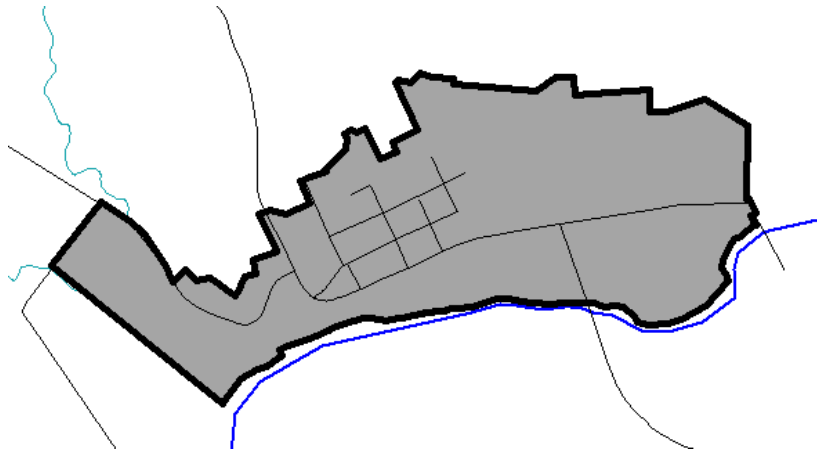


**MUNICIPAL SERVICE REVIEW AND
SPHERE OF INFLUENCE UPDATE FOR THE:**

**KNIGHTS FERRY
COMMUNITY SERVICES DISTRICT**



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STANISLAUS

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

Introduction

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

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

Service Review Factors to be Addressed

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

State Guidelines and Commission policies encourage cooperation among a variety of stakeholders involved in the preparation of a Service Review. This Service Review will analyze the existing and future services for the Knights Ferry Community Services District. It will also provide a basis for LAFCO to reaffirm 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, this Service Review will be used to determine what type of services each district is expected to provide and the extent to which they are actually able to do so. The Sphere of Influence will delineate the service capability and expansion capacity of the agency, if applicable.

Service Review – Knights Ferry Community Services District

Authority

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

Background

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

Purpose

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

Governance

Five Board members, elected by the registered voters within the District boundaries, govern the District. Meetings are held on the third Wednesday of each month at 7:00 p.m., at the Miller’s Hall Library located at 17631 Sonora Road in Knights Ferry.

Formation

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

Location and Size

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

Sphere of Influence

The District’s Sphere of Influence was originally adopted in 1984 and is coterminous with its current boundaries.

Personnel

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

Classification of Services

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

Services

The District provides domestic water service connections to approximately 70 customers, which include residential units, several businesses, and the Knights Ferry Elementary School District.

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

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

Support Agencies

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

Funding Sources

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

Service Review Determinations:

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

1. Growth and Population Projections for the Affected Area

The District serves the unincorporated historic community of Knights Ferry. The entire area is designated as "Historical" in the Stanislaus County General Plan. However, due to limited service capacity, it is not expected that any significant population growth will occur within the District boundaries in the future. The District currently serves approximately 70 customers with domestic water.

2. The Location and Characteristics of Any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence

Based on annual median household income, the area within the Knights Ferry Community Services District is not identified as a disadvantaged unincorporated community (DUC) as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act of 2000.

3. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies Including Needs or Deficiencies Related to Sewers, Municipal and Industrial Water, and Structural Fire Protection in Any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence.

In partnership with Stanislaus Alliance, the County's Chief Executive Office and the Department of Environmental Resources, the District received a zero-interest loan of \$83,450 from the State Economic Development Bank in 2005 for engineering and construction funding to upgrade the surface water treatment facility. The project included phased upgrades in order to bring the facility into compliance with the State Regional Water Quality Control Board and to allow for the continued delivery of safe drinking water to the community. District representatives indicate that there is a continued need for upgrades at the water treatment plant, including upgrades to plant instruments.

4. Financial Ability of Agencies to Provide Services

In 2002, the District increased its water rates, connection fees and overuse penalties in an effort to generate increased revenues for the effective long-term operation of the water system. At the time, the District's rates were considered one of the highest water rates of any comparable water district in the surrounding area. Revenues from District water service rates and property taxes appear adequate to cover operating expenses, however; the District is heavily reliant on grants and loans for capital improvements.

The District is currently making payments on a loan in the amount of \$83,450 from the Economic Development Bank as well as financing of \$227,000 obtained in 2007 for additional water system upgrades. Total monthly payments for both loans are approximately \$1,272 per month with payments needing to be made for at least 10 more years.

5. Status of, and Opportunities for, Shared Facilities

The District does not share any facilities with any other District or agency. There is no overlapping or duplication of services within the District boundaries.

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

A five-member Board of Directors, elected by the registered voters, governs the District. The District is subject to the provisions of the Brown Act requiring open meetings. Given the District's small size, it does not have full-time employees and instead contracts out for essential services, including financial (auditing) and engineering services.

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

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

Sphere of Influence Update for the Knights Ferry Community Services District

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

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

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

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

Determinations:

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

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

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

The need for water service in the area is not expected to increase beyond the current need. The District has indicated that plant instruments need upgrading but has not identified other needs 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.

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

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

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

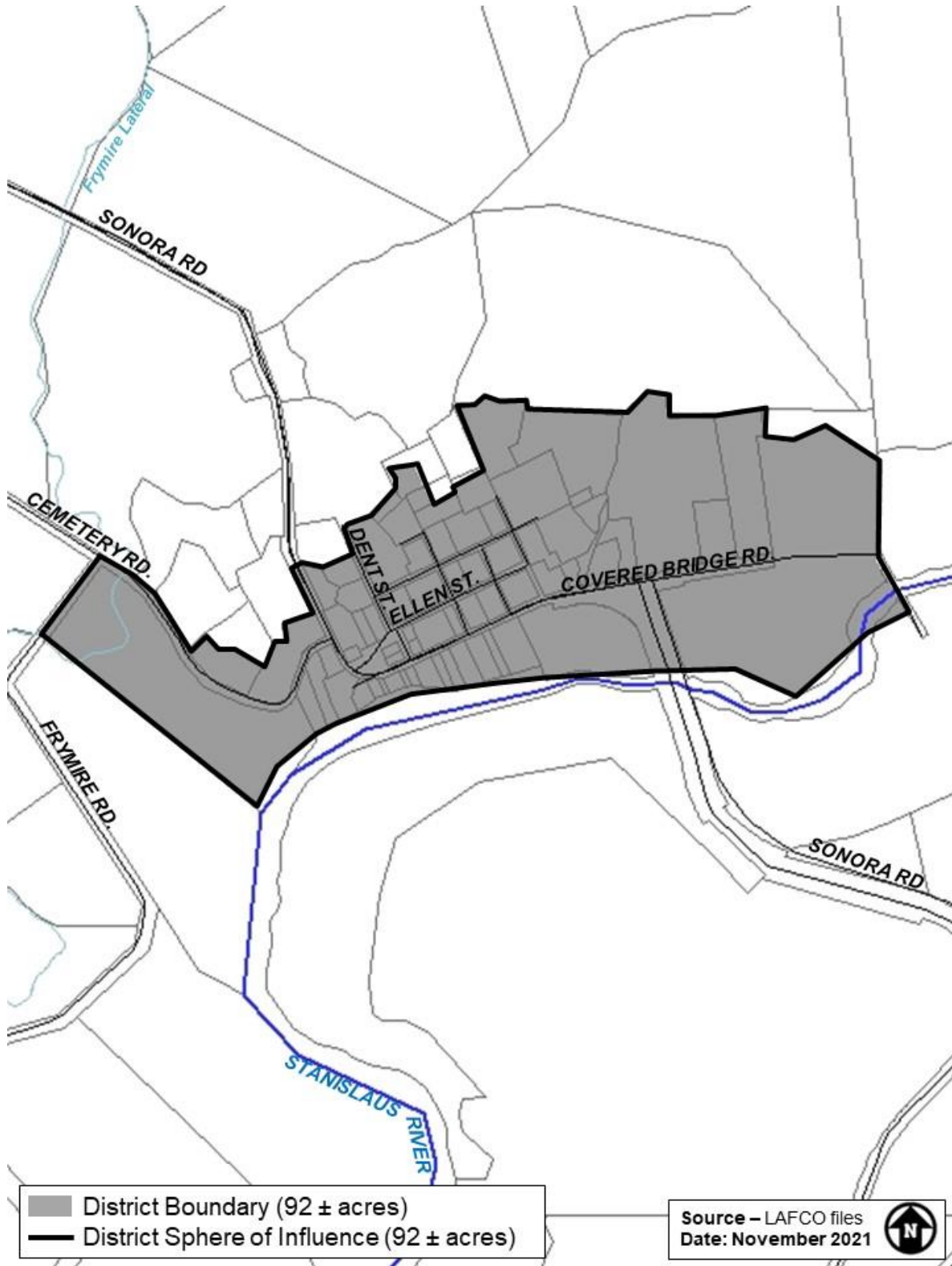
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated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

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

DISTRICT SUMMARY PROFILE

| | |
|---------------------|---|
| District: | KNIGHTS FERRY COMMUNITY SERVICES DISTRICT |
| Location: | Unincorporated historic community of Knights Ferry, northeast Stanislaus County |
| Service Area: | Approximately 92 acres |
| Population: | 92 persons |
| Land Use: | Residential and commercial, designated as historical on the Keyes Community Plan |
| Date of Formation: | August 5, 1970 |
| Enabling Act: | California Government Code, Section 61000, et. seq. |
| Governing Body: | Five Member Board of Directors, elected by the registered voters within the District |
| Administration: | 3 Part-time employees (by contract) – Secretary, Maintenance Manager and Water Operator |
| District Services: | Domestic Water |
| Operating Expenses: | \$74,638 (Fiscal year 2019-2020) |
| Revenue Sources: | Service and connection fees overuse penalties, and a very small share of County property tax revenues |

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



REFERENCES

1. California State Controller's Office Local Financial Data website (www.bythenumbers.sco.ca.gov).
2. Economic Development "Bank" project agreement between Stanislaus County and the Knights Ferry Community Services District.
3. Knights Ferry Community Services District Annual Financial Report Years Ended June 30, 2020.
4. Municipal Service Review and Sphere of Influence Update for the Knights Ferry Community Services District, Adopted August 24, 2016.
5. Newspaper Articles from The Oakdale Leader, dated November 20, 2003 and June 8, 2003, regarding funding approved for the Knights Ferry Community Services District for improvements to its water treatment plant.
6. State of California Legislative Analyst's Office Report – "Water Special Districts: A Look at Governance and Public Participation, March 2002".
7. U.S. Environmental Protection Agency website (www.epa.gov/safewater).