

**EXECUTIVE OFFICER'S AGENDA REPORT
JUNE 23, 2010**

TO: LAFCO Commissioners

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

SUBJECT: MSR No. 10-03, SOI Update 2010-04: Municipal Service Review and Sphere of Influence Update for the Western Hills Water 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. The current review covers the Western Hills Water District, which provides water, sewer, and storm drainage services to the Diablo Grande Specific Plan area, located in the western foothills of Stanislaus County.

The District was organized under California Water Code Division 13, §34000 - §38501, which allows for water districts to be formed for purposes such as to: produce, store and distribute water for irrigation, domestic, industrial and municipal uses; drain and reclaim lands; collect, treat and dispose of sewage, waste and storm water; generate hydroelectric power; allocate water to crops and acreage; and protect groundwater from contamination.

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 sent the previously approved Municipal Service Review and Sphere of Influence document to the district 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 the District's current boundary and Sphere of Influence on the County's Geographical Information Systems (GIS).

The previous Service Review and Sphere of Influence update for the Western Hills Water District was approved by the Commission on January 24, 2004. Since this time, the District has struggled with water quality issues, which have recently been addressed with the installation of a chloramination treatment system.

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 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 Western Hills Water 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 Western Hills Water District. Therefore, Staff recommends that the Commission adopt Resolution No. 2010-10 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 Western Hills Water District should be affirmed as it currently exists.

Attachments:

- Exhibit 1* - Municipal Service Review and Sphere of Influence Update for the Western Hills Water District
Exhibit 2 - Resolution No. 2010-10

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



WESTERN HILLS WATER 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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Sara Lytle-Pinhey, Assistant Executive Officer
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Municipal Service Review and Sphere of Influence Update For the Western Hills Water District

Introduction

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

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

Service Review Factors to be Addressed

1. Growth and Population Projections for the Affected Area
2. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies
3. Financial Ability of Agencies to Provide Services
4. Status of, and Opportunities for, Shared Facilities
5. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies
6. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy

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

Sphere of Influence Update Process

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

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

Background

Special districts are local governments that are separate from cities and counties, yet provide public services such as fire protection, sewer, water, and street lighting. In California, there are over 3,400 special 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 of the Western Hills Water District.

Authority

The Western Hills Water District was organized under the California Water Code, Division 13, §34000-38501. The District is considered to be a landowner-voter district”, as the board members are elected by landowners within the District’s boundaries.

Purpose

Water districts are formed for purposes such as to: produce, store and distribute water for irrigation, domestic, industrial and municipal uses; drain and reclaim lands; collect, treat and dispose of sewage, waste and storm water; generate hydroelectric power; allocate water to crops and acreage; and protect groundwater from contamination.

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. water, sewer, and storm drainage) as identified in this report. Due to recent changes in the Cortese-Knox-Hertzberg Act, the District would have to seek LAFCO approval to exercise other latent powers not currently provided.

Service Review – Western Hills Water District

Formation

The Western Hills Water District was formed on June 2, 1992.

Location and Size

The District is located in the western foothills of the unincorporated area of Stanislaus County, west of Interstate 5, and approximately 5 miles southwest of the City of Patterson. The District encompasses approximately 5,070 acres.

Sphere of Influence

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

Governance

A five member Board of Directors governs the District. Meetings are held on the second Thursday of each month at 1:30 p.m. at 9501 Morton Davis Drive, Patterson, CA.

Personnel

The District currently has three full-time employees and one part-time employee.

Services

The District provides water, sewer, and storm drainage services to the Diablo Grande Specific Plan area, located within its boundaries. The District currently serves Diablo Grande's two existing golf courses, a winery, a clubhouse/restaurant, and residences, accounting for a total of 412 water and sewer connections.

Support Agencies

The District maintains positive and collaborative relationships with other agencies, such as: Stanislaus County, City of Patterson, Kern County Water Agency, Department of Health Services, Regional Water Quality Control Board, and Department of Water Resources.

Funding Sources

The District's source of revenue is derived from connection and service fees, and Mello Roos (bond financing) assessments.

Service Review Determinations

The following provides an analysis of the six categories or components required by Section 56430 for a Service Review for the Western Hills Water District:

1. Growth and Population Projections for the Affected Area

The District serves an area that is unincorporated, located in the western foothills of Stanislaus County, west of Interstate 5. The area has two designations in the Stanislaus County General Plan--Agriculture, and Specific Plan (for the Diablo Grande project area). The Diablo Grande project area includes residential, commercial, open space, and recreational areas. The District estimates a current population of approximately 900 persons.

The Diablo Grande area is currently in its first phase of development, and, according to the County, has a realistic development capacity of 292 additional units during the 2007-2014 Housing Element timeframe. Phase 1 of the Diablo Grande Specific Plan in its entirety anticipates over 2,000 residences, associated commercial uses, open space, and recreational areas.

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

Water

The District purchased up to 8,000 acre-feet per year supply of water from the Kern County Water Agency (KCWA). This water purchase was approved by the KCWA, the District, and the State Department of Water Resources. A turnout and four pump stations were constructed at the California Aqueduct for water to be delivered to the District.

On January 1, 2004, the Federal regulation requiring Disinfection By-Product (DBP) monitoring came into effect. During 2004-2005, the District exceeded maximum contaminant levels for Total Trihalomethanes (TTHMs), a disinfection by-product resulting from the use of chlorine treatment. In 2006, the District implemented a change in coagulant which temporarily reduced the amount of TTHMs to compliance levels. The State continued to monitor water quality, noting a return to excess levels of TTHMs in late 2007, and subsequently cited the District.

The District has since installed a chloramination system to help control formation of DBPs. (Chloramination is a DBP control strategy that has been used for many years by other utilities that treat water from the California Aqueduct and by many utilities on other water sources.) A letter from the California Department of Public Health dated April 12, 2010 indicates that the District is now in full compliance with drinking water standards. The Department also states that the chloramination treatment has eliminated the aesthetically unacceptable color of the water.

Wastewater

In 2002, the District and the City of Patterson entered into and approved a Memorandum of Understanding, wherein the City agreed to treat up to 750,000 gallons per day of wastewater from Diablo Grande and the District agreed to construct a sewer line from Diablo Grande to the City's collection facility and share in the cost of the expansion of the City's treatment plant. This 750,000 gallons per day is the sufficient amount needed to treat the effluent projected in Phase 1 of the Diablo Grande Specific Plan.

3. Financial Ability of Agencies to Provide Services

Rates and fees for services are established during the District's annual budget review process. The budget process is designed to screen out unnecessary costs and is submitted to the Board of Directors for review and approval. Financing mechanisms for the District include Mello Roos bonds, and connection and service fees for sewer and water. In 2008, the District drew on its Mello Roos reserves due to delinquencies in payments by the previous owner of the Diablo Grande development. At the present time, the District appears to have limited financial resources and/or reserves. The District is currently in the process of conducting a water and sewer rate study.

4. Status of, and Opportunities for, Shared Facilities

The District determined that conveying the wastewater for treatment at the City of Patterson's facility, rather than treating it at smaller on-site facilities as originally planned, would result in more efficient provision of service, consolidation of sewer treatment in one location, and reduction in the likelihood of spills or other treatment difficulties.

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

A five member Board of Directors governs the District. The Board conforms to the provisions of the Brown Act requiring open meetings.

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

None.

Sphere of Influence Update

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

1. The present and planned land uses in the area, including agricultural and open space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides, or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines they are relevant.

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

The following determinations for the Western Hills Water District's Sphere of Influence update are made in conformance with Government Code §56425 and local Commission policy.

Determinations:

1. Present and Planned Land Uses

The Western Hills Water District's Sphere of Influence (SOI) includes approximately 5,070 acres and is coterminous with the District's current boundary. The present land uses within the District's SOI include agricultural rangeland, vineyards, two developed golf courses, a clubhouse/restaurant, several residential units, and a municipal water storage and distribution system.

Planned land uses are expected to include: additional residential units, commercial and/or employment areas, and open space and recreational lands. The land uses within the District boundaries are governed by the Stanislaus County General Plan and the Diablo Grande Specific Plan and are not expected to change. In addition, the District does not have the authority to make land use decisions, as 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 Stanislaus County Board of Supervisors approved a Specific Plan for the Diablo Grande area in 1999. Phase 1 of the Specific Plan anticipates over 2,000 residences, associated commercial, open space and recreational uses. The District currently has 412 water and sewer service connections.

Although development has slowed dramatically since the previous service review, the probable need for public facilities and services within the approved Specific Plan area is expected to increase in the future.

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

Water

The District currently receives water from the Delta, via a turnout constructed at the California Aqueduct. The water is treated at the Diablo Grande Water Treatment Plant, which uses a chloramination process. Prior to the use of this treatment method, the District had been in violation of drinking water quality standards. Chloramination is expected to be a more long-term and reliable solution to the previous water quality issues.

Wastewater

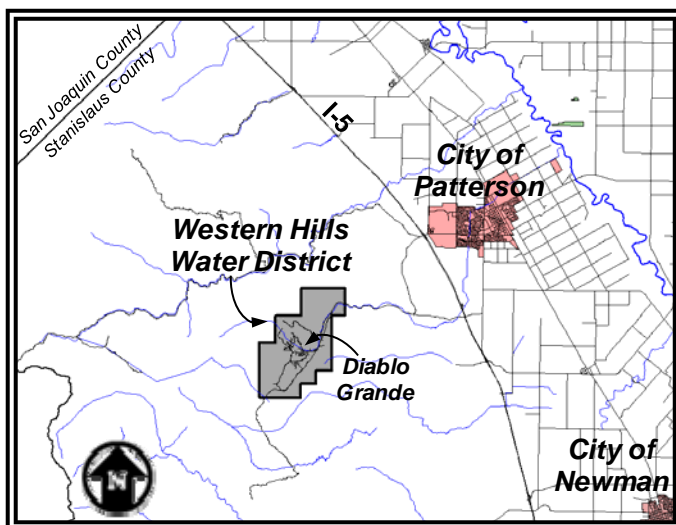
The District's agreement with the City of Patterson for use of the City's wastewater treatment is sufficient to handle current and future demand for the Phase 1 of the Diablo Grande Specific Plan area. The impact of expanding the City's wastewater treatment system to include wastewater flows from the Diablo Grande area is included in the City's Wastewater Master Plan.

4. Communities of Interest in the Area

As previously mentioned, the Diablo Grande Specific Plan project is located within the Western Hills Water District's boundaries.

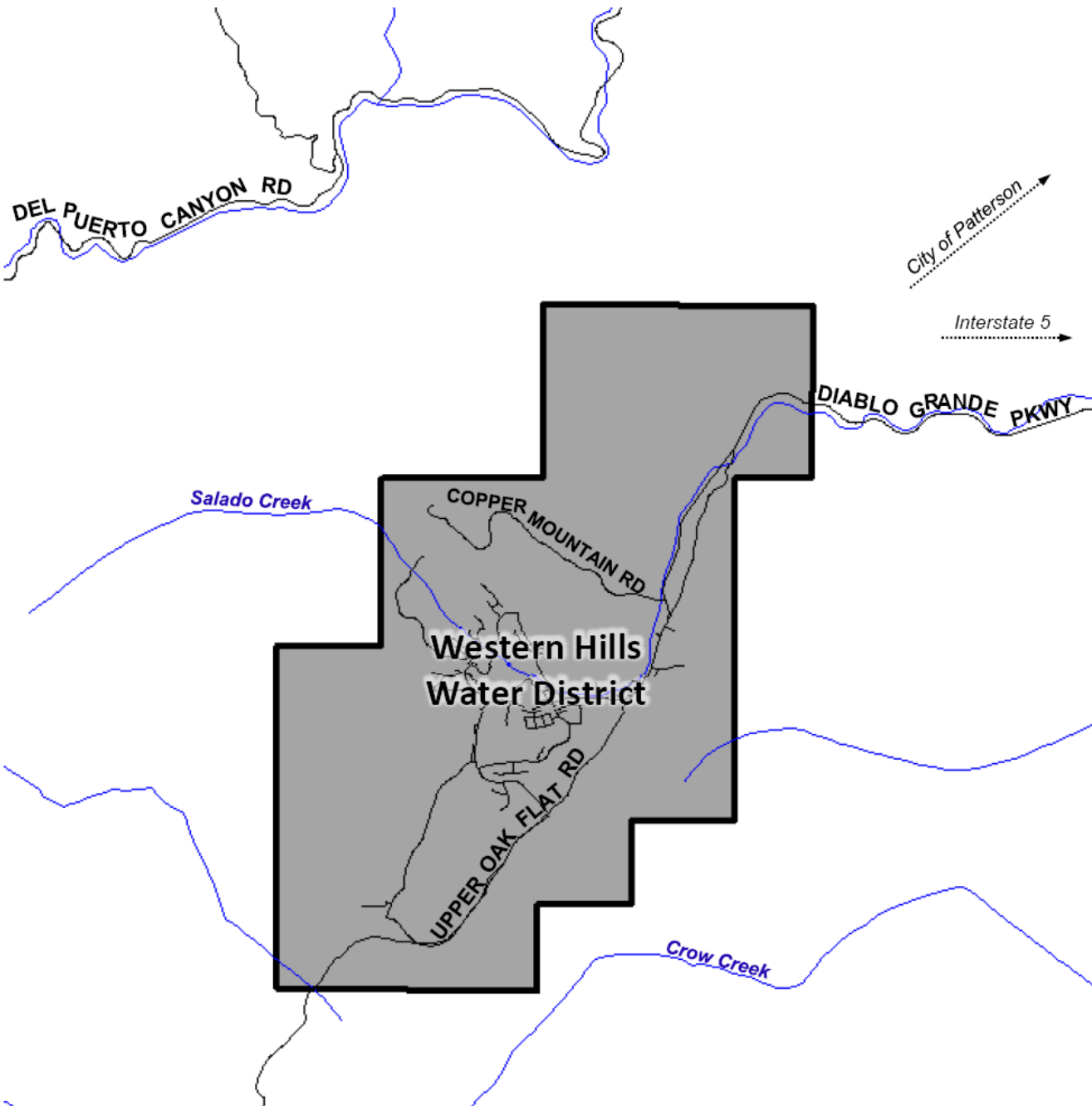
APPENDIX "A" DISTRICT SUMMARY PROFILE




District:	WESTERN HILLS WATER DISTRICT
Location:	In the western foothills of Stanislaus County, west of Interstate 5, approximately 5 miles southwest of the City of Patterson.
Service Area:	Approximately 5,070 acres
Population*:	900
Land Use:	Residential, commercial, open space, recreational
Date of Formation:	June 2, 1992
Enabling Act:	California Water Code, Division 13, §34000 et. seq. (Water District Act)
Governing Body:	Five Board of Directors, elected by landowners within the District boundaries
Administration:	Three full-time employees and one part-time employee
District Services:	Water, sewer, and storm drainage
Budget:	<u>Fiscal Year 2009-2010</u>
	Revenues: \$1,023,860
	Expenses: \$2,510,397
	Capital Improvements: \$ 490,000
Revenue Sources:	Service and connection fees, Mello Roos assessments



**Source: 2010 District Estimate*

MAP 1: WESTERN HILLS WATER DISTRICT BOUNDARIES AND SPHERE OF INFLUENCE



	District Boundary (5,070+/- acres)
	District Sphere of Influence (5,070+/- acres)
	Outside of District

Source -- LAFCO files
Date: Dec. 2009



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 Western Hills Water District

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

Public Agency Approving Project: The Stanislaus Local Agency Formation Commission (LAFCO). The date of the LAFCO hearing on this proposal is scheduled for June 23, 2010. 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 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 Section 15061(b)(3) of the State Guidelines. The proposed Municipal Service Review and Sphere of Influence Update does not involve, authorize or permit the siting or construction of any facilities associated with the District. No change to the Sphere of Influence of the District is recommended.

Signature: *Sara Lytle-Pinhey*

Date: 4/21/10

Name & Title: Sara Lytle-Pinhey
Assistant Executive Officer

APPENDIX “C”

REFERENCES

1. California Debt and Investment Advisory Commission (CDIAC)
2. California Department of Public Health – Citation No. 03-10-08C-001, June 20, 2008.
3. California Department of Public Health – “Diablo Grande Public Water System Return to Compliance” letter dated April 12, 2010.
4. California Legislative Analyst’s Office Report, “Water Special Districts: A Look at Governance and Public Participation, March 2002”.
5. California State Controllers Office, “Special Districts Annual Report,” October 30, 2008.
6. City of Patterson Municipal Service Review, Adopted by LAFCO on March 28, 2007.
7. Previous Municipal Service Review and Sphere of Influence Update for the Western Hills Water District, Adopted by LAFCO on January 24, 2004.
8. Stanislaus County Board of Supervisors Resolution No. 2004-975, Adopted December 14, 2004.
9. Stanislaus County Draft 2007-2014 Housing Element Update, March 2010.

INDIVIDUALS AND AGENCIES CONTACTED

1. Stan Duck, General Manager, Western Hills Water District
2. Guillermo Marrero, President, Western Hills Water District
3. Ruby Beltran, District Secretary, Western Hills Water District
4. Kirk Ford, Director, Stanislaus County Department of Planning and Community Development

DRAFT

**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: June 23, 2010

NO. 2010-10

SUBJECT: MSR No. 10-03 and SOI Update No. 2010-04 – Making Written Determinations and Approving the Service Review and Sphere of Influence Update for the Western Hills Water District

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, a Service Review mandated by California Government Code Section 56430 and a Sphere of Influence Update mandated by California Government Code Section 56425, has been conducted for the Western Hills Water 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 June 23, 2010 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 an area that is unincorporated, located in the western foothills of Stanislaus County, west of Interstate 5. The area has two designations in the Stanislaus County General Plan--Agriculture, and Specific Plan (for the Diablo Grande project area). The Diablo Grande project area includes residential, commercial, open space, and recreational areas. The District estimates a current population of approximately 900 persons.

The Diablo Grande area is currently in its first phase of development, and, according to the County, has a realistic development capacity of 292 additional units during the 2007-2014 Housing Element timeframe. Phase 1 of the Diablo Grande Specific Plan in its entirety anticipates over 2,000 residences, associated commercial uses, open space, and recreational areas.

2. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies: The District purchased up to 8,000 acre-feet per year supply of water from the Kern County Water Agency (KCWA). This water purchase was approved by the KCWA, the District, and the State Department of Water Resources. A turnout and four pump stations were constructed at the California Aqueduct for water to be delivered to the District.

On January 1, 2004, the Federal regulation requiring Disinfection By-Product (DBP) monitoring came into effect. During 2004-2005, the District exceeded maximum contaminant levels for Total Trihalomethanes (TTHMs), a disinfection by-product resulting from the use of chlorine treatment. In 2006, the District implemented a change in coagulant which temporarily reduced the amount of TTHMs to compliance levels. The State continued to monitor water quality, noting a return to excess levels of TTHMs in late 2007, and subsequently cited the District.

The District has since installed a chloramination system to help control formation of DBPs. (Chloramination is a DBP control strategy that has been used for many years by other utilities that treat water from the California Aqueduct and by many utilities on other water sources.) A letter from the California Department of Public Health dated April 12, 2010 indicates that the District is now in full compliance with drinking water standards. The Department also states that the chloramination treatment has eliminated the aesthetically unacceptable color of the water.

In 2002, the District and the City of Patterson entered into and approved a Memorandum of Understanding, wherein the City agreed to treat up to 750,000 gallons per day of wastewater from Diablo Grande and the District agreed to construct a sewer line from Diablo Grande to the City's collection facility and share in the cost of the expansion of the City's treatment plant. This 750,000 gallons per day is the sufficient amount needed to treat the effluent projected in Phase 1 of the Diablo Grande Specific Plan.

3. Financial Ability of Agencies to Provide Services: Rates and fees for services are established during the District's annual budget review process. The budget process is designed to screen out unnecessary costs and is submitted to the Board of Directors for review and approval. Financing mechanisms for the District include Mello Roos bonds, and connection and service fees for sewer and water. In 2008, the District drew on its Mello Roos reserves due to delinquencies in payments by the previous owner of the Diablo Grande development. At the present time, the District appears to have limited financial resources and/or reserves. The District is currently in the process of conducting a water and sewer rate study.
4. Status of, and Opportunities for, Shared Facilities: The District determined that conveying the wastewater for treatment at the City of Patterson's facility, rather than treating it at smaller on-site facilities as originally planned, would result in more efficient provision of

service, consolidation of sewer treatment in one location, and reduction in the likelihood of spills or other treatment difficulties.

5. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies: A five member Board of Directors governs the District. The Board conforms to the provisions of the Brown Act requiring open meetings.
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 Western Hills Water District:

1. Present and Planned Land Uses: The Western Hills Water District's Sphere of Influence (SOI) includes approximately 5,070 acres and is coterminous with the District's current boundary. The present land uses within the District's SOI include agricultural rangeland, vineyards, two developed golf courses, a clubhouse/restaurant, several residential units, and a municipal water storage and distribution system.

Planned land uses are expected to include: additional residential units, commercial and/or employment areas, and open space and recreational lands. The land uses within the District boundaries are governed by the Stanislaus County General Plan and the Diablo Grande Specific Plan and are not expected to change. In addition, the District does not have the authority to make land use decisions, as 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 Stanislaus County Board of Supervisors approved a Specific Plan for the Diablo Grande area in 1999. Phase 1 of the Specific Plan anticipates over 2,000 residences, associated commercial, open space and recreational uses. The District currently has 412 water and sewer service connections.

Although development has slowed dramatically since the previous service review, the probable need for public facilities and services within the approved Specific Plan area is expected to increase in the future.

3. Present Capacity of Public Facilities and Adequacy of Public Services Provided: The District currently receives water from the Delta, via a turnout constructed at the California Aqueduct. The water is treated at the Diablo Grande Water Treatment Plant, which uses a chloramination process. Prior to the use of this treatment method, the District had been in violation of drinking water quality standards. Chloramination is expected to be a more long-term and reliable solution to the previous water quality issues.

The District's agreement with the City of Patterson for use of the City's wastewater treatment is sufficient to handle current and future demand for the Phase 1 of the Diablo Grande Specific Plan area. The impact of expanding the City's wastewater treatment system to include wastewater flows from the Diablo Grande area is included in the City's Wastewater Master Plan.

4. Communities of Interest in the Area: As previously mentioned, the Diablo Grande Specific Plan project is located within the Western Hills Water District's boundaries.

WHEREAS, the Western Hills Water District was established to provide water, sewer, and storm drainage services within its boundaries;

WHEREAS, pursuant to Government Code Section 56425(h), the range of services provided by the Western Hills Water 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 Western Hills Water 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 Western Hills Water 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 Western Hills Water District.

ATTEST: _____
Marjorie Blom
Executive Officer

WESTERN HILLS WATER DISTRICT BOUNDARY AND SPHERE OF INFLUENCE

