions of the California Irrigation District Law (Division 11 of the Water Code, §20500 et. seq). In addition, the District is a "registered voter district", as registered voters elect the board of directors from five geographical divisions within the District's boundaries.

Purpose

The specific powers that an irrigation district may exercise include: supply water for beneficial purposes; provide for any and all drainage made necessary by the irrigation provided for by the district; purchase or lease electric power and provide for the acquisition, operation, and control of plants for the generation, transmission, and provision of electric power; provide, maintain and operate flood control works in districts having 200,000 acres or more; reclaim waste for beneficial use; sewage disposal if provided by majority at election; construct, maintain, and operate recreational facilities in connection with dams, reservoirs, or other work owned and constructed by the district.

Water Code §22120 allows a district to sell, dispose of, and distribute electric power for use outside its boundaries. Irrigation districts that offered electric services to retail customers as of January 1, 1999, may not construct, lease, acquire, install, or operate facilities for the distribution or transmission of electricity to retail customers located in the service territory of an electrical corporation providing electric distribution services, unless the district has first applied for and received approval of the Public Utilities Commission (Public Utilities Code Section 9607).

Classification of Services

As part of this service review, the District has provided a listing of the services provided within its boundaries. The District is authorized to provide the functions or classes of services (e.g. irrigation, domestic water, and electrical power) 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 (services) not currently provided.

Service Review – Turlock Irrigation District

Formation

The Turlock Irrigation District (TID) was formed on June 6, 1887, and was the first special district to be formed in the State of California.

Services

The District distributes water for irrigation purposes, delivers domestic water by historical agreement, and generates and distributes retail electrical power.

- Water Resources and Delivery

  Since 1900, the Turlock Irrigation District has been diverting water from the Tuolumne River for delivery through a system of gravity-fed canals and laterals. The majority of the District's water supply is derived from the spring snowmelt that flows into the Tuolumne River watershed and then impounded annually at the Don Pedro Reservoir.

  The District's major source for storing irrigation water is Don Pedro Reservoir, located in the Sierra Nevada foothills. The District also meets its growers' water needs by supplementing surface supplies with groundwater.

  Irrigation Water

  The District maintains approximately 250 miles of canals and laterals in its service area, which serves nearly 7,500 parcels with irrigation water, and covering nearly 150,000 acres of farmland in Stanislaus and Merced counties.

  Each year, the district sets a water allotment for growers, based on anticipated runoff in the Tuolumne River watershed. The irrigation water season is for the duration of the "growing season" that traditionally runs from mid-March through mid-October, though weather conditions often change the start and finish dates. Although most of the land within TID is flood irrigated, the District also serves the needs of growers with drip and micro irrigation systems.

  Domestic Water

  The District, under an agreement dating back to 1921, provides water for domestic use in the unincorporated community of La Grange, which is located outside its irrigation service area boundary. The La Grange domestic water system is co-owned by TID and the Modesto Irrigation District, and serves approximately 68 connections. TID operates and maintains the water system.

- Electric Generation, Transmission, and Distribution

  TID owns and operates an electric system, which includes generation, transmission, and distribution facilities. Its generating facilities include hydroelectric, wind, gas-fired, and other facilities. The District currently has over 2,193 miles of distribution lines, which stretch from the Sierra Nevada foothills to the Santa Clara County line between the Tuolumne and

Merced rivers. TID also purchases power and transmission service from other sources and participates in other utility arrangements.

In December 2003, upon approval by the California Public Utilities Commission, the District began to provide electrical power to an approximate 237 square-mile service area in western Stanislaus County. The new service area includes the City of Patterson and the unincorporated communities of Crows Landing and Diablo Grande. This area was previously served by Pacific Gas & Electric (PG&E).

The District currently supplies electricity to approximately 99,453 homes, farms, businesses, industries and municipal accounts, within a 662 square-mile electric service area. The District also sells surplus energy on the open energy market.

Don Pedro Dam

In 1923, the District, in partnership with the Modesto Irrigation District (MID), constructed the original Don Pedro Dam and powerhouse. The ownership of the project was based upon the geographic size of the two districts. TID is the operating partner and owns 68.46% of the project.

In 1971, a new larger Don Pedro Dam was completed, which inundated the original dam and enlarged the reservoir's capacity seven times. The new powerhouse increased hydroelectric generation by nearly the same amount. Lake Don Pedro and Turlock Lake, which are a part of the District's irrigation system, also serve as popular recreation areas for boaters, campers, anglers and water skiers.

The current Federal Energy Regulatory Commission (FERC) license for the Don Pedro Project expires in 2016. TID and MID are actively pursuing the multi-year relicensing process for continued use of the Don Pedro powerhouse after 2016.

Projects

Since the previous MSR-SOI Update, the District has completed numerous projects to enhance and diversify its power supply, including completion of a fuel cell plant, the Walnut Energy Center, Westley Substation and Transmission Line, and the Tuolumne Wind Project. The District is beginning construction on the Almond 2 Power Plant, a natural-gas fired, peaking power generation facility located next to the existing Almond Power Plant in Ceres, and also recently approved the Hughson-Grayson 115kV Transmission Line and Substation Project.

- Other TID Services/Programs

In accordance with state law, the District devotes a percentage of their electric revenue on public benefit programs, such as energy efficiency and conservation, low-income assistance, and public education and outreach.

Assistance Programs: TID offers multiple assistance programs for low income and other qualifying customers. These programs include TID Cares, which offers reduced rates of up to a 15% for residential customers on fixed or low incomes, Medical Rate Assistance, Budget Billing, and a Weatherization Program.

Energy Efficiency Program: The District offers cash rebates to residents and businesses that install energy efficient equipment within the District's electrical service area. Qualifying equipment must be "energy-efficient rated" such as: clothes washers, refrigerators, air conditioners (room and central), whole house fans, window sunscreens and/or awnings.

Public Education Programs: The District sponsors education programs relating to water safety (using a mascot named "Dexter Duck"), electrical safety, and energy efficiency. This includes presentations at local schools, community events, and a variety of publications.

Location and Size

The District's boundaries are comprised of approximately 196,499 acres the majority of which is located in southern Stanislaus County. A portion of the District is also located in northern Merced County, just north of the Merced River. The District maintains over 250 miles of canals, which are operated on a gravity flow system.

Sphere of Influence

The District's adopted Sphere of Influence (SOI) is somewhat larger than its boundaries, and reflects expansion areas for irrigation service (see Map 1, attached). The cities of Ceres, Hughson, Turlock, and a portion of the city of Modesto, as well as the unincorporated communities of Denair, Hickman, and Keyes are located within the District's Sphere of Influence boundary. The District's Sphere of Influence also reaches into several unincorporated communities in Merced County (e.g., Ballico, Delhi, and Hilmar).

When the 1984 Sphere of Influence was adopted for the Turlock Irrigation District, two separate spheres were considered, one for irrigation and one for electricity. However, since the District did not need LAFCO approval for changes in its electrical service area, only a sphere of influence for irrigation services was adopted. The laws governing an irrigation district allow a district to provide electric power outside its boundaries. A map of the District's electrical service area is attached for illustrative purposes. (See Map 2.)

Governance

A five member Board of Directors governs the District. Registered voters within a geographical area or "Division" of the District's boundaries, elect the board members. Meetings are held every Tuesday at 9 a.m. in the District's administrative office located at 333 E. Canal, Turlock, CA 95380.

Personnel

The District currently has 460 employees.

Mission Statement

The District's mission is: "provide dependable, competitively priced water and electricity in an environmentally responsible manner that is consistent with the interest of our customers".

Partnership Agencies

The District maintains positive and collaborative relationships with other agencies, such as: the cities of Ceres, Hughson, Modesto, Patterson, and Turlock; Stanislaus and Merced Counties;

the Merced, Modesto, Patterson, and South San Joaquin Irrigation Districts; Friends of the Tuolumne, San Joaquin Valley Air Pollution Control Board, San Joaquin River Group, Department of Water Resources, State Water Resources Control Board, Association of California Water Agencies (ACWA), California Energy Commission, California Public Utilities Commission, California Municipal Utilities Association, Transmission Agency of Northern California, Northern California Power Agency, and the Federal Energy Regulatory Commission.

Funding Sources

The District's source of revenue is derived from the following sources: retail and wholesale power sales (residential, commercial, and industrial), irrigation water, domestic water, interest earnings, other income including improvement district fees and customer fees. The District receives a very small share of the County property tax revenues.

Service Review Determinations:

The following provides an analysis of the six categories or components required by §56430 for a Service Review for the Turlock Irrigation District:

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

   The District currently serves approximately 5,800 customers with irrigation water for agricultural purposes (covering 150,000 acres of farmland) and 68 retail customers in La Grange with domestic water for residential purposes. The District also provides full electric service to approximately 99,453 retail customers. TID forecasts electricity demand for both number of customers and energy use. A number of customer conservation programs are utilized in order to promote efficient energy use.

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

   The District manages and operates 250 miles of canals and laterals channeling irrigation water to more than 1,660 miles of community and privately owned ditches and pipelines serving 150,000 acres. Nearly 90 percent of the District's canals and laterals are concrete lined. The District continues to budget for various water operations improvement projects, including rehabilitation of the existing canal system (gunite resurfacing) over the next several years.

   With regards to electrical service, the District has prepared Electric Capital Plans, which were created to identify required capital projects, including available resources over a multi-year time period (5 to 10 years). The District also prepares electric resource plans to determine the most efficient and cost effective strategy to meet increasing electric demand. These plans are intended to assist TID in meeting its goal "to create maximum value for those we serve" by helping to keep the planned projects aligned to TID's long-term vision and strategies.

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

   The District's overall annual budget process is designed to screen out unnecessary costs and is submitted to the Board of Directors for review and approval. Rates and charges for services are adjusted periodically based on a cost of service methodology.

The District also participates in a variety of joint agency practices, which maximize cost avoidance opportunities (e.g., San Joaquin River Group, Don Pedro Recreation Agency, Walnut Energy Center Authority, Westside Power Authority, Northwest Public Power Agency, Transmission Agency of Northern California, Northern California Power Agency, and American Public Power Association).

Overall, at the present time, the District appears to be in good financial shape and has the necessary resources to fund sufficient levels of service to its customers.

4. Status of, and Opportunities for, Shared Facilities

The District has many jointly owned facilities with other public agencies and also participates in many joint powers agencies (JPAs) including:

- Don Pedro Dam and Reservoir (68.46% TID, 31.54% MID).
- Don Pedro Power Plant (68.46% TID, 31.54% MID).
- La Grange Reservoir (50% TID, 50% MID).
- Walnut Energy Center Authority (JPA with Merced County).
- Westley-Parker-Walnut 230kV transmission line (50% TID, 50% MID).
- Westley-Tracy 230kV substation original facilities (50% TID, 50% MID).

The District is also currently investigating the possibility of providing wholesale water to a proposed Regional Surface Water Supply Plant for domestic use by the cities of Turlock, Hughson, Ceres, and Modesto.

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

A five member Board of Directors governs the District. Registered voters within a geographical area or "Division" of the District's boundaries, elect the board members. The Board conforms to the provisions of the Brown Act requiring open meetings. The District maintains a website (www.tid.org) which provides information such as the history of the District, news, rates and consumer information.

The District has the necessary resources and staffing levels to operate in a cost-efficient and professional manner. It is reasonable to conclude that the District has the organizational capability to 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 for the Turlock Irrigation 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:

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 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 as Appendix "A".

The following determinations for the Turlock Irrigation District Sphere of Influence update and are made in conformance with Government Code §56425 and Commission policy.

Determinations:

1. Present and Planned Land Uses in the Area

The land uses within the District boundaries (including its SOI) consist of agricultural, rural residential, suburban and urban land use areas. 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 are retained by the cities of Ceres, Hughson, Modesto, and Turlock, and by Stanislaus and Merced Counties. Planned uses for the area are described in the general plans of the respective jurisdictions.

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

The District currently delivers irrigation water to approximately 7,500 parcels covering nearly 150,000 acres. The present and future public service needs within the District's irrigation water boundaries are characteristic of agricultural areas. The types of public services needed in these areas are those which enhance the use of the land for agricultural purposes.

Since 1923, the District has provided retail electric service and transmission services to the area. As a result of de-regulation, population growth, and energy demands, the present and probable need for these services are not expected to diminish.

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

Presently, the District has adequate capacity and/or plans to provide the necessary public facilities and services within its existing sphere of influence. For example, the District is

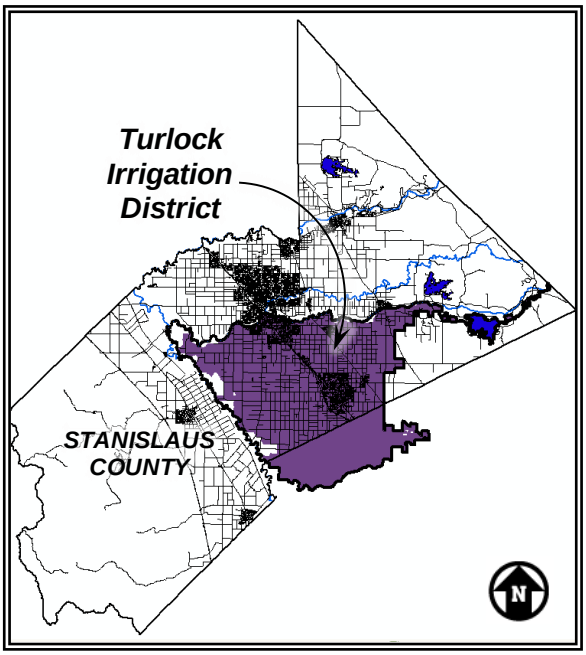
budgeting funds to rehabilitate its canal system over the next several years. The District has also prepared Electric Capital Plans, which were created to identify required capital projects, including available resources over a multi-year time period (5 to 10 years).

4. Communities of Interest in the Area

The following jurisdictions can be categorized as Communities of Interest in the area: the cities of Ceres, Hughson, Modesto (south of the Tuolumne River), and Turlock, and the unincorporated communities of Denair, Hickman, Keyes, and La Grange (in Stanislaus County), as well as, Hilmar, Delhi, and Ballico (in Merced County).

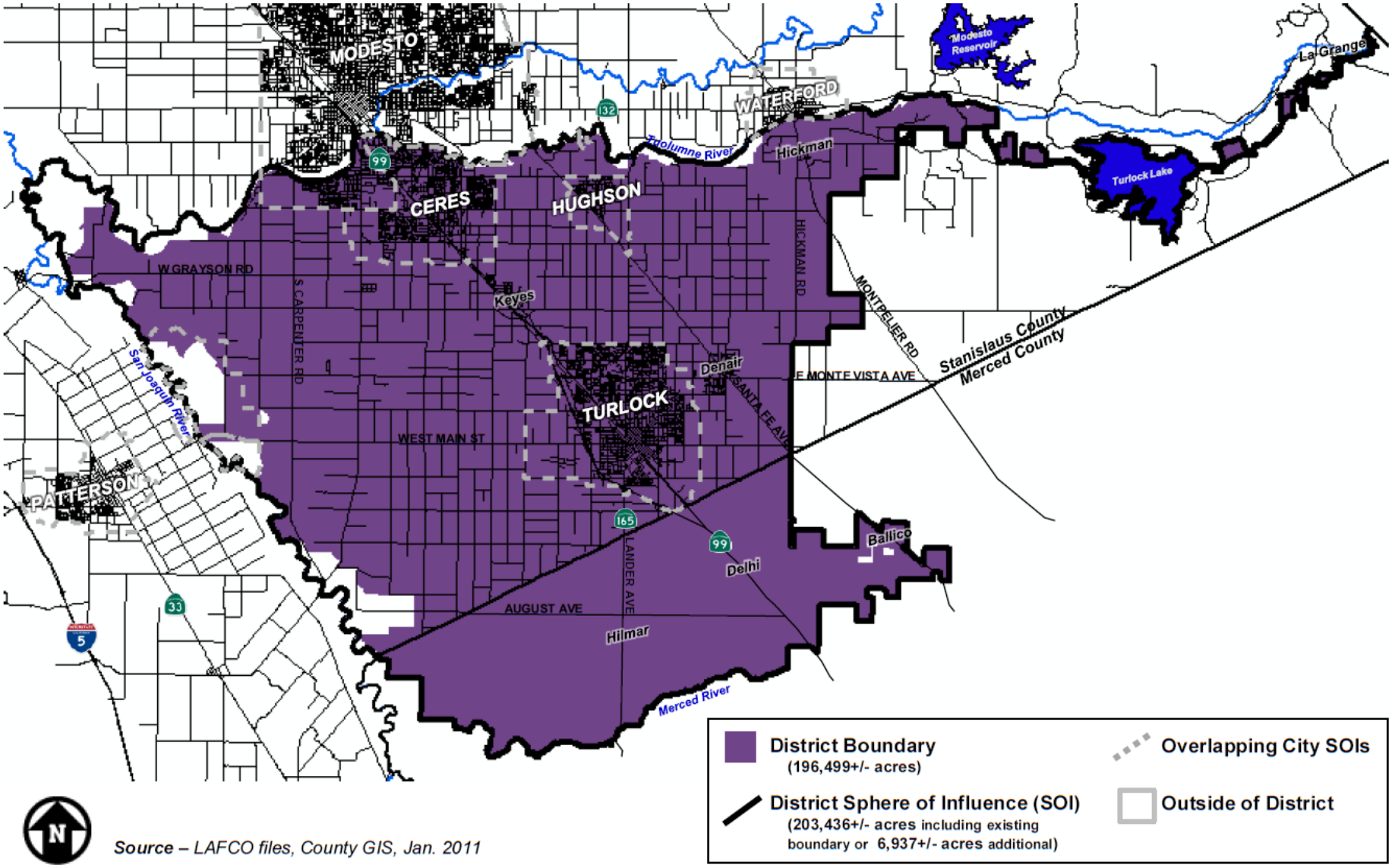
APPENDIX "A"
DISTRICT SUMMARY PROFILE

District:	**TURLOCK IRRIGATION DISTRICT (TID)**
Formation:	June 6, 1887
Location:	The District's boundary includes certain acreage between the San Joaquin and Tuolumne Rivers in Stanislaus County, and acreage north of the Merced River in Merced County. TID also has an electrical service area that extends beyond this boundary to the east and west, including approximately 662 square miles.
Service Area:	Irrigation: 196,499+/- acres (307 sq. miles) Electrical: 423,500+/- acres (662 sq. miles)
Customers:	5,800 irrigation accounts 99,453 electrical accounts
Land Use:	Agricultural, rural residential, suburban and urban
District Services:	Distribution of water for irrigation and domestic purposes, and provision of electricity
Enabling Act:	California Water Code, Division 11: Irrigation Districts, §20500-29978



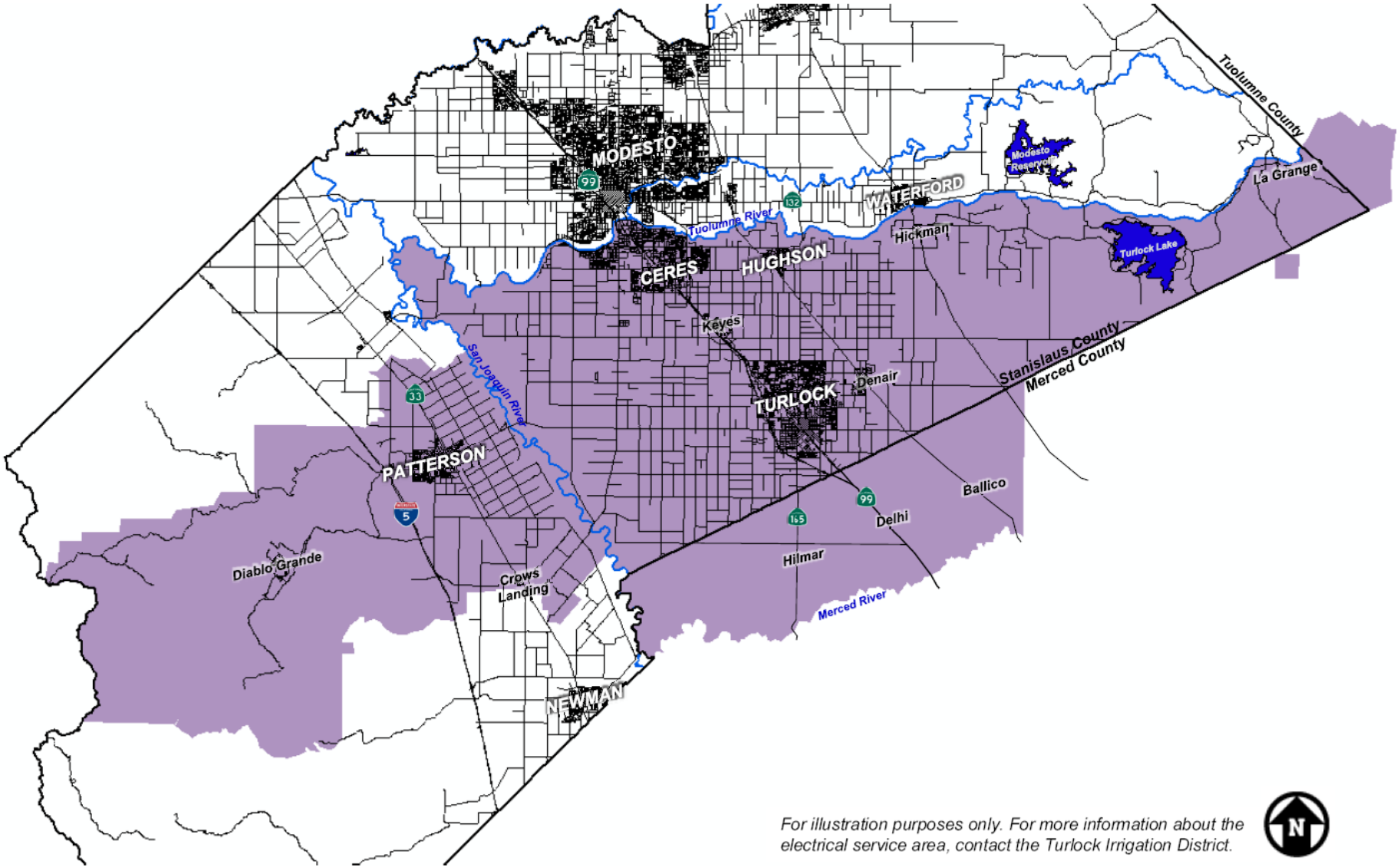
Governing Body:	Five Board of Directors, elected by the registered voters within five geographic divisions of the District's boundaries
Administration:	460 employees
Budget:	$516.2 Million (2011 Calendar Year)
Revenue Sources:	Retail and wholesale power sales, water sales, and County property tax appropriations

MAP 1:
TURLOCK IRRIGATION DISTRICT
BOUNDARY AND SPHERE OF INFLUENCE



Source – LAFCO files, County GIS, Jan. 2011

MAP 2:
TURLOCK IRRIGATION DISTRICT
ELECTRICAL SERVICE AREA



For illustration purposes only. For more information about the electrical service area, contact the Turlock Irrigation District.

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 Turlock Irrigation District

Description: The Stanislaus Local Agency Formation Commission has prepared a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Turlock Irrigation District. The District is legally authorized to provide irrigation, domestic water, and electricity/power services 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 May 25, 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 §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 Update 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 §15061(b)(3) of the State Guidelines. The proposed Municipal Service Review and Sphere of Influence Update 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: Sara Lytle-Pinhey Date: 03/10/2011

Name & Title: Sara Lytle-Pinhey
Assistant Executive Officer

APPENDIX "C"

REFERENCES

1. Association of California Water Agencies (ACWA) (www.acwanet.com).
2. California Department of Water Resources (www.dwr.water.ca.gov).
3. California State Water Resources Control Board (www.swrcb.ca.gov).
4. Don Pedro Project Relicensing website (www.donpedro-relicensing.com)
5. Previous MSR/SOI Update for the Turlock Irrigation District, Adopted by Stanislaus LAFCO on October 27, 2004.
6. PricewaterhouseCoopers LLP, "Report of Independent Auditors", April 16, 2010.
7. Stanislaus County Draft 2007-2014 Housing Element Update, March 2010.
8. State of California Legislative Analyst's Office Report – "Water Special Districts: A Look at Governance and Public Participation, March 2002".
9. State of California State Controllers Office, "Special Districts Annual Report, Fiscal Year 2007-08", February 12, 2010.
10. Timothy J. Durbin, Inc., "Assessment of Future Groundwater Impacts Due to Assumed Water-Use Changes – Turlock Groundwater Basin, California", September 11, 2008.
11. Turlock Groundwater Basin Association, "Groundwater Management Plan", March 18, 2008.
12. Turlock Irrigation District website (www.tid.org).
13. Turlock Irrigation District, "2007 Annual Report".
14. Turlock Irrigation District, "2008 Annual Report".
15. Turlock Irrigation District, "2009 Annual Report".
16. U.S. Bureau of Reclamation (www.usbr.gov).

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STANISLAUS COUNTY LOCAL AGENCY FORMATION COMMISSION

RESOLUTION

DATE: May 25, 2011 **NO.** 2011-07

SUBJECT: MSR No. 11-01 and SOI Update No. 2011-01 – Making Written Determinations and Approving the Municipal Service Review and Sphere of Influence Update for the Turlock Irrigation District

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, a Municipal 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 Turlock Irrigation 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 May 25, 2011 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 currently serves approximately 5,800 customers with irrigation water for agricultural purposes (covering 150,000 acres of farmland) and 68 retail customers in La Grange with domestic water for residential purposes. The District also provides full electric service to approximately 99,453 retail customers. TID forecasts electricity demand for both number of customers and

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energy use. A number of customer conservation programs are utilized in order to promote efficient energy use.

2. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies: The District manages and operates 250 miles of canals and laterals channeling irrigation water to more than 1,660 miles of community and privately owned ditches and pipelines serving 150,000 acres. Nearly 90 percent of the District's canals and laterals are concrete lined. The District continues to budget for various water operations improvement projects, including rehabilitation of the existing canal system (gunite resurfacing) over the next several years.

   With regards to electrical service, the District has prepared Electric Capital Plans, which were created to identify required capital projects, including available resources over a multi-year time period (5 to 10 years). The District also prepares electric resource plans to determine the most efficient and cost effective strategy to meet increasing electric demand. These plans are intended to assist TID in meeting its goal "to create maximum value for those we serve" by helping to keep the planned projects aligned to TID's long-term vision and strategies.

3. Financial Ability of Agencies to Provide Services: The District's overall annual budget process is designed to screen out unnecessary costs and is submitted to the Board of Directors for review and approval. Rates and charges for services are adjusted periodically based on a cost of service methodology.

   The District also participates in a variety of joint agency practices, which maximize cost avoidance opportunities (e.g., San Joaquin River Group, Don Pedro Recreation Agency, Walnut Energy Center Authority, Westside Power Authority, Northwest Public Power Agency, Transmission Agency of Northern California, Northern California Power Agency, and American Public Power Association).

   Overall, at the present time, the District appears to be in good financial shape and has the necessary resources to fund sufficient levels of service to its customers.

4. Status of, and Opportunities for, Shared Facilities: The District has many jointly owned facilities with other public agencies and also participates in many joint powers agencies (JPAs) including:

   - Don Pedro Dam and Reservoir (68.46% TID, 31.54% MID).
   - Don Pedro Power Plant (68.46% TID, 31.54% MID).
   - La Grange Reservoir (50% TID, 50% MID).
   - Walnut Energy Center Authority (JPA with Merced County).
   - Westley-Parker-Walnut 230kV transmission line (50% TID, 50% MID).
   - Westley-Tracy 230kV substation original facilities (50% TID, 50% MID).

   The District is also currently investigating the possibility of providing wholesale water to a proposed Regional Surface Water Supply Plant for domestic use by the cities of Turlock, Hughson, Ceres, and Modesto.

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5. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies: A five member Board of Directors governs the District. Registered voters within a geographical area or "Division" of the District's boundaries, elect the board members. The Board conforms to the provisions of the Brown Act requiring open meetings. The District maintains a website (www.tid.org) which provides information such as the history of the District, news, rates and consumer information.

   The District has the necessary resources and staffing levels to operate in a cost-efficient and professional manner. It is reasonable to conclude that the District has the organizational capability to adequately serve the areas under its jurisdiction.

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 Turlock Irrigation District:

1. Present and Planned Land Uses: The land uses within the District boundaries (including its SOI) consist of agricultural, rural residential, suburban and urban land use areas. 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 are retained by the cities of Ceres, Hughson, Modesto, and Turlock, and by Stanislaus and Merced Counties. Planned uses for the area are described in the general plans of the respective jurisdictions.

2. Present and Probable Need for Public Facilities and Services in the Area: The District currently delivers irrigation water to approximately 7,500 parcels covering nearly 150,000 acres. The present and future public service needs within the District's irrigation water boundaries are characteristic of agricultural areas. The types of public services needed in these areas are those which enhance the use of the land for agricultural purposes.

   Since 1923, the District has provided retail electric service and transmission services to the area. As a result of de-regulation, population growth, and energy demands, the present and probable need for these services are not expected to diminish.

3. Present Capacity of Public Facilities and Adequacy of Public Services Provided: Presently, the District has adequate capacity and/or plans to provide the necessary public facilities and services within its existing sphere of influence. For example, the District is budgeting funds to rehabilitate its canal system over the next several years. The District has also prepared Electric Capital Plans, which were created to identify required capital projects, including available resources over a multi-year time period (5 to 10 years).

4. Communities of Interest in the Area: The following jurisdictions can be categorized as Communities of Interest in the area: the cities of Ceres, Hughson, Modesto (south of the Tuolumne River), and Turlock, and the unincorporated communities of Denair, Hickman, Keyes, and La Grange (in Stanislaus County), as well as, Hilmar, Delhi, and Ballico (in Merced County).

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WHEREAS, the Turlock Irrigation District provides irrigation and domestic water, and electrical power services;

WHEREAS, pursuant to Government Code Section 56425(h), the range of services provided by the Turlock Irrigation 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 Municipal Service Review prepared in compliance with State law for the review and update of the Turlock Irrigation 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.

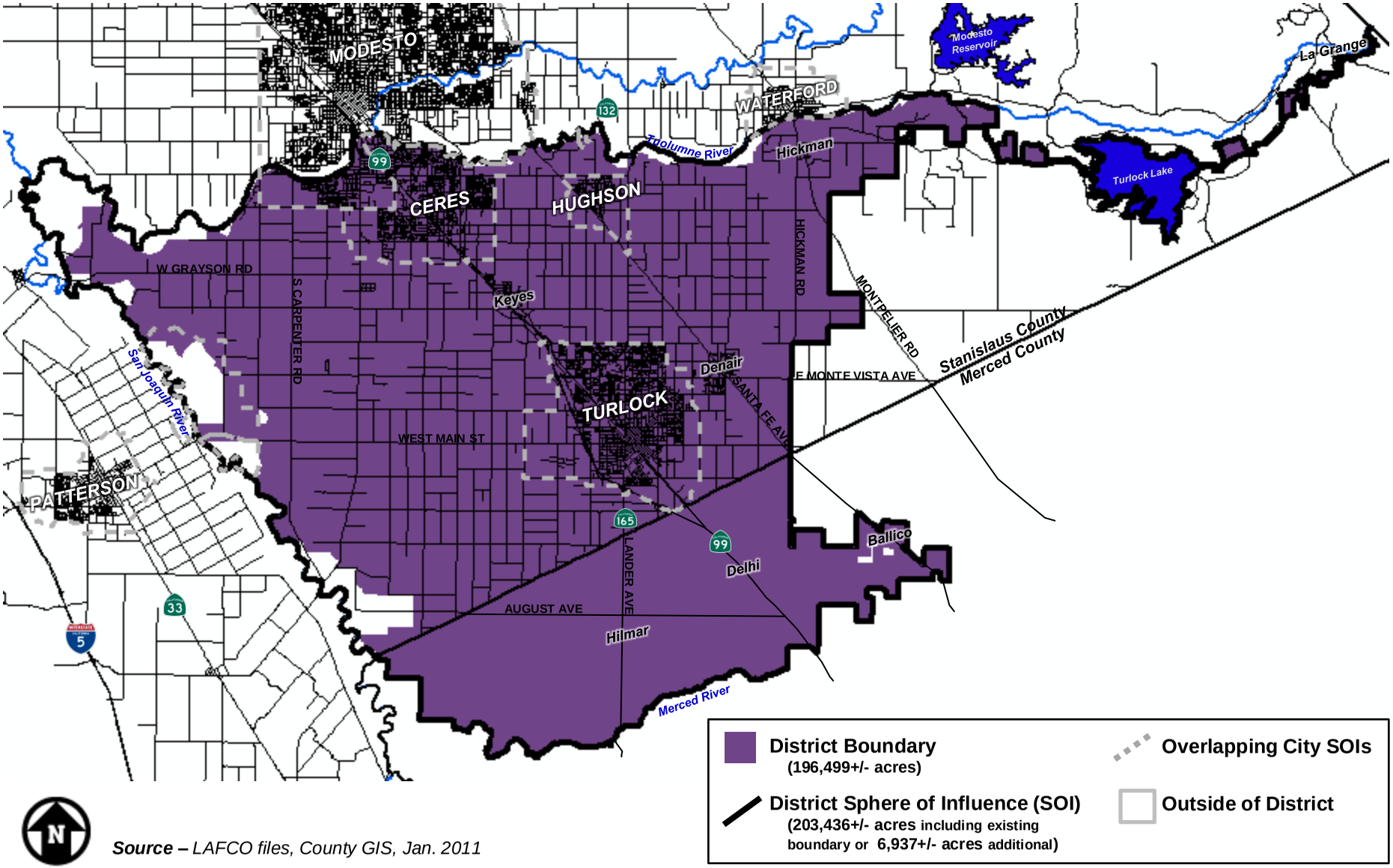
4. Determines, based on presently existing evidence, facts, and circumstances filed and considered by the Commission, that the Sphere of Influence for the Turlock Irrigation District should be affirmed as it currently exists, as more specifically described on the map contained within the Municipal Service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

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

ATTEST: _____
Marjorie Blom,
Executive Officer

TURLOCK IRRIGATION DISTRICT

BOUNDARY AND SPHERE OF INFLUENCE



Source – *LAFCO files, County GIS, Jan. 2011*