



**STANISLAUS LAFCO
LOCAL AGENCY FORMATION COMMISSION**

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Chair Terry Withrow, County Member
Vice Chair Tom Dunlop, City Member
Jim DeMartini, County Member
Bill Berryhill, Public Member
Amy Bublak, City Member
Michael Van Winkle, Alternate City Member
Brad Hawn, Alternate Public Member
Vito Chiesa, Alternate County Member

**AGENDA
Wednesday, April 25, 2018
6:00 P.M.
Joint Chambers—Basement Level
1010 10th Street, Modesto, California 95354**

The Stanislaus Local Agency Formation Commission welcomes you to its meetings. As a courtesy, please silence your cell phones during the meeting. If you want to submit documents at this meeting, please bring 15 copies for distribution. Agendas and staff reports are available on our website at least 72 hours before each meeting. Materials related to an item on this Agenda, submitted to the Commission or prepared after distribution of the agenda packet, will be available for public inspection in the LAFCO Office at 1010 10th Street, 3rd Floor, Modesto, during normal business hours.

1. CALL TO ORDER

- A. Pledge of Allegiance to the Flag.
- B. Introduction of Commissioners and Staff.

2. PUBLIC COMMENT PERIOD

This is the period in which persons may speak on items that are not listed on the regular agenda. All persons wishing to speak during this public comment portion of the meeting are asked to fill out a "Speaker's Card" and provide it to the Commission Clerk. Each speaker will be limited to a three-minute presentation. No action will be taken by the Commission as a result of any item presented during the public comment period.

3. APPROVAL OF MINUTES

- A. Minutes of the March 28, 2018 Meeting.

4. CORRESPONDENCE

No correspondence addressed to the Commission, individual Commissioners or staff will be accepted and/or considered unless it has been signed by the author, or sufficiently identifies the person or persons responsible for its creation and submittal.

- A. Specific Correspondence.
- B. Informational Correspondence.

- C. "In the News."

5. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS

6. CONSENT ITEMS

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the discussion of the matter.

A. **OUT-OF-BOUNDARY SERVICE APPLICATION – 310 RIVER ROAD & 240 BUNKER AVENUE (MODESTO).** The Commission will consider a request to extend sewer service outside the City of Modesto's existing city limits to serve properties located at 310 River Road and 240 Bunker Avenue, within the Sphere. The extension is considered exempt from the California Environmental Quality Act (CEQA) pursuant to sections 15301, 15303, and 15304 of the CEQA Guidelines. APN: 038-004-004, 025 and 026. (Staff Recommendation: Approve the proposal and adopt Resolution No. 2018-07.)

B. **LEGISLATIVE UPDATE AND PROPOSED LETTERS OF SUPPORT**
(Staff Recommendation: Authorize the Executive Officer to submit letters in support of Assembly Bills 2258 and 3254.)

7. PUBLIC HEARING

Any member of the public may address the Commission with respect to a scheduled public hearing item. Comments should be limited to no more than three (3) minutes, unless additional time is permitted by the Chair. All persons wishing to speak during this public hearing portion of the meeting are asked to fill out a "Speaker's Card" and provide it to the Commission Clerk prior to speaking.

A. **LAFCO APP. NO. 2017-03 & SOI MODIFICATION NO. 2017-07 – DIVISION 1 NORTH AREA CHANGE OF ORGANIZATION TO OAKDALE RURAL FIRE PROTECTION DISTRICT.** The Commission will consider a request to modify the Sphere of Influence and annex approximately 57,595 acres to Oakdale Rural Fire Protection District. The project area is located in the northernmost area of Stanislaus County, adjacent to San Joaquin and Calaveras Counties. LAFCO Staff has determined that the proposal is exempt for the purposes of the California Environmental Quality Act (CEQA) pursuant to Sections 15320 and 15061(b)(3) as the District currently provides services to the area and there is no possibility that the proposed change of organization may have a significant effect on the environment. (Staff Recommendation: Approve the proposal and adopt Resolution No. 2018-05.)

B. **PROPOSED LAFCO BUDGET FOR FISCAL YEAR (FY) 2018-2019.** The Commission will consider the adoption of the proposed LAFCO budget consistent with Government Code Sections 56380 and 56381. (Staff Recommendation: Approve the proposal and Resolution No. 2018-06.)

8. COMMISSIONER COMMENTS

Commission Members may provide comments regarding LAFCO matters.

9. ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON

The Commission Chair may announce additional matters regarding LAFCO matters.

10. EXECUTIVE OFFICER'S REPORT

The Commission will receive a verbal report from the Executive Officer regarding current staff activities.

A. On the Horizon.

11. ADJOURNMENT

- A. Set the next meeting date of the Commission for May 23, 2018.
- B. Adjourn.

LAFCO Disclosure Requirements

Disclosure of Campaign Contributions: If you wish to participate in a LAFCO proceeding, you are prohibited from making a campaign contribution of more than \$250 to any commissioner or alternate. This prohibition begins on the date you begin to actively support or oppose an application before LAFCO and continues until three months after a final decision is rendered by LAFCO. No commissioner or alternate may solicit or accept a campaign contribution of more than \$250 from you or your agent during this period if the commissioner or alternate knows, or has reason to know, that you will participate in the proceedings. If you or your agent have made a contribution of more than \$250 to any commissioner or alternate during the twelve (12) months preceding the decision, that commissioner or alternate must disqualify himself or herself from the decision. However, disqualification is not required if the commissioner or alternate returns the campaign contribution within thirty (30) days of learning both about the contribution and the fact that you are a participant in the proceedings.

Lobbying Disclosure: Any person or group lobbying the Commission or the Executive Officer in regard to an application before LAFCO must file a declaration prior to the hearing on the LAFCO application or at the time of the hearing if that is the initial contact. Any lobbyist speaking at the LAFCO hearing must so identify themselves as lobbyists and identify on the record the name of the person or entity making payment to them.

Disclosure of Political Expenditures and Contributions Regarding LAFCO Proceedings: If the proponents or opponents of a LAFCO proposal spend \$1,000 with respect to that proposal, they must report their contributions of \$100 or more and all of their expenditures under the rules of the Political Reform Act for local initiative measures to the LAFCO Office.

LAFCO Action in Court: All persons are invited to testify and submit written comments to the Commission. If you challenge a LAFCO action in court, you may be limited to issues raised at the public hearing or submitted as written comments prior to the close of the public hearing. All written materials received by staff 24 hours before the hearing will be distributed to the Commission.

Reasonable Accommodations: In compliance with the Americans with Disabilities Act, hearing devices are available for public use. If hearing devices are needed, please contact the LAFCO Clerk at 525-7660. Notification 24 hours prior to the meeting will enable the Clerk to make arrangements.

Alternative Formats: If requested, the agenda will be made available in alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 USC 12132) and the Federal rules and regulations adopted in implementation thereof.

Notice Regarding Non-English Speakers: Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedure Section 185 which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the Local Agency Formation Commission shall be in English and anyone wishing to address the Commission is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.



STANISLAUS LOCAL AGENCY FORMATION COMMISSION

MINUTES

March 28, 2018

1. CALL TO ORDER

Chair Withrow called the meeting to order at 6:00 p.m.

- A. Pledge of Allegiance to Flag. Chair Withrow led in the pledge of allegiance to the flag.
- B. Introduction of Commissioners and Staff. Chair Withrow led in the introduction of the Commissioners and Staff.

Commissioners Present: Terry Withrow, Chair, County Member
Tom Dunlop, Vice-Chair, City Member
Jim DeMartini, County Member
Amy Bublak, City Member (arrived at 6:08 pm)
Michael Van Winkle, Alternate City Member
Bill Berryhill, Public Member

Staff Present: Sara Lytle-Pinhey, Executive Officer
Javier Camarena, Assistant Executive Officer
Jennifer Goss, Commission Clerk
Robert J. Taro, LAFCO Counsel

Commissioners Absent: Brad Hawn, Alternate Public Member
Vito Chiesa, Alternate County Member

2. PUBLIC COMMENT

None.

3. APPROVAL OF MINUTES

- A. Minutes of the January 24, 2018 Meeting.

Motion by Commissioner Dunlop, seconded by Commissioner Berryhill and carried with a 5-0 vote to approve the Minutes of the January 24, 2018 meeting by the following vote:

Ayes: Commissioners: Berryhill, DeMartini, Dunlop, Van Winkle & Withrow
Noes: Commissioners: None
Ineligible: Commissioners: None
Absent: Commissioners: Bublak, Chiesa and Hawn
Abstention: Commissioners: None

4. CORRESPONDENCE

- A. Specific Correspondence.
- B. Informational Correspondence.
 - 1. CALAFCO White Paper – State of the Art on Agricultural Preservation.
- C. “In the News”

5. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS

None.

6. CONSENT ITEM

- A. **MUNICIPAL SERVICE REVIEW NO. 17-05 AND SPHERE OF INFLUENCE UPDATE NO. 17-05 FOR THE NEWMAN DRAINAGE DISTRICT.** The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Newman Drainage District. This item is exempt from the California Environmental Quality Act (CEQA) review pursuant to Regulation §15061(b)(3). (Staff Recommendation: Approve the update and adopt Resolution No. 2018-04.)

Motion by Commissioner Berryhill, seconded by Commissioner DeMartini, and carried with a 5-0 vote approving Resolution No. 2018-04, by the following vote:

Ayes:	Commissioners: Berryhill, DeMartini, Dunlop, Van Winkle & Withrow
Noes:	Commissioners: None
Ineligible:	Commissioners: None
Absent:	Commissioners: Bublak, Chiesa and Hawn
Abstention:	Commissioners: None

7. PUBLIC HEARINGS

- A. **LAFCO APP. NO. 2018-01 & SOI MODIFICATION NO. 2018-01 - PALM ESTATES AND WENSTRAND RANCH CHANGE OF ORGANIZATION TO COUNTY SERVICE AREA (CSA) 19 (TUOLUMNE-GRATTON).** The Commission will consider a request to modify the Sphere of Influence and annex approximately 16.27 acres to County Service Area (CSA) No. 19 (Tuolumne-Gratton). The CSA will provide a funding mechanism for extended services including parks, streetscape, and storm drain maintenance. The project is located on two County-approved subdivisions located in the southwest Denair area (APNs 024-050-016 & 024-032-023). LAFCO Staff has determined that under the California Environmental Quality Act (CEQA) Section 15061(b)(3), the proposal is considered exempt as there is no possibility that the proposed change of organization may have a significant effect on the environment. (Staff Recommendation: Approve the proposal and adopt Resolution No. 2018-03.)

Commissioner Bublak arrived at 6:08 pm

Javier Camarena, Assistant Executive Officer, presented the item with a recommendation of approval.

Chair Withrow opened the Public Hearing at 6:09 p.m.

No one spoke on the item.

Chair Withrow closed the Public Hearing at 6:09 p.m.

Motion by Commissioner Dunlop, seconded by Commissioner Berryhill, and carried with a 5-0 vote approving Resolution No. 2018-03, by the following vote:

Ayes:	Commissioners: Berryhill, DeMartini, Dunlop, Van Winkle & Withrow
Noes:	Commissioners: None
Ineligible:	Commissioners: None
Absent:	Commissioners: Chiesa and Hawn
Abstention:	Commissioners: Bublak

8. COMMISSIONER COMMENTS

Commissioner DeMartini said that the CALAFCO White Paper was well written.

9. ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON

None.

10. EXECUTIVE OFFICER'S REPORT

A. On the Horizon. The Executive Officer informed the Commission of the following:

- The Proposed Budget and Oakdale Rural Fire Protection District annexation application will be heard at the Commission's April meeting.
- LAFCO Staff met with staff from the City of Modesto regarding the annexation process and required documents. Staff anticipates receiving annexation applications from Newman and Turlock Soon.
- The City Selection Committee met and our City members will be staying for another term.

11. ADJOURNMENT

A. The meeting was adjourned at 6:16 p.m.

SIGNED COPY ON FILE

Sara Lytle-Pinhey, Executive Officer

CORRESPONDENCE – IN THE NEWS

Newspaper Articles

- The Modesto Bee, March 23, 2018, “How ‘Miracle March’ is going to make Oakdale Irrigation District \$10 million richer.”
- The Modesto Bee, March 26, 2018, “Why does Sierra rain, snow help Modesto but not Turlock?”
- The Modesto Bee, March 31, 2018, “Name of Note: Modesto, partners praised for wastewater project.”
- The Modesto Bee, April 2, 2018, “Southern California water agency backs off plan to finance both Delta tunnels.”
- West Side Index, April 5, 2018, “Ambulance board signs off on contract.”
- West Side Index, April 5, 2018, “City moves forward with NW Newman project.”
- The Turlock Journal, April 10, 2018, “Turlock sees return of new housing development.”
- West Side Index, April 12, 2018, “Ambulance board to revisit by-laws.”

How 'Miracle March' is going to make Oakdale Irrigation District \$10 million richer

OAKDALE

The Oakdale Irrigation District will sell up to \$10 million worth of river water to outside buyers this year, board members decided this week on a 3-2 vote.

Board members Linda Santos and Gail Altieri dissented because OID hasn't studied how shipping water elsewhere might affect the local groundwater table. They were outvoted by Herman Doornenbal, Brad DeBoer and Tom Orvis, who noted that such studies are not required when one-time water releases also benefit migrating fish, helping propel them toward the ocean.

Despite recent heavy rain, many farmers on the west edge of Stanislaus County and points south don't anticipate getting enough water for their crops. OID has become a steady source, reaping more than \$48 million in outside water sales since 2006.

OID customers will get all the water they need this year, said water counsel Tim O'Laughlin, thanks to a "miracle March." After an unusually dry start of the year, mountains to the east have received about twice the normal rainfall in March, he said.

Snow in those mountains eventually will melt. Foothill reservoirs collect the water, sending much of it down the Stanislaus for farmers around Oakdale, Riverbank and Manteca — and, when the market is right, for wealthy buyers near Fresno. Last year was unusually wet and no one wanted extra from OID and its sister district on the Stanislaus, the South San Joaquin Irrigation District.

Surplus water this year also will benefit local farmers on the fringe of OID's boundaries, the board unanimously agreed in separate action. Those growers will pay \$80 an acre-foot, the board agreed Tuesday, while buyers further away will be charged \$200 an acre-foot.

Selling to outsiders might not be a bad idea if OID could prove that the loss of that water doesn't hurt the local aquifer, Santos said.

"We just lost a lawsuit," she said, over a proposal to ship elsewhere 10,000 acre-feet of water with no environmental studies. The transfer approved this week could send away up to 100,000 acre-feet, she noted.

"We should just do a CEQA (California Environmental Quality Act) EIR (Environmental Impact Report) if we're going to continue to do these (sales)," Santos said. "If we do the work, we're covered. Otherwise we're going to jeopardize our water rights. When the state gets ready to take water, they're going to say SSJID and OID are the only ones in the state doing this, and we can't defend ourselves."

Technically, the sister districts abandon water at a foothill reservoir and buyers pick it up downstream. The strategy is unique in California.

O'Laughlin explained that state and federal water agencies have signed off on such actions, including the sale in question.

In addition to wealthy Fresno-area buyers, such transfers help the Del Puerto, Patterson and West Stanislaus water districts in this county, General Manager Steve Knell said. "(They) are thankful for each and every drop of water they can get," he said.

And OID has come to depend on this income, representing 27 percent of OID's revenue in recent years, a staff report said.

Because of dry months in January and February, OID initially had no plan to shop water elsewhere, and prepared no environmental studies. Stopping now to do even a cursory document would take weeks and would provide no guarantee that the district won't be sued, O'Laughlin said.

Why does Sierra rain, snow help Modesto but not Turlock?

While it did not turn out to be a Miracle March, the rain and snow that walloped the Sierra Nevada this month bolstered what had been a paltry water year.

But the storms will have different impacts in the Northern San Joaquin Valley.

Modesto — which relies on wells and the Tuolumne River for its water — will increase the watering of lawns and other landscaping from twice to three days a week effective April 1.

That's because the city is receiving its full allotment of Tuolumne River water from the Modesto Irrigation District, a benefit of last year's record rain and snow that recharged groundwater and filled reservoirs, after several years of severe drought.

Still, the recent storms are good news for the city and others that rely on Sierra Nevada rain and snow.

"We are very fortunate to have these late-season rains, and we are getting our full allotment," Modesto Utilities Director Will Wong said. But customers who rely only on wells, including those in Del Rio and Grayson, will be limited to twice-a-week watering.

It's a different story for Turlock and other Valley cities that draw on wells for their water.

Municipal Services Director Michael Cooke said Turlock is in its third year of allowing once- or twice-a-week watering, depending upon the time of year. He said the city switched to twice a week March 1.

Cooke said six of Turlock's 24 wells are not in use, primarily because of contaminants. He said the city is working with consultants to get at least three wells operating by summer.

But Turlock and Ceres are working to secure their water future through building a treatment plant near the Fox Grove Fishing Access on the Tuolumne River. The cities are partnering with the Turlock Irrigation District on this.

Cooke said the initial estimate for the project is \$277 million, and the goal is for the plant to open in September 2022. He said construction of a structure that would draw water from the river before it is pumped to the plant is expected to start in July.

Cooke said the treatment plant will provide the two cities with about half of their water and offer a more reliable and better water source. It also will help recharge groundwater.

The Modesto Irrigation District reported that downtown received about a half-inch of rain in the last seven days, bringing its seasonal total to 5.45 inches. Modesto's historical average is 12.23 inches in a normal water year, which is Oct. 1 through Sept. 30.

The National Weather Service in Sacramento said the Sierra Nevada received 3 to 5 inches of rain over the seven days, with higher elevations receiving 7 to 9 inches of water in the snow that fell.

As of midnight Sunday, Don Pedro Reservoir on the Tuolumne River was at 89 percent capacity, which was 122 percent of its average for this time of year, according to the state Department of Water Resources. New Melones Reservoir on the Stanislaus River was at 83 percent capacity, which was 133 percent of its average.

Don't expect a repeat of these storms. The National Weather Service's Climate Prediction Center says the outlook for April is for above-normal temperatures and below-normal precipitation for the southern two-thirds of California, including Modesto.

Names of Note: Modesto, partners praised for wastewater project

An industry group likes what Modesto has done with the highly treated water from its sewage treatment plant.

WaterReuse California gave the city its Recycled Water Agency of the Year award last week.

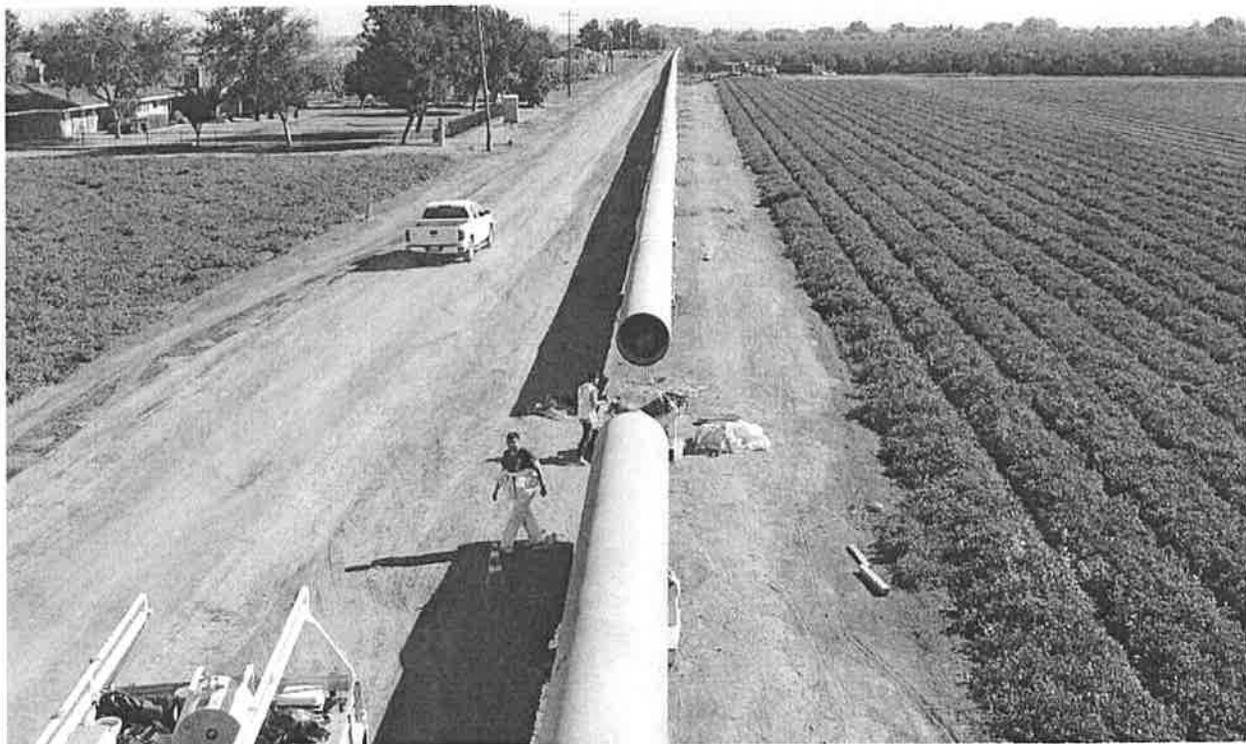
It recognizes a project that recently started irrigating farms in the Del Puerto Water District. The district, which is paying for the project, serves about 45,000 acres along Interstate 5 from Vernalis to Santa Nella.

It has faced deep cutbacks in its federal water supply because of drought and fish protections. The partners also include Ceres, which uses the Modesto treatment plant, and Turlock, which has not yet completed its part.

The county government also is involved.

The award was presented to William Wong, who had been acting utilities director for Modesto but now has the permanent title.

That was announced in a news release that also noted DeAnna Christensen's appointment to director of finance. She had been acting director of finance



Southern California water agency backs off plan to finance both Delta tunnels

By Ryan Sabalow and Dale Kasler

In an unexpected reversal, a powerful Southern California water agency on Monday scrapped its plan to pay for a majority share of the controversial Delta tunnels project, leaving the troubled proposal billions of dollars short of the funding needed.

The decision by the Metropolitan Water District of Southern California doesn't necessarily doom the \$16.7 billion, twin-tunnels project, known officially as California WaterFix.

Instead, Metropolitan said it supports the "staged approach" floated in recent months by Gov. Jerry Brown's administration, which would build the tunnels one after another as funding becomes available. State officials say building one tunnel would cost about \$11 billion.

There was no immediate comment from the Brown administration.

WaterFix is designed to overhaul the way Northern California's river water reaches the massive federal and state-owned pumping stations at the south end of the Delta.

The pumps deliver billions of gallons of water to urban Southern California and to San Joaquin Valley farms, but the machinery has degraded the Delta's eco-system and driven some endangered fish species to the brink of extinction. Pumping sometimes has to be halted or scaled back to comply with the Endangered Species Act, meaning less water gets delivered to the south state.

The tunnels, by altering water flows, are supposed to enable the pumps to operate more reliably without harming the fish. However, some environmentalists and Delta landowners say the tunnels actually would worsen the estuary's eco-system and are fighting the plan in the courts.

An earlier setback for building both tunnels at once occurred when the agricultural districts that belong to the federal Central Valley Project refused to participate in WaterFix. The districts say the project's costs are too high, an issue that has been exacerbated by a funding formula developed by the CVP's operator, the U.S. Bureau of Reclamation.

Metropolitan already has committed more than \$4 billion to the tunnels but offered in February to contribute another \$6 billion or so, to cover the agricultural districts' share, and allowing the twin tunnels to go forward all at once. Metropolitan figured it could sell some of the tunnels' capacity to the farmers, reducing the Los Angeles-based agency's financial burden.

But that fell apart after Metropolitan's board held a workshop on the proposal last week. The hangup: Most Central Valley Project contractors are wary of the costs.

At a summit meeting called last week, "the majority of CVP contractors and (federal) officials informed everyone that there still remained a number of internal institutional issues that first needed to be resolved among the CVP contractors before they could make a commitment to participate in the full ... project," Metropolitan officials said Monday in a memo to their board of directors.

Besides the reluctance from the farmers, the plan to fund a twin-tunnels project also was facing some resistance from members of Metropolitan's own board.

IN THE NEWS – The Modesto Bee, April 2, 2018 (Continued Page 2)

"It would have been a huge risk for ratepayers," said Mark Gold, one of the city of Los Angeles' representatives on the Metropolitan board. Gold had voted against Metropolitan's initial decision to spend \$4 billion on the tunnels.

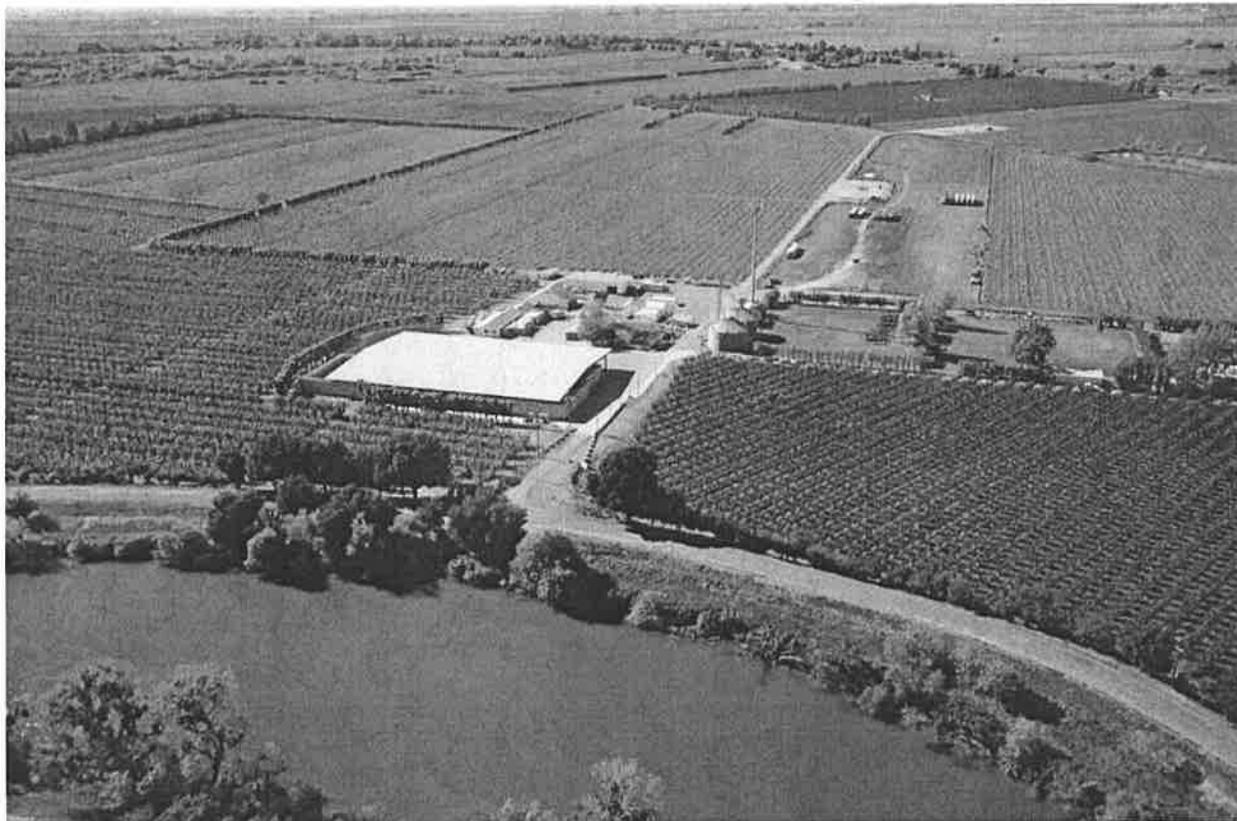
Farmers who get water from the largest Central Valley Project contractor, the sprawling Westlands Water District in Fresno and Kings counties, would see their water costs triple or quadruple to as much as \$800 an acre-foot, making the project too expensive, Westlands general manager Tom Birmingham said in an interview Monday.

"Metropolitan has been very creative in trying to identify means to address financing issues, but we always come down to, on the CVP side, the same issue," he said. "And that is: Among which water users will the costs of this project be spread?"

The federal government's funding formula exempts some major agricultural districts from having to pay, putting more of a burden on districts like Westlands, he said.

Birmingham added that the Bureau of Reclamation still is studying the issue and might develop a formula that he would consider more reasonable.

"The Bureau of Reclamation is looking for means of making this project more affordable for federal contractors," Birmingham said. "I don't know what ultimately that will look like, if anything. But I think it would be premature to say that the federal participation is not going to occur. Somebody may pull a rabbit out of their hat at the last moment."



This area of the Delta, near Walnut Grove, would be affected by construction of the Delta tunnels. Project opponents are suing to block a crucial state proceeding that would clear the way for construction.

Ambulance board signs off on contract

NEWMAN - The board which oversees West Side Community Ambulance last week approved a contract bringing in American Medical Response (AMR) West to provide management services.

AMR executives were working to address requests raised by the board in hopes of finalizing the contract earlier this week, ambulance board President Rick Daniel told Mattos Newspapers Monday.

The West Side Community Healthcare District board, which oversees the taxpayer-supported ambulance service, has utilized outside management since turning to the Sierra Medical Services Alliance (SEMSA) in 2014.

The board voted late last year, however, to sever management ties with SEMSA and bring in AMR to provide those services, setting in motion a transition process.

That changeover took on a new urgency in late January, when SEMSA reassigned the operations manager who had been at West Side, leaving the operation without on-site management.

Directors last week voted 3-0, with David Varnell absent, to approve the \$15,640-a-month contract with AMR - although some elements of the agreement remained in question.

Board members directed attorney Laurence Liu to adjust the contract amount to reflect the district's desire to continue with an existing mechanic rather than having AMR provide fleet maintenance.

Daniel noted that the \$1,457 expense would not be entirely removed from the cost, based on previous conversations with AMR.

"Mr. Lee (AMR regional director) stated that we could take that out, but that we would still have some expense with regard to monitoring our fleet," Daniel noted. "He didn't have a problem pulling it out, but said that there would still be some expense."

Board members noted that the district spent \$27,800 on repairs and maintenance in the 2016-17 fiscal year - nearly \$9,000 of which was attributed to an engine replacement.

In reviewing those numbers, board member Dennis Brazil said, it appears that AMR may be a lower-cost maintenance option.

Board member George Schmidt voiced a strong preference to stay with the district's current mechanic.

"He is a taxpayer in the district and has given us excellent service," Schmidt stated. "If he gets a call after hours he never charges us (extra) for it. It is worth something to have businesses that operate within the district who we can utilize, even though they may cost us a little more money."

Daniel agreed, telling Mattos Newspapers that the current mechanic has provided a high level of service. "He has taken good care of us," Daniel emphasized.

The contract could be revised in the future if the district chose to make a maintenance change, Liu advised.

Board members questioned other elements of the contract as well.

Schmidt asked Liu for to obtain clarification of a \$410 monthly "occupancy" charged outlined in the AMR proposal, as well as a \$735 "regional allocations" charge and \$253 travel charge.

Schmidt also asked for a detailed explanation of the information technology services to be provided by AMR.

He suggested that he did not want AMR to replace the district's current IT provider.

IN THE NEWS – West Side Index, April 5, 2018 (Continued Page 2)

"I'm happy with the IT we have. I see no reason to change. The more that we can manage ourselves, the better off I think we will be," Schmidt declared.

Those items can be reviewed but should not hold up contract approval, Daniel stated.

"We need this contract in place," he asserted. "We need to get this process started. If we can get the contract started and (operations) management in place, that is what we desperately need."

City moves forward with NW Newman project

Proposed annexations will be phased

NEWMAN - The city is moving forward with an request to annex 111 acres of the planned Northwest Newman development, after determining to phase the project rather than bringing the entirety of the 362-acre master plan into the city limits at once.

City Council members last week took action to send the annexation request to the Stanislaus County Local Agency Formation Commission (LAFCO), which holds the final decision on such land use matters.

The council also approved policies which will guide how the current rural dwellers transition into the urban setting, spelling out livestock ownership rights and time frames in which property owners must connect to city services.

City Manager Michael Holland said the decision to phase the annexations, and the policies addressing the transition, reflect an effort on the part of the city to address concerns raised by property owners in the area to be annexed.

The initial annexation area extends from Highway 33 to just beyond Fig Lane, and stretches from the existing city limits north to Stuhr Road. That land is largely designated for non-residential uses, including commercial activities, a business park and professional offices.

"One of LAFCO's policies is to prevent the premature conversion of ag land, and it is going to take a while to get utilities extended to the residential (component). This allows us to pursue the development of the non-residential component, and allows the ag parcels to continue to be farmed (without a loss of water rights)," Holland explained.

One concern voiced during previous hearings was that property owners who wished to continue farming would lose their in-district Central California Irrigation District water rights when annexed to the city.

Holland acknowledged that impact, and said the city is working to make arrangements to offset the impact to farming operations within the initial annexation.

The policies approved by the city will require landowners to hook up to city water and sewer within five years of annexation or within two years of services being extended within 200 feet of their property line (whichever occurs later). Failure of a septic system or private well may trigger an immediate requirement to connect to the municipal system.

Property owners are responsible for connection and impact fees, as well as bearing costs for physically making the connection. Payment plans for the city fees will be offered.

Sherri Marsigli, whose family owns property in the annexation area, suggested that the terms may put an unreasonable burden on landowners.

She suggested changing the definition of "available services" to mean 200 feet from a residence rather than a property line. She also questioned a clause which, in the event of a well or septic failure, may require property owners to extend a 10-inch main sewer or water line with the promise of future reimbursement from developers.

"I don't think anybody out there would be able to afford that," Marsigli stated. "This sounds like it was written more for a developer. If I was developing a property, this would be great. I have no intention of developing; there is no way I can put in a 10-inch water main."

Livestock was also addressed.

Under the policy, residents with non-domestic animals such as goats, sheep or horses, may keep the livestock after annexation - but cannot replace those animals after they die. Residents of areas annexed

IN THE NEWS – West Side Index, April 5, 2018 (Continued Page 2)

will also be asked to submit an annual letter to the city identifying the non-domestic animals on the property.

Those wishing to keep chickens will be required to request a permit, the policy states, and can enter into an agreement stipulating the conditions which apply.

The initial annexation phase includes nearly 40 individual parcels.

Property owners will be under no obligation to sell or develop their parcels, Holland has previously stressed.

As the city moves forward with its annexation plans, Holland said, it will also be taking steps to improve Jensen Road.

"Once we get it annexed in and have an agreement with the county, the next step is to address Jensen Road and the utilities. We will probably be meeting with property owners in the ranchette area of Fig and Jensen to talk about some ideas we have," the city manager explained.

Jensen will ultimately be an arterial roadway extending from Highway 33 past the Hardin Road extension, Holland said, but those permanent improvements may be well into the future.

"There some possible interim solutions to try to make Jensen safer for travelers," he commented. "There are a lot of constraints out there, but we know that something needs to be done immediately. We want to get to two full travel lanes and a safe intersection at Jensen and Fig."

Holland said he hopes the city's application can go before LAFCO for consideration in July.

Turlock sees return of new housing development

By Kristina Hacker

Over 200 single-family homes are currently under construction, or soon will be, in northeast Turlock, bringing a resurgence in new housing development for the city.

The Turlock Planning Commission approved a time extension last week for two developments within the East Tuolumne Master Plan Area —Fairbanks Ranch and Les Chateaux — that will see a total of 189 new single-family homes built within the next three years; and construction is well underway by Fitzpatrick Homes on a 20-home development on the southeast corner of North Johnson and East Tuolumne roads.

These projects are the biggest new housing development Turlock has had since the Great Recession.

“There does seem to be an uptick in interest in residential development,” said Turlock Interim Principal Planner Katie Quintero.

The Fairbanks Ranch and Les Chateaux subdivisions were originally approved by the Planning Commission in March 2015.

Fairbanks Ranch is a 40.6-acre site located north of Tuolumne Road, west of Waring road and east of Quincy Road. It will be bounded on the east by the Les Chateaux subdivision, being built by the same developers. Fairbanks Ranch will include 129 single-family homes on residential lots ranging in size from 7,855 square feet to 17,030 square feet. The project also includes a 2.33-acre storm basin. To address concerns raised by Stanislaus County, the developer will be required to widen and resurface Quincy Road from Tuolumne Road to Monte Vista Avenue.

Les Chateaux is a 19.7-acre site located north of Tuolumne Road, west of Waring Road and is bounded by the west by the Fairbanks Ranch subdivision. The project includes 60 single-family homes on residential lots ranging in size from 7,103 square feet to 21,196 square feet. Les Chateaux and Fairbanks Ranch will share the same storm basin area. To address concerns by the County, the developer will be required to widen and resurface N. Waring Road from the project’s northern boundary to East Monte Vista Avenue and install a four-way stop at Waring Road and E. Monte Vista Avenue.

Both Fairbanks Ranch and Les Chateaux will be annexed into the Community Facilities District 2 (a special tax district) to mitigate ongoing costs of public services — police, fire and park maintenance.

While the Planning Commission approved a time extension for Fairbanks Ranch and Les Chateaux, a representative of the projects’ developers informed the Commission that work on the subdivisions is expected to begin within the next month.

Framing has already begun on the 20 new homes being built by Fitzpatrick Homes on the southeast corner of North Johnson and East Tuolumne roads. This infill subdivision was approved by the Planning Commission in March 2017, despite numerous complaints from neighboring residents.

The protests focused mainly on the density of the project, 20 homes on a 4.9-acre property, and the design of the subdivision. While the Fitzpatrick Homes project meets all the specifications in the City of Turlock’s General Plan and Zoning regulations for Low-Density housing, neighbors noted that the same sized parcel off Nordic Way has 12 lots instead of 20, and surrounding subdivisions have an average of 12 to 16 lots.

The plan calls for 20 lots, ranging in size from 7,016 square feet to 10,369 square feet, with 10 on each side of the subdivision’s single road, ending with a cul-de-sac. Surrounding subdivisions all have homes at the end of their cul-de-sacs, where this one will dead end to a sidewalk and fence line.

IN THE NEWS – The Turlock Journal, April 10, 2018 (Continued Page 2)

In response to some of the neighbors' and commissioners' concerns, Fitzpatrick Homes president Dennis Fitzpatrick agreed to install a 7-foot double-sided wood fence with steel post and pickets on both sides on the north side of the property, which abuts the Turlock Free Methodist Church, and 6-foot fencing on the other property lines. He also agreed to build only single-story homes on the first two houses entering the subdivision and the two homes at the end of the cul-de-sac; and install enhanced landscaping at the end of the cul-de-sac high enough and thick enough to block light from oncoming traffic.

Across town, construction has begun on Florsheim Homes' Rose Verde – a 107-unit subdivision located at the northeast corner of Countryside Drive and Tuolumne Road, just south of Home Depot.

The Turlock City Council approved Rose Verde, called Monte Verde at the time, in April 2014, and according to Florsheim Homes President Randy Bling, the organization was simply waiting for the right time to build.

Bling said that work on the subdivision's infrastructure, such as paving the streets, is expected to be completed in late spring, with home construction starting in early summer. The subdivision will include 107 homes ranging from 1,500 to over 2,400 square feet with five different floor plans.

While developers are starting to once again build out areas of north and east Turlock, there hasn't been much interest in the City's Morgan Ranch Master Plan located in the city's southeast area.

In June 2015, the City Council approved the Morgan Ranch Master Plan — a document that had been more than a decade in the making — and also adopted the project as part of the City's General Plan.

The housing component of the Morgan Ranch project is a concept driven by the development community that is looking to offer a smaller product that would be available for entry-level housing, something that is consistent with the City's General Plan.

The Morgan Ranch Master Plan is roughly 170 acres of land in the southwest corner of Glenwood Avenue and Golf Link Road, which is bound by Highway 99, located just to the south of the community of homes on 5th Avenue, Amberwood Lane and Baywood Lane. Of the 170 acres, 11 are zoned for a public school to accommodate 300 students; 15 acres are zoned high density residential; eight acres are slated to be devoted to city parks including a four-acre drainage ditch with a raised portion of land for jungle gym equipment; one and a half acres for office buildings; and nearly nine acres for community commercial use. A hallmark of the plan is the smaller sized lots, less than 6,000 square feet, many of which may be more affordable than median home prices and ideal for single families.

"There is infrastructure that needs to be installed in this area before development can occur. I think it's a matter of getting the financing together to do the infrastructure work needed to move the area forward," said Quintero about the Morgan Ranch Master Plan area.

Ambulance board to revisit by-laws

Postponed election of president expected April 24

The board which oversees West Side Community Ambulance is expected to revisit its by-laws and conduct the belated election of a board president when directors convene later this month.

Board members were unable to come to agreement on appointing a 2018 board president in January, as stipulated by the district by-laws - and instead simply postponed the action.

Laurence Liu, legal counsel for the board, returned with a report at the March 27 meeting during which he stated that the current by-laws are in conflict with regard to the authorities granted the board as a whole and the board president.

Liu noted that one section of the current by-laws states that the board of directors will be empowered to "control and be responsible for the management of all operations and affairs of the district," while another granted the board president the authority to have, "subject to the advice and control of the board of directors, general responsibility for the management of the affairs of the district during his/her term of office."

The ambiguity in those definitions is likely to cause dissent, Liu added.

"We believe that there is underlying tension among board members as to the role of the president," he stated.

He asked that the district's legal firm be given the opportunity to work through the by-laws and return with proposed revisions more clearly defining officer responsibilities for the board to consider when it convenes April 24.

Generally speaking, Liu said, the authority that goes with a board president position is very limited.

"In general, the board is supposed to act in unison. No one officer or board member should have priority or control over other board members," Liu explained.

The attorney also suggested that the board revisit the annual appointment of a president when it approves the new by-laws.

In light of the inability of the board to appoint a new president in January as proscribed by the by-laws, Liu said, approval of the new by-laws may also provide a "one-time opportunity to nominate new officers based on the redefined roles.

In the absence of agreement on appointing a new president in January, board member Rick Daniel has continued to serve in that capacity.

Board member Dennis Brazil said that legal review identified a number of issues with the by-laws, and called for a full revision rather than piecemeal changes.

Brazil indicated that he agreed with the attorney's findings.

"In the current by-laws the president has the authority to run the whole district. That is not how it should be set up. The chair should be one voice of five," he told Mattos Newspapers.

Brazil acknowledged his interest in serving as board president for the remainder year - which is the duration of his appointment to the board.

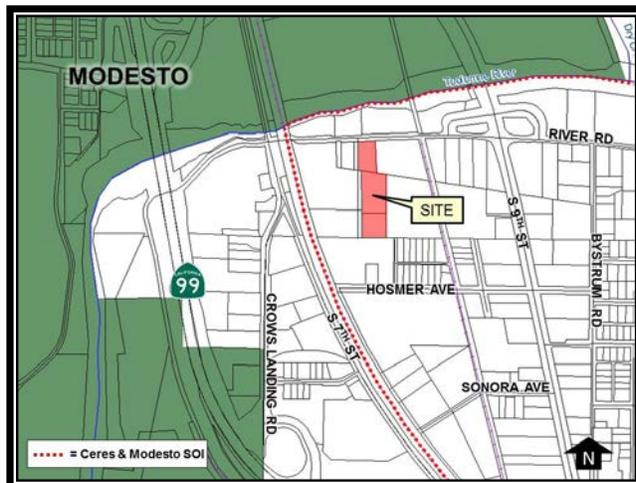
"I would like to bring a different structure to the meetings altogether," Brazil commented. "There are rules to follow, and all those things need to happen at every single meeting no matter what."

EXECUTIVE OFFICER'S AGENDA REPORT
APRIL 25, 2018

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
OUT-OF-BOUNDARY SERVICE APPLICATION
310 RIVER ROAD & 240 BUNKER AVENUE (MODESTO – SEWER SERVICE)

APPLICANT: City of Modesto

LOCATION: 310 River Road & 240 Bunker Avenue (Assessor's Parcel Numbers 038-004-004, 025, & 026) - Located on the south side of River Road just southeast of the River Road & South 7th Street intersection, in the unincorporated area, within the Sphere of Influence of the City of Ceres. (More detailed maps are attached as Exhibit A.)



REQUEST: The City of Modesto has requested authorization to provide sewer service outside its boundaries to serve existing commercial buildings and a proposed warehouse / distribution center. (See attached Will-Serve Letter, Exhibit B.)

BACKGROUND

Government Code Section 56133 specifies that a city or special district must apply for and obtain LAFCO approval prior to providing new or extended services outside its jurisdictional boundaries. The section describes two situations where the Commission may authorize service extensions outside a city or district's jurisdictional boundaries:

- (1) For proposals *within* a city or district sphere of influence: in anticipation of a later change of organization.
- (2) For proposals *outside* a city or district sphere of influence: to respond to an existing or impending threat to the public health or safety of the residents of the affected territory.

Stanislaus LAFCO has adopted its own policy to assist in the Commission's review of out-of-boundary service requests, known as Policy 15 (see Exhibit C). Policy 15 reiterates the requirements of Government Code Section 56133 and also allows the Executive Officer, on behalf of the Commission, to approve service extensions in limited circumstances to respond to health and safety concerns for existing development. As the current request would serve new development, it is being forwarded to the Commission for review.

DISCUSSION

State law and Commission policies generally prefer annexation in order to accommodate the extension of services. However, the Commission has recognized that there are situations when out-of-boundary service extensions may be an appropriate alternative, consistent with Government

Code Section 56133 and Commission Policy 15, as discussed below.

Consistency with Adopted Commission Policies

Applicable state law and the Commission's policies prefer annexation to cities and special districts rather than the extension of services outside their jurisdictional boundaries. However, out-of-boundary service extensions can be an appropriate alternative in certain situations. Below is a discussion of each of the situations identified in Policy 15 where the Commission may favorably consider out-of-boundary service extensions:

- a. *Services will be provided to a small portion of a larger parcel and annexation of the entire parcel would be inappropriate in terms of orderly boundaries, adopted land use plans, open space/greenbelt agreements or other relevant factors.*

This situation does not apply, as the City's request is to serve a development that would utilize the entire three parcels within the project site.

- b. *Lack of contiguity makes annexation infeasible given current boundaries and the requested public service is justified based on adopted land use plans or other entitlements for use.*

The site is not contiguous to the City boundaries and cannot, therefore, be annexed at this time without including numerous other properties in the proposed annexation. Additionally the proposed development is consistent with the County's adopted General Plan and zoning designation for the property. Therefore, this situation would be an appropriate consideration for the Commission.

- c. *Where public agencies have a formal agreement defining service areas provided and LAFCO has formally recognized the boundaries of the agreement area.*

The project is located in an area between the City of Modesto and City of Ceres that has historically been provided with sewer and water services by Modesto, although located within the City of Ceres Sphere of Influence. Each City has acknowledged this overlap and many of the properties in this area are already receiving services from Modesto, although a blanket approval by LAFCO has not yet been requested.

The City of Ceres was provided notification of this application and did not identify any concerns. The City of Modesto's Will Serve letter (see Exhibit B) identifies that the project site is within its Ultimate Sewer Service Area, noting an existing sewer line in River Road. It also states that sewer service extensions may be approved on a case-by-case basis if specific conditions are met. The City has determined that the conditions have been met and have approved the out of boundary service connection.

- d. *Emergency or health related conditions mitigate against waiting for annexation.*

The request for sewer service was initiated as a result of the building and pavement coverage on the site no longer meeting current code requirements for septic systems. This, in conjunction with the proximity of an existing sewer line, was the initial reason that a service connection was requested. This may be a favorable consideration for the Commission's approval.

- e. *Other circumstances which are consistent with the statutory purposes and the policies and standards of the Stanislaus LAFCO.*

The Commission's approval of this request would be consistent with previous approvals for sewer extension in the area, including an extension along River Road, not far from the current request.

ENVIRONMENTAL REVIEW

Staff has determined that the proposed sewer extension is considered exempt for the purposes of the California Environmental Quality Act (CEQA), as it is infill development, intended to accommodate an allowable use, consistent with current zoning. No further change in land use is proposed, as a result of this out-of-boundary service extension application and there is no possibility of the proposal having a significant effect on the environment. The Commission does not have any further obligations under CEQA for environmental review.

CONCLUSION

Although annexations to cities or special districts are generally the preferred method for the provision of services, Commission policies also recognize that out-of-boundary service extensions can be an appropriate alternative. Staff believes the City's proposal to provide sewer service is consistent with Government Code Section 56133 and the Commission's Policy 15.

ALTERNATIVES FOR LAFCO ACTION

Following consideration of this report and any testimony or additional materials that are submitted at the public hearing for this proposal, the Commission may take one of the following actions:

- APPROVE the request, as submitted by the City.
- DENY the request without prejudice.
- CONTINUE the proposal to a future meeting for additional information.

STAFF RECOMMENDATION

Based on the discussion in this staff report and following any testimony or evidence presented at the meeting, staff recommends that the Commission approve the proposal as submitted by the City of Modesto and adopt Resolution No. 2018-07 (Exhibit D), which finds the request to be consistent with Government Code Section 56133 and Commission Policy 15 and includes the following standard terms and conditions:

- A. This approval allows for the extension of sewer service to accommodate the project site only.
- B. The City shall not allow additional sewer service connections outside the City limits and beyond the current request without first requesting and securing approval from LAFCO.

Respectfully submitted,

Javier Camarena

Javier Camarena
Assistant Executive Officer

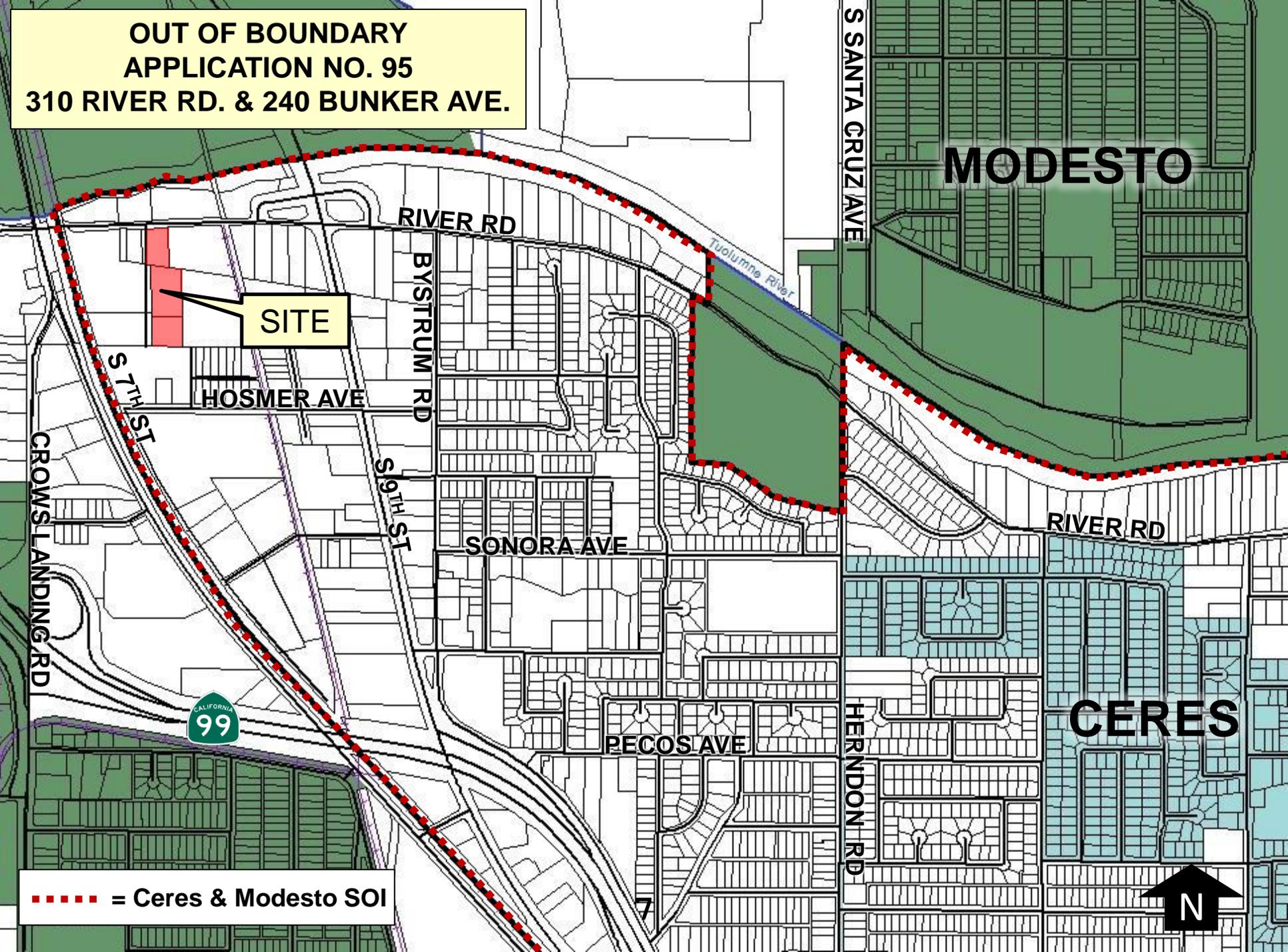
Attachments: Exhibit A – Maps
 Exhibit B – Will-Serve Letter
 Exhibit C – LAFCO Policy 15
 Exhibit D – LAFCO Resolution No. 2018-07

EXHIBIT A

Project Map

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**OUT OF BOUNDARY
APPLICATION NO. 95
310 RIVER RD. & 240 BUNKER AVE.**



SITE

MODESTO

CERES

..... = Ceres & Modesto SOI



310 River Rd & 240 Bunker Ave.
Out of Boundary Service App.

APN: 038-004-004

Proposed
18,900 sf
building

APN: 038-004-025

APN: 038-004-026

N

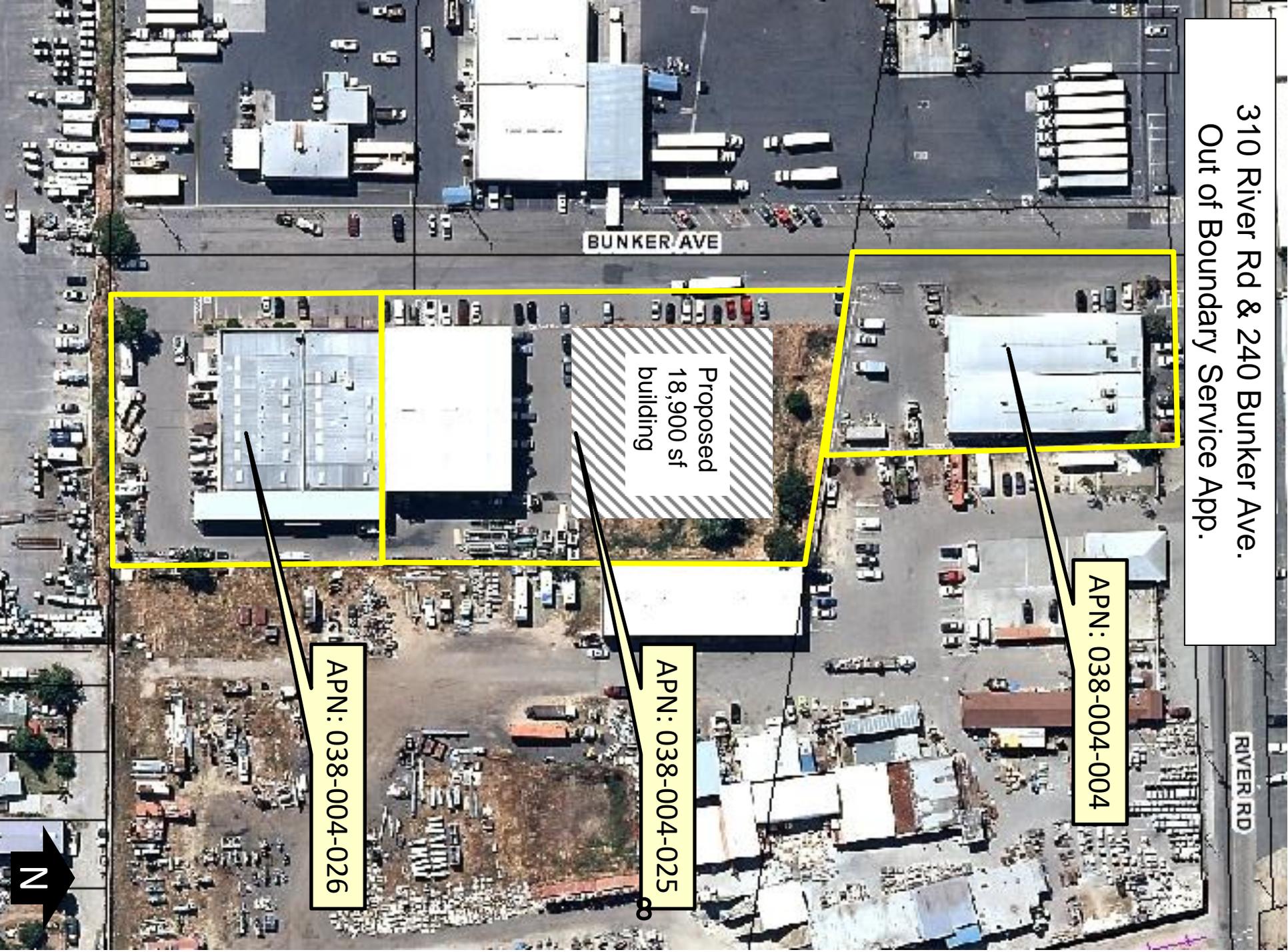


EXHIBIT B

City of Modesto Will-Serve Letter

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January 11, 2018

City Council Date: March 6, 2018

Solar Cool Properties, LLC
3800 Finch Road
Modesto, Ca 95357

Subject: Sewer Will Serve Letter for a property located at 310 River Road, 240 Bunker Avenue (APN: 038-004-004, 025,026)

As requested in your application dated December 14, 2017, the proposed Warehouse/ Distribution Center, located at 240 Bunker Avenue/310 River Road (APN: 038-004-004,025,026), will be allowed to make the necessary sewer service connection to the City's sewer system to accommodate normal usage as described below.

Sewer Service:

Pursuant to Modesto City Council Resolution No. 91-434 that establishes various conditions for the extension of sewer services into unincorporated areas, it has been determined that a connection to the City's sewer system will be allowed to accommodate normal usage by the proposed development.

In general, Resolution No. 91-434 provides that sewer service extensions may be approved by the City Manager, on a case-by-case basis, to properties located outside the Modesto Municipal Sewer District No. 1, but within the Ultimate Sewer Service Area, when all of the following conditions are met:

1. The sewer system in which the service connection will be made has sufficient capacity to receive the amount and type of discharge expected from the proposed facility.
2. An appropriately sized sewer line or manhole exists relatively close to the subject property to serve as the connection point.
3. That all applicable water and sewer connection fees are paid and associated permits be obtained prior to beginning any on-site construction. The property owner agrees to pay all associated monthly water and sewer service charges.
4. The property owner must execute an outside service agreement with the City of Modesto.

In addition to the above requirements, the following items are specific conditions on the proposed project:

5. That the project's proposed sewer demands will not change significantly from the above reference letter.

6. The proposed warehouse/ Distribution Center shall make an 8- inch sewer main extension for approximately 90 feet in River Road to the westerly property line of the proposed development. Design of the connecting sewer main shall be per City Standards and by a registered engineer authorized to perform such work. The proposed design shall be approved by the City and all costs associated with its design, installation, and permits shall be borne by the property owner.

7. That the property owner enters into a standard sewer service agreement with the City, as required for sewer service outside the City limits. For Starting the agreement process, you can contact Yvonne Weber at (209) 342- 4712 for more information.

On May 22, 2012, the City Council approved Resolution No. 2012-203 that amended City Council Policy 5.002 relating to sewer connection into unincorporated areas. On June 5, 2012, the City Council approved final adoption of Ordinance No. 3567-C.S. amending City of Modesto Municipal Code Section 11-1.05. Both of these amendments included language which required that the City Manager, upon the recommendation of the Director responsible for utility system planning, request City Council approval for all extensions of sewer services into unincorporated areas.

Construction of the sewer service connection identified to serve the above referenced property shall be completed prior to twelve (12) months from the date of this letter, and if after such time the service connections have not been made, the City's approval of said connections will be revoked.

If you have any questions, please contact Eva Dankha-Kelly at (209) 571-5120.

Recommended By: _____
Eva Dankha-Kelly, Associate Engineer

Sincerely,

City Manager

cc: William Wong, Acting Director of Utilities
Jim Alves- Utilities
Kerrie Freeman- Stanislaus County- PW
Robert Englent- Wastewater- Utilities
Thomas Sinclair- Environmental Compliance- Utilities

EXHIBIT C

Policy 15

POLICY 15 - OUT-OF-BOUNDARY SERVICE CONTRACTS OR AGREEMENTS

(Amended January 24, 2018)

Government Code Section 56133 (Cortese-Knox-Hertzberg Act) specifies that a city or special district must apply for and obtain LAFCO approval before providing new or extended services outside its jurisdictional boundaries. The Commission will consider this policy in addition to the provisions of Government Code Section 56133 when reviewing out-of-boundary service extension requests.

- A. Pursuant to Government Code Section 56133(b), the Commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries, but within its sphere of influence, in anticipation of a later change of organization. The Commission may authorize a city or district to provide new or extended services outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory in accordance with Government Code Section 56133(c).
- B. The Commission has determined that the Executive Officer shall have the authority to approve, or conditionally approve, proposals to extend services outside jurisdictional boundaries in cases where the service extension is proposed to remedy a clear health and safety concern for existing development.

In cases where the Executive Officer recommends denial of such a proposed service extension or where the proposal will facilitate new development, that proposal shall be placed on the next agenda for which notice can be provided so that it may be considered by the Commission. After the public hearing, the Commission may approve, conditionally approve, or deny the proposal.

- C. Considerations for Approving Agreements: Annexations to cities and special districts are generally preferred for providing public services; however, out-of-boundary service extensions can be an appropriate alternative. While each proposal must be decided on its own merits, the Commission may favorably consider such service extensions in the following situations:
 - 1. Services will be provided to a small portion of a larger parcel and annexation of the entire parcel would be inappropriate in terms of orderly boundaries, adopted land use plans, open space/greenbelt agreements or other relevant factors.
 - 2. Lack of contiguity makes annexation infeasible given current boundaries and the requested public service is justified based on adopted land use plans or other entitlements for use.
 - 3. Where public agencies have a formal agreement defining service areas provided LAFCO has formally recognized the boundaries of the area.
 - 4. Emergency or health related conditions mitigate against waiting for annexation.

5. Other circumstances which are consistent with the statutory purposes and the policies and standards of the Stanislaus LAFCO.
- D. Health or Safety Concerns: The requirements contained in Section 56133(c) of the Government Code will be followed in the review of proposals to serve territory with municipal services outside the local agency's sphere of influence. Service extensions outside a local agency's sphere of influence will not be approved unless there is a documented existing or impending threat to public health and safety, and the request meets one or more of the following criteria as outlined below:
1. The lack of the service being requested constitutes an existing or impending health and safety concern.
 2. The property is currently developed.
 3. No future expansion of service will be permitted without approval from the LAFCO.
- E. Agreements Consenting to Annex: Whenever the affected property may ultimately be annexed to the service agency, a standard condition for approval of an out-of-boundary service extension is recordation of an agreement by the landowner consenting to annex the territory, which agreement shall inure to future owners of the property.
1. The Commission may waive this requirement on a case-by-case basis upon concurrence of the agency proposing to provide out-of-boundary services.
 2. The Commission has determined, pursuant to Government Code Section 56133(b) that the Beard Industrial Area shall not be subject to the requirement for consent-to-annex agreements, based on the historical land use of the area and its location within the Sphere of Influence of the City of Modesto.
- F. Area-wide Approvals: The Commission has recognized and approved extensions of sewer and/or water services to specific unincorporated areas, including the Bret Harte Neighborhood, Robertson Road Neighborhood, and the Beard Industrial Area. New development in these delineated unincorporated areas is considered infill and does not require further Commission review for the provision of extended sewer and/or water services. The Commission may consider similar approvals for area-wide service extensions on a case-by-case basis when it determines each of the following exists:
1. There is substantial existing development in the area, consistent with adopted land use plans or entitlements.
 2. The area is currently located within the agency's sphere of influence.
 3. The agency is capable of providing extended services to the area without negatively impacting existing users.

4. The proposal meets one of the situations outlined in Section C of this Policy where extension of services is an appropriate alternative to annexation.
- G. In the case where a city or district has acquired the system of a private or mutual water company prior to January 1, 2001, those agencies shall be authorized to continue such service and provide additional connections within the certificated service area of the private or mutual water company, as defined by the Public Utilities Commission or other appropriate agency at the time of acquisition, without LAFCO review or approval as outlined in Government Code Section 56133. The continuation of service connections under this policy shall not be constrained by the sphere of influence of that local agency at that time. Proposals to extend service outside this previously defined certificated area would come under the provisions of Government Code Section 56133 for the review and approval by the Commission prior to the signing of a contract/agreement for the provision of the service.
- H. Exemptions: Consistent with Government Code Section 56133, this policy does not apply to:
1. Two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.
 2. The transfer of non-potable or non-treated water;
 3. The provision of surplus water to agricultural lands and facilities, including but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.
 4. An extended service that a city or district was providing on or before January 1, 2001.
 5. A local publicly owned electrical utility, as defined by Section 9604 of the Public Utilities Code, providing electrical services that do not involve the acquisition, construction, or installation of electrical distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundaries.
 6. A fire protection contract, as defined in Section 56134 and Policy 15a.

POLICY 15a – FIRE PROTECTION CONTRACTS OR AGREEMENTS

(Adopted on January 24, 2018)

Effective January 1, 2016, Government Code Section 56134 requires the Commission to review a fire protection contract or agreement that provides new or extended fire protection services outside an agency's jurisdictional boundaries and meets either of the following thresholds: (1) transfers service responsibility of more than 25 percent of an affected public

EXHIBIT D

Draft LAFCO Resolution No. 2018-07

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**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: April 25, 2018

NO. 2018-07

**SUBJECT: Out-of-Boundary Service Application - 310 River Road and 240 Bunker Avenue
(Modesto - Sewer Service)**

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, the City of Modesto has submitted an out-of-boundary service application requesting to provide sewer service to a property located at 310 River Road and 240 Bunker Avenue;

WHEREAS, the site is otherwise identified as Assessor’s Parcel Numbers 038-004-004, 038-004-025 and 038-004-026;

WHEREAS, the property is located outside the current city limits and Sphere of Influence of Modesto, but within the City of Ceres’ Sphere of Influence;

WHEREAS, Government Code Section 56133 states that a city may provide new or extended services by contract or agreement outside its jurisdictional boundaries only if it first requests and receives written approval from the local agency formation commission in the affected county;

WHEREAS, the Commission has adopted specific policies (Policy 15) to guide its evaluation of out-of-boundary service applications, consistent with Government Code Section 56133;

WHEREAS, in accordance with adopted Commission Policy 15, the current proposal has been forwarded to the Commission as it would serve new development;

WHEREAS, the City of Modesto has indicated that it has the ability to serve the site with sewer service and has existing infrastructure near the area;

WHEREAS, the City of Ceres has been notified of the proposal, as it is located within the Ceres Sphere of Influence;

WHEREAS, the proposal is exempt from the California Environmental Quality Act (CEQA) as it is considered an in-fill project and there is no reasonable possibility that the extension of sewer service will have a significant effect on the environment; and,

WHEREAS, the Commission has, in evaluating the proposal, considered the report submitted by the Executive Officer, consistency with California Government Code Section 56133 and the Commission's adopted policies, and all testimony and evidence presented at the meeting held on April 25, 2018.

NOW, THEREFORE, BE IT RESOLVED that this Commission:

1. Finds that the proposed extension of sewer service is consistent with the Commission's adopted policies and California Government Code Section 56133.
2. Finds that the proposal is exempt from the California Environmental Quality Act (CEQA) as it is considered an in-fill project and there is no reasonable possibility that the extension of sewer service will have a significant effect on the environment
3. Authorizes the City of Modesto to provide the requested sewer service, subject to the following terms and conditions:
 - A. This approval allows for the extension of sewer service to accommodate the project site only.
 - B. The City shall not allow additional sewer service connections outside the City limits and beyond the project site without first requesting and securing approval from LAFCO.
4. Directs the Executive Officer to forward a copy of the approval to the City of Modesto.

ATTEST: _____
Sara Lytle-Pinhey, Executive Officer

MEMORANDUM

DATE: April 25, 2018

TO: LAFCO Commissioners

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

SUBJECT: Legislative Update and Proposed Letters of Support

RECOMMENDATION

Staff recommends that the Commission receive this legislative update and authorize the Executive Officer to submit letters of support on behalf of Stanislaus LAFCO for Assembly Bill 2258 (Grant Program) and Assembly Bill 3254 (Omnibus Bill).

DISCUSSION

CALAFCO is currently tracking 25 bills of interest and has been providing regular updates to member LAFCOs. Letters of support have been requested by CALAFCO for two of these bills: Assembly Bills 2258 and 3254. Proposed letters of support are attached for each. The following is a summary of these and other bills of interest to Stanislaus LAFCO in the current legislative session:

Grant Program for LAFCOs

AB-2258 (Caballero) – *Re-Referred to Committee on Local Governance*

QUICK SUMMARY:

Would establish a grant program for local agency formation commissions that could potentially help fund change of organizations, reorganizations, and special studies.

This is a CALAFCO-sponsored bill that follows up on a recommendation from the Little Hoover Commission Report that the Legislature provide one-time grant funding for in-depth studies of service providers. CALAFCO is currently working with the Strategic Growth Council on the proposed grant process.

IMPLICATIONS FOR STANISLAUS LAFCO:

If this bill passes, it would provide a unique opportunity for Stanislaus LAFCO to apply for grant funding for more in-depth studies, particularly for special districts where no other funding source for such study currently exists. **Staff recommends a letter of support for AB-2258.** If it passes, Staff will return to the Commission with potential grant proposals.

Omnibus Bill

AB-3254 (Committee on Local Government) – *Referred to Committee on Local Governance*

QUICK SUMMARY:

Each year, CALAFCO sponsors an omnibus bill that is intended to make minor clarifications and corrections to language in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act).

This year's omnibus bill, AB-3254 contains several non-controversial changes, including the following:

- Clarifications to the terms “affected territory” and “inhabited territory.”
- Clarification to sections describing mailed notices to landowners and registered voters within the affected territory.

IMPLICATIONS FOR STANISLAUS LAFCO:

Clarifications and improvements to the CKH Act are necessary to insure the law is as unambiguous as possible to the Commission and Staff. **Staff recommends a letter of support for AB-3254.**

Small System Water Authority Act of 2018

AB-2050 (Caballero) – *Re-referred to the Committee on Local Government*

QUICK SUMMARY:

Would authorize creation of small system water authorities that will have powers to absorb, improve, and operate noncompliant public water systems. LAFCO would be required to process the formation of the entity and monitor their compliance with a corrective plan.

According to CALAFCO, the focus of the bill is on non-contiguous water systems. The SWRCB already has the authority to mandate consolidation of these systems. This bill would add the authority to mandate dissolution of water systems and formation of new public agencies known as small system water authorities. LAFCO would have little, if any, discretion in the process. The bill also requires the new authority to file annual performance reports with the Commission. The Commission is then required to hold a hearing on the report and would be empowered to impose civil penalties on the authority for failure to comply with a remedial order by the Commission. CALAFCO has been meeting with the sponsors of the bill to go over numerous concerns about the process, timing, and lack of LAFCO discretion in the proposal.

IMPLICATIONS FOR STANISLAUS LAFCO:

Staff is concerned by the processes included in this proposed legislation, as well as the addition of civil penalties, which may set precedence for inclusion of penalties with other LAFCO actions. Staff will be closely monitoring this bill and likely be returning to the Commission with a position letter if the bill text does not change from its current form.

Water and Wastewater System Consolidations & Service Extensions

SB-1215 (Hertzberg) – *Re-referred to the Environmental Quality Committee*

QUICK SUMMARY:

This bill would authorize the State Water Resources Control Board (SWRCB) to mandate extension of service or consolidation of public and/or private wastewater systems. The process is similar to the authority granted to the SWRCB for drinking water systems (SB-88).

This bill builds on the authority granted to SWRCB to not only consolidate water systems, but wastewater systems as well. The intent is to provide services from a more reliable source (typically a city or special district) to a community currently on a failing system. Typically these failing systems are located in unincorporated areas with no neighboring service provider.

IMPLICATIONS FOR STANISLAUS LAFCO:

Stanislaus LAFCO has seen an increase in requests for water service to be extended to failing systems (typically in mobile home parks) in the unincorporated areas. It would be expected that following this request, there would likely be an increase in similar requests for sewer service extensions into unincorporated areas.

Attachments: Draft Letters of Support for AB-2258 (Grant Program) & AB-3254 (Omnibus Bill)

April 25, 2018

The Honorable Anna Caballero
California State Assembly
State Capital Room 5158
Sacramento, CA 95814

Subject: **SUPPORT of AB 2258 – Grant Funding** (as amended March 15, 2018)

Dear Assemblymember Caballero:

The Stanislaus Local Agency Formation Commission (LAFCO) is pleased to join the California Association of Local Agency Formation Commissions (CALAFCO) in support for **Assembly Bill 2258**. Sponsored by CALAFCO, the bill establishes a funding program to provide grants to LAFCOs for conducting in-depth studies and analyses of local government agencies and services for the purposes of creating improved efficiencies in the delivery of local government services.

The Legislature established LAFCOs in 1963 to encourage the orderly formation of local government agencies. Since that time, the regulatory role and responsibilities of LAFCOs has substantially increased *without* additional funding. Operating in all 58 California counties, LAFCOs are responsible for meeting important statutory directives to maintain orderly boundaries and seek greater efficiencies in delivering local services, and yet these directives often times cannot be met under current funding mechanisms. As a result, much needed LAFCO activities are sometimes delayed or rejected.

In August 2017, the Little Hoover Commission published a report on special districts that contained several recommendations directly related to LAFCOs. One recommendation was for the Legislature to provide one-time grant funding to pay for specified LAFCO activities, particularly to incentivize LAFCOs or smaller special districts to develop and implement dissolution or consolidation plans with timelines for expected outcomes.

Stanislaus LAFCO views AB 2258 as an important opportunity to complete in-depth governance studies that would otherwise not occur due to lack of funding. By establishing this one-time grant funding, AB 2258 provides an additional tool for LAFCOs to conduct detailed studies and implement greater efficiencies in delivering local services based on local circumstances and conditions. For these reasons, Stanislaus LAFCO is pleased to support AB 2258.

Thank you for authoring this important piece of legislation. Please feel free to contact me should you have any questions about our support of AB 2258.

Sincerely,

Sara Lytle-Pinhey
Executive Officer

cc: Members, Assembly Local Government Committee
Debbie Michel, Chief Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus
Pamela Miller, Executive Director, CALAFCO

April 25, 2018

Honorable Cecilia Aguiar-Curry, Chair
Assembly Local Government Committee
California State Assembly
State Capitol, Room 5144
Sacramento, CA 95814

Subject: **SUPPORT of AB 3254 - Local Government Committee Omnibus Bill**

Dear Chair Aguiar-Curry:

The Stanislaus Local Agency Formation Commission (LAFCO) is pleased to support the **Assembly Local Government Committee Bill AB 3254** which makes technical, non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act).

This annual bill includes technical changes to the Act which governs the work of LAFCOs. These changes are necessary as Commissions implement the Act and small inconsistencies are found or clarifications are needed to make the law as unambiguous as possible. AB 3254 currently makes minor technical corrections to language used in the Act.

Stanislaus LAFCO is grateful to your Committee and staff, and the members of the California Association of Local Agency Formation Commissions (CALAFCO) Legislative Committee, all of whom worked diligently on this language to ensure there are no substantive changes while creating a significant increase in the clarity of the Act for all stakeholders.

This legislation helps insure the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the state. We appreciate your Committee's authorship and your support of the mission of LAFCOs. Please feel free to contact me should you have any questions about our support of AB 3254.

Sincerely,

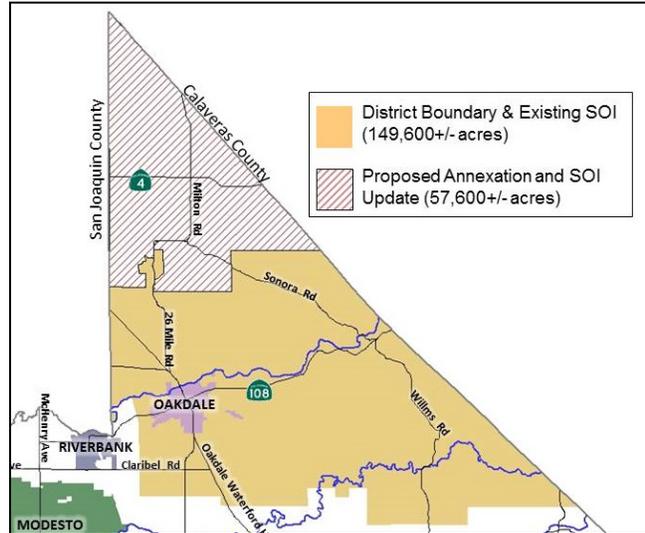
Sara Lytle-Pinhey
Executive Officer

cc: Members, Assembly Local Government Committee
Debbie Michel, Chief Consultant, Assembly Local Government Committee
William Weber, Consultant, Assembly Republican Caucus
Pamela Miller, Executive Director, CALAFCO

**LAFCO APP. NO. 2017-03 & SPHERE OF INFLUENCE MODIFICATION NO. 2017-07 –
DIVISION 1 NORTH AREA CHANGE OF ORGANIZATION TO THE
OAKDALE RURAL FIRE PROTECTION DISTRICT**

SUMMARY

1. Applicant: Oakdale Rural Fire Protection District
2. Request: The Oakdale Rural Fire Protection District has submitted a request to expand the Sphere of Influence and annex approximately 57,595 acres.
3. Location: The northernmost area of Stanislaus County, adjacent to San Joaquin and Calaveras Counties, referred to as the Division 1 North Area (see Exhibit A – Maps).
4. Parcels Involved and Acreage: A list of Assessor's Parcel Numbers included within the proposed project is attached in Exhibit B. The project area totals 57,595± acres (or approximately 90 square miles).



Overview

The Oakdale Rural Fire Protection District (“District”) was established in 1945 and provides fire suppression and emergency medical response services in northeastern Stanislaus County. The current boundaries of District encompass approximately 225 square miles and include the communities of Knights Ferry and Valley Home, along with unincorporated areas surrounding the City of Oakdale. The District has historically responded to calls just north of its current boundaries in the northeastern portion of Stanislaus County, referred to as the Division 1 North Area, and is now proposing to expand its Sphere of Influence and annex the area.

The Division 1 North Area is the only area of the County not within the boundaries of a fire protection district. The entire territory is within the State Responsibility Area (SRA), where the California Department of Forestry and Fire Protection (Cal Fire) responds to non-structure and wildland fires during the fire season.

According to the District’s application (attached as Exhibit C), the District responds to over 100 calls per year in the proposed annexation area. The application states that these calls have become increasingly burdensome for the District, as no operational funds are received from property owners within the area. The District is also concerned that property owners within its current boundaries are subsidizing services for areas outside of the District.

Annexation of the Division 1 North Area would include an extension of the District’s special tax in the area. The District would also receive revenues from a property tax sharing agreement with the County. Combined, this would result in an estimated \$40,000 of annual revenue for the District.

MUNICIPAL SERVICE REVIEW

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) Section 56430 requires that a municipal service review (MSR) be completed either prior to or concurrent with a sphere of influence modification. The Municipal Service Review Update process provides an opportunity for districts to share accurate and current data, accomplishments and information regarding the services they provide. An MSR was adopted on July 27, 2016 for all Fire Protection Districts in Stanislaus County. The information provided in the most current MSR is up to date and contemplated a future request by the District to expand its Sphere of Influence and boundary.

SPHERE OF INFLUENCE MODIFICATION

The District is proposing the simultaneous expansion of its Sphere of Influence to accommodate the annexation of the area to the District. Government Code Section 56076 defines a sphere of influence (SOI) as “a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.” LAFCO creates, amends, and updates spheres of influence to indicate to local agencies and property owners that, at some future date, particular areas are anticipated to require the level of municipal services offered by the subject agency. It is a key component of the planning process, as it indicates to land use authorities and interested parties whether LAFCO expects a need for a jurisdictional change. It can indicate to other potential service providers which agency LAFCO believes to be best situated to offer the services in question.

Government Code Section 56425 requires the Commission to consider and prepare written determinations with respect to the five factors put forth in the law when establishing or modifying a Sphere of Influence.

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

The entire area proposed for the Sphere of Influence modification and annexation is zoned A-2-40 (General Agriculture) in the Stanislaus County Zoning Ordinance and is designated Agriculture in the County’s General Plan. The majority of parcels within the proposed area are large farming parcels. At this time there is no plan for growth in this area.

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

The need for fire protection services in the area is not expected to diminish. The District has historically responded to calls in the area without receiving funds for services. As mentioned previously, the District averages over 100 service calls in the area annually. The majority of these calls are for medical aid.

3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The District currently operates under a contract for service with Stanislaus Consolidated Fire Protection District. Stanislaus Consolidated FPD also provides contract services to the City of Oakdale. Under the terms of the contract, Stanislaus Consolidated FPD provides fire services to the territory within the District’s boundaries, including: administrative, training, fire prevention, a chief officer and frontline fire staff. The District is responsible for maintenance,

repair and replacement of its own facilities, apparatus, vehicles and equipment. Territory annexed into the District would also be served under the current or an amended version of the contract for service with Stanislaus Consolidated FPD.

The District owns three fire stations within its current boundaries located in Valley Home, Knights Ferry, and on F Street in Oakdale. Service to the proposed annexation territory would be from these existing stations.

4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency

The proposed project area is comprised of large rural parcels and agricultural uses. The unincorporated communities of Valley Home, Knights Ferry, and East Oakdale are considered communities of interest in the area. The entirety of these communities falls within the existing boundaries of the District.

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

As there are no known disadvantaged unincorporated communities within the District's Sphere of Influence, this factor is not applicable.

ANNEXATION PROPOSAL

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires several factors to be considered by a LAFCO when evaluating an annexation proposal. The following discussion pertains to the factors, as set forth in Government Code Section 56668 and 56668.3:

a. Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.

The majority of the properties within the proposed annexation area are large rural parcels. Surrounding land uses include agricultural uses and approximately 48 scattered single family homes. All the subject parcels are zoned A-2 (General Agriculture) by Stanislaus County. Annexation to the District will not change or lead to change in the zoning. The current total assessed land value for all of the parcels within the proposed annexation area is approximately \$99,000,000. The population is estimated at 148 persons. The area is not expected to have significant growth in the foreseeable future.

b. The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.

The District provides fire protection and emergency medical services within the District boundaries. The District submitted a Plan for Services with the proposal which states that the District is able to provide the necessary fire protection and emergency medical services to the area (attached as Exhibit F). When reviewing the District's Plan for Services, the Commission shall consider the ability of the District to deliver adequate, reliable and sustainable services and will not approve a proposal that has the potential to significantly diminish the level of service within the District's current boundaries. Due to the agricultural nature of the area and sparse population, the level of traditional urban services does not apply.

- c. ***The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.***

There are no social or economic communities of interest as defined by the Commission within the area. The proposal is consistent with adopted Commission policies to encourage efficient and effective delivery of governmental services. Pursuant to Government Code Section 56668.3, a finding can be made that the inclusion of the Division 1 North Area into the District and continued fire protection services is in the interest of both landowners within the District and those proposed to be annexed to the District.

- d. ***The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377.***

The territory is within an area planned for agricultural uses within the Stanislaus County General Plan. There are currently no plans to change these land uses.

- e. ***The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.***

A majority of the parcels included in the proposal are under a Williamson Act Contract. The proposal will not result in the loss of agricultural land and will not affect the physical and economic integrity of the area. The proposal will help provide continued fire protection and emergency medical services for the territory.

- f. ***The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting proposed boundaries.***

The proposed boundary includes 221 whole Tax Assessor parcels and adjacent road right of way, consistent with adopted Commission policies. The boundaries, as proposed, are contiguous to the Oakdale Rural Fire Protection District boundaries on the south, and include the remaining north area of the County, bounded by the San Joaquin and Calaveras County lines.

- g. ***A regional transportation plan adopted pursuant to Section 65080***

There are no anticipated changes in traffic as a result of annexation into District.

h. *The proposal's consistency with city or county general and specific plans*

The proposal is consistent with the Stanislaus County General Plan which designates the territory as Agriculture.

i. *The sphere of influence of any local agency, which may be applicable to the proposal being reviewed.*

The proposal, although contiguous to the existing Oakdale Rural Fire Protection District boundaries, is not currently within the Sphere of Influence of the District. Thus, the District has included a request to simultaneously expand its Sphere of Influence. If approved, the boundaries would be consistent with Commission policy.

As identified previously, the Cortese-Knox-Hertzberg Act requires that the Commission consider and prepare written determinations when modifying a Sphere of Influence. The required determinations are provided on page 2 through 3 of this report.

The proposal is also located within the spheres of influence of the following special districts: Eastside Mosquito Abatement District, Oak Valley Hospital District, Rock Creek Water District, and Oakdale Irrigation District. Each of these districts provides unique services to the territory.

j. *The comments of any affected local agency or other public agency.*

All affected agencies and jurisdictions have been notified pursuant to State law requirements and the Commission adopted policies. No comments have been received as of the drafting of this report.

k. *The ability of the receiving entity to provide services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.*

The Oakdale Rural Fire Protection District currently provides service to the proposed territory. However, the District is not receiving revenue for its services. It is anticipated that annexation to the District would result in approximately \$15,000 in property taxes as a result of the tax sharing agreement with the County and \$25,000 in special taxes. Combined, this \$40,000 will at least partially offset the District's costs of providing services in the area.

The District's special tax was originally authorized by voters within the current District boundaries in 2005. The individual tax rates imposed on parcels within the District are identified in the Plan for Service, attached as Exhibit F. An example provided by the District for a single family residence of 2,400 square feet on 10-acres results in an annual tax of \$239.

On June 27, 2017, the District and County entered into a Memorandum of Understanding (MOU) related to the annexation of the Division 1 North Area (Exhibit D). The MOU states that the County will support and cooperate with the District to annex the Division 1 North area into the District. The MOU also recognized the need for continued fire protection services at and around the Woodward Reservoir, which is owned and maintained by Stanislaus County.

Following negotiations, a tax sharing agreement was finalized between the parties. The agreement states that the County will distribute 12.5 percent of its annual property taxes from the proposed annexation territory to the District. A copy of the agreement can be found in Exhibit E.

l. Timely availability of water supplies adequate for projected needs as specified in Government Code Section 65352.5.

The District does not provide water service. Water is provided to individual parcels through private wells. There will be no impacts to water supply for the area as a result of the annexation.

m. The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.

Not applicable.

n. Any information or comments from the landowner or owners, voters, or residents of the affected territory.

No information or comments, other than what was provided in the application, have been received as of the drafting of this report.

o. Any information relating to existing land use designations.

All territories within the project area are agriculturally zoned within the Stanislaus County Zoning Ordinance and are designated as "Agriculture" in the General Plan. There are currently no plans to change the land uses.

p. The extent to which the proposal will promote environmental justice.

As defined by Government Code §56668, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services. Staff has determined that approval of the proposal would not result in the unfair treatment of any person based on race, culture or income with respect to the provision of services within the proposal area.

DISCUSSION

Based on the information provided by the District, annexation of the Division 1 North Area can be considered a logical extension of the District's boundaries. Annexation of the area has long been a goal of the District in order for the application of its special tax to be consistent with its service area. The District proposed a similar annexation of the Division 1 North Area in 1997. However, at that time the request was denied by the Commission. Records do not indicate reasons for the Commission's denial, although the minutes for the meeting show that seven people spoke in opposition of the annexation.

Extension of Special Tax

LAFCO law allows the Commission to approve a change of organization (annexation) subject to certain terms and conditions. Specifically, Government Code Section 56886(t) allows the Commission to extend any previously authorized charge, fee, assessment, or tax by the local agency in the affected territory. As it is the intent of the District to apply and collect its special tax and fees within the annexed territory, this has been included as a term in the draft resolution for the Commission.

Protest Hearing

Should the Commission approve the proposal; the annexation will be subject to a Protest Hearing which will allow registered voters and property owners to protest the Commission's decision. Pursuant to Government Code Section 57075, if a majority protest occurs (at least 50% of the registered voters residing in the territory), the proceedings will be terminated. If there is less than a majority protest, but one of the following thresholds is met, an election will be called:

1. Protests are filed from at least 25 percent, but less than 50 percent, of the registered voters residing in the affected territory.
2. Protests are filed from at least 25 percent of the property owners who also own at least 25 percent of the assessed value of land within the affected territory.

If there is less than a majority protest and an election is not triggered from the above thresholds, the Commission's approval will be ordered and the annexation recorded.

ENVIRONMENTAL REVIEW

The proposed annexation is considered exempt for purposes of the California Environmental Quality Act (CEQA) pursuant to sections 15320 and 15061(b)(3). Section 15320 categorically exempts changes of organization or reorganization of local governmental agencies where the proposal does not change the geographical area in which previously existing powers are exercised. Section 15061(b)(3) exempts the project through the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Staff has determined with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

ALTERNATIVES FOR COMMISSION ACTION

Following consideration of this report and any testimony or additional materials that are submitted at the public hearing for this proposal, the Commission may take one of the following actions:

- Option 1** APPROVE the proposal, as submitted by the applicant.
- Option 2** DENY the proposal.
- Option 3** CONTINUE this proposal to a future meeting for additional information.

RECOMMENDED ACTION

Based on discussion in this staff report, including the factors set forth in Government Code Section 56668, and following any testimony or evidence presented at the meeting, Staff recommends that the Commission approve the proposal and adopt Resolution No. 2018-05 (attached as Exhibit G) which:

1. Certifies that the project is statutorily exempt under the California Environmental Quality Act (CEQA) pursuant to Sections 15320 and 15061(b)(3) of the State CEQA Guidelines.
2. Finds the proposal to be consistent with State law and the Commission's adopted Policies and Procedures.
3. Determines that in accordance with Government Code Sections 56886(t) and 57330, the annexation area will be subject to all previously authorized charges, fees, assessments, and taxes of the Oakdale Rural Fire Protection District.
4. Determines the effective date of the annexation shall be the date of recordation of the Certificate of Completion.
5. Directs the Executive Officer to initiate Protest Proceedings.

Respectfully submitted,

Javier Camarena

Javier Camarena
Assistant Executive Officer

Attachments - Exhibit A: Maps
Exhibit B: Property Owner and APN List
Exhibit C: Application
Exhibit D: Memorandum of Understanding between Stanislaus County and the Oakdale Rural Fire Protection District dated June 27, 2017
Exhibit E: Property Tax Revenue Exchange Agreement
Exhibit F: Plan for Services
Exhibit G: LAFCO Resolution No. 2018-05

EXHIBIT A

Maps

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OAKDALE RURAL FIRE PROTECTION DISTRICT PROPOSED ANNEXATION AND SPHERE OF INFLUENCE MODIFICATION

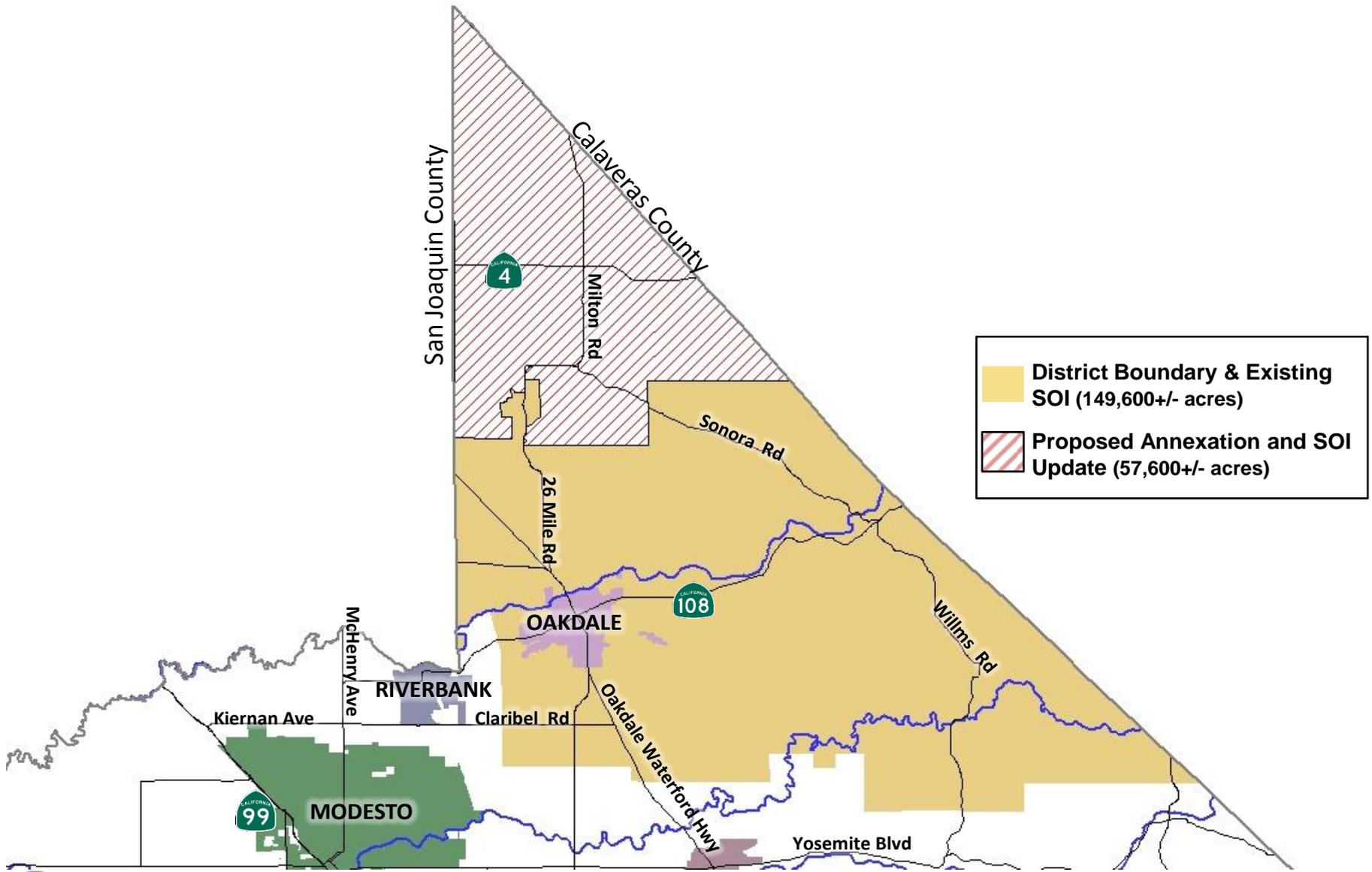
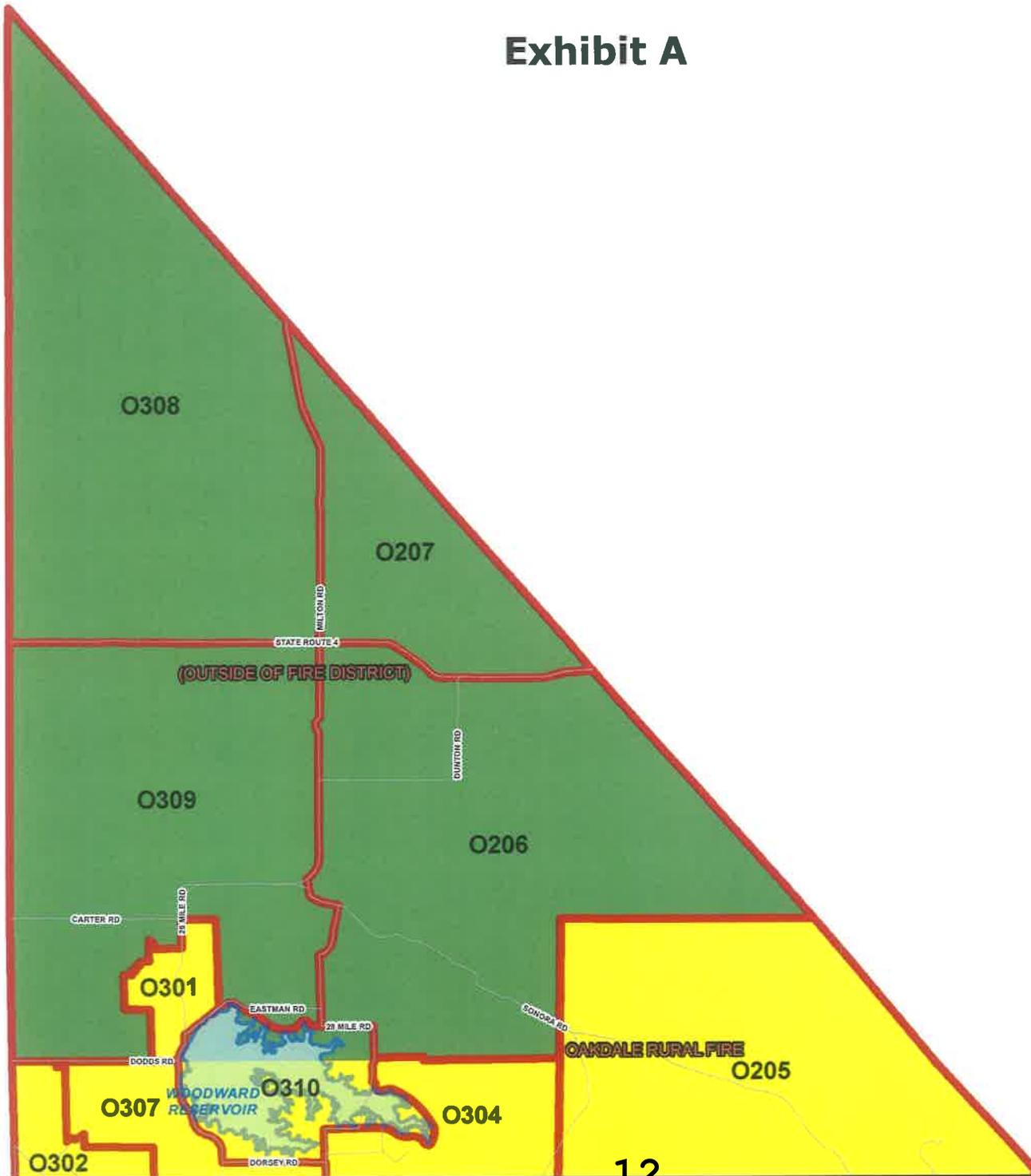


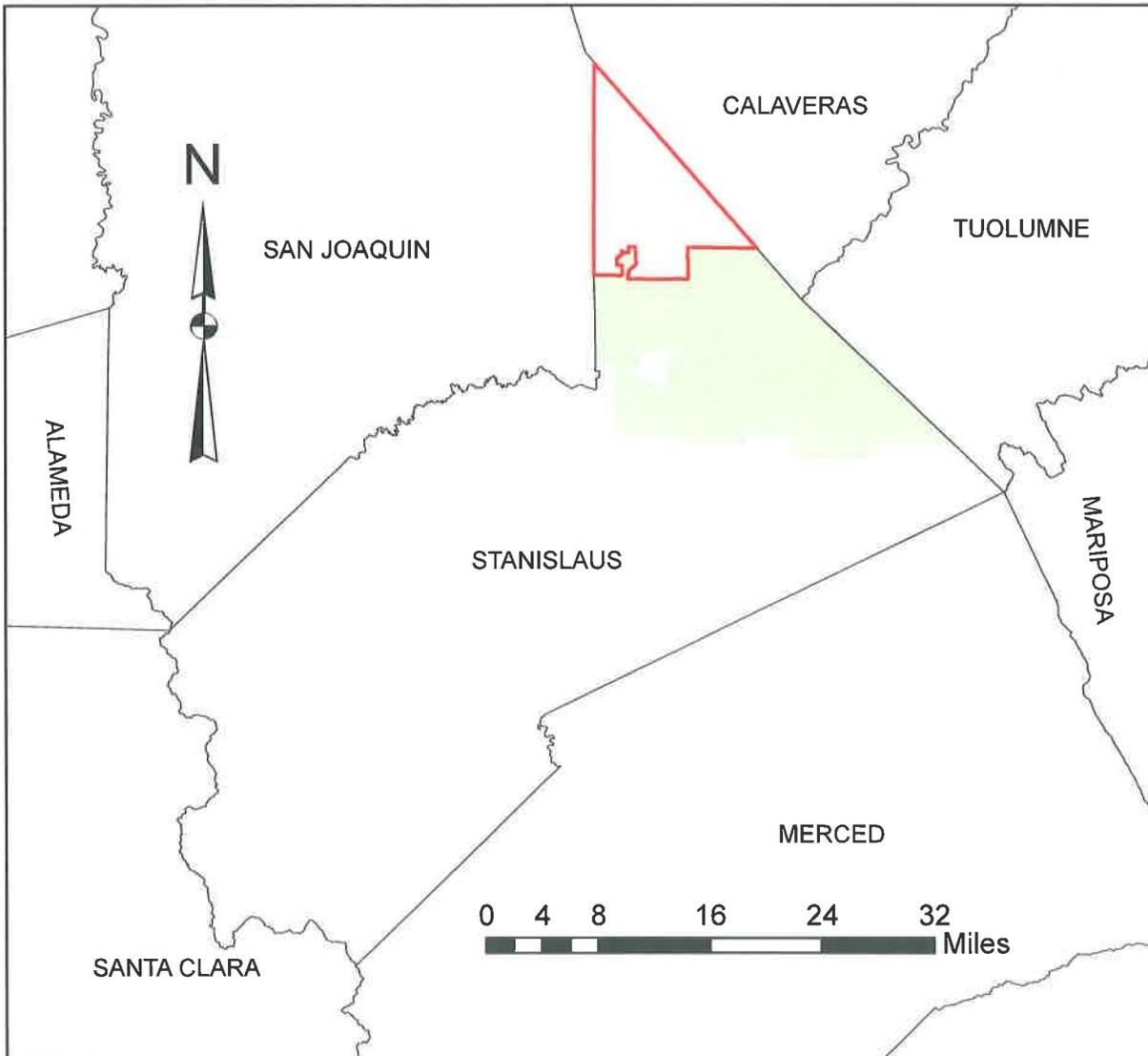
Exhibit A



Division 1 North Change of Organization
to the
Oakdale Rural Fire Protection District

Exhibit Sheet 1 of 4

Vicinity Map



Legend

-  Boundary of Proposed Addition
-  Existing Oakdale Rural Fire District

Division 1 North Change of Organization to the Oakdale Rural Fire Protection District

Exhibit Sheet 2 of 4

Roads and Township - Range - Section



Legend

- Boundary of Proposed Addition
- Existing Oakdale Rural Fire District
- Woodward Reservoir
- 3 Numbered Courses to Accompany Geographic Description

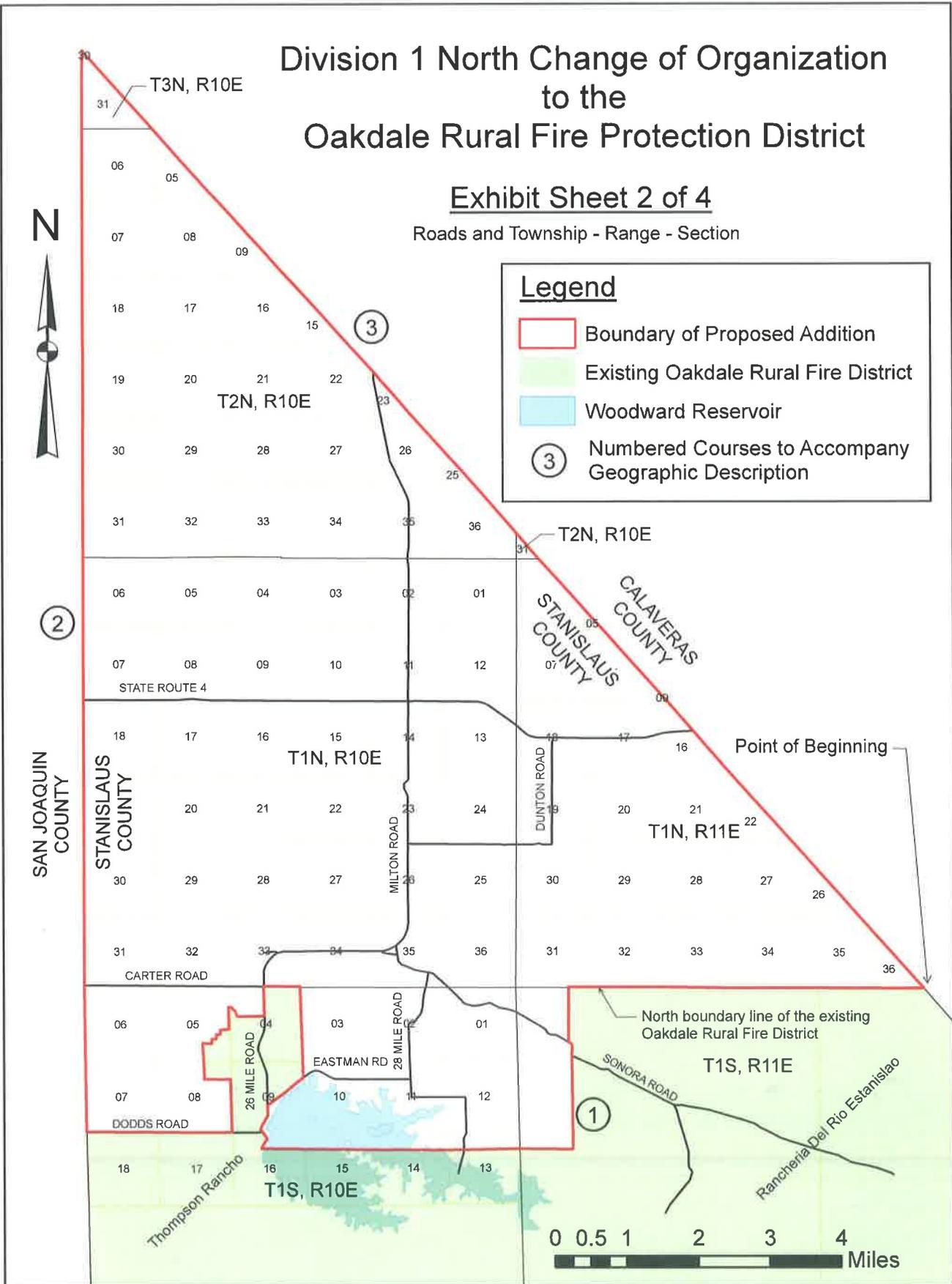


EXHIBIT B

List of APNs and Property Owners

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List of APNs and Property Owners
North Area 1 Change of Organization to Oakdale Rural FPD

APN	Owner	Property Address
1 001-001-002-000	WILLIAMS WILLIAM H	N OF COPPEROPOLIS RD
2 001-001-005-000	GREGORY RANCH LLC	S OF CALAVERAS RIVER
3 001-001-009-000	BOYAJIAN JOSEPH J & SHARON M	SE OF SHELTON RD
4 001-001-011-000	MENDEZ BONNER WILLIAMS	N SHELTON RD
5 001-001-016-000	WANG EDGE	9500 N SHELTON RD
6 001-001-017-000	RANCHO MI HERMANO LLC	N SHELTON RD
7 001-001-018-000	BALLEW FREDRICK ARTHUR & SAMANTHA	N SHELTON RD
8 001-002-001-000	SMITH CATHERINE J	N OF COPPEROPOLIS RD
9 001-002-004-000	SMITH CATHERINE J	N OF COPPEROPOLIS RD
10 001-002-007-000	HATLER HAROLD VERNON	N OF COPPEROPOLIS RD
11 001-002-008-000	JOHN ROBIE W	N OF COPPEROPOLIS RD
12 001-002-011-000	GANSBERG CHRIS H JR	N OF COPPEROPOLIS RD
13 001-002-012-000	GANSBERG CHRIS H JR	N OF COPPEROPOLIS RD
14 001-002-014-000	BROCCHINI FARMS INC	N OF COPPEROPOLIS RD
15 001-002-015-000	COLLEY NANCY A	COPPEROPOLIS N OF
16 001-002-016-000	HUNT LESLIE A	COPPEROPOLIS N OF RD
17 001-002-017-000	ROBIE MICHAEL & KRISTEN	COPPERPOLIS N OF
18 001-003-001-000	SAN JOAQUIN COUNTY OF	N OF COPPEROPOLIS RD
19 001-003-002-000	COOK LAND & CATTLE CO INC	N OF COPPEROPOLIS RD
20 001-003-007-000	PARSONS ANNETTE ELAINE	COPPEROPOLIS N OF RD
21 001-003-010-000	HATLER HAROLD VERNON & JAMES W	N OF COPPEROPOLIS RD
22 001-003-014-000	PARSONS ANNETTE ELAINE	N OF COPPEROPOLIS RD
23 001-003-015-000	GANSBERG CHRIS H JR	N OF COPPEROPOLIS RD
24 001-003-016-000	TRAILHEAD PROPERTIES LLC	MILTON RD
25 001-003-017-000	TRAILHEAD PROPERTIES LLC	MILTON RD
26 001-004-001-000	PARSONS ANNETTE ELAINE	COPPEROPOLIS N OF RD
27 001-004-002-000	PARSONS ANNETTE ELAINE	COPPEROPOLIS N OF RD
28 001-004-006-000	PERRY CHARLES BRANDON & VALERIE EMMA	COPPEROPOLIS N OF RD
29 001-004-008-000	ROCHA DEBRA LEE	MILTON E OF RD
30 001-004-009-000	TRAILHEAD PROPERTIES LLC	MILTON W OF RD
31 001-004-010-000	BARGER STEPHEN R	MILTON W OF RD
32 001-004-011-000	OVERMIER CLIFFORD EDWARD & SHERI ELLEN	25000 MILTON RD
33 001-004-012-000	PARSONS ANNETTE ELAINE	MILTON RD
34 001-005-008-000	TRAILHEAD PROPERTIES LLC	MILTON W OF RD
35 001-005-011-000	COOK LAND & CATTLE CO INC	MILTON W OF RD
36 001-005-012-000	TRAILHEAD PROPERTIES LLC	MILTON RD
37 001-005-013-000	TRAILHEAD PROPERTIES LLC	MILTON RD
38 001-006-001-000	TRAILHEAD PROPERTIES LLC	MILTON W OF RD
39 001-006-002-000	BARGER STEPHEN R	MILTON W OF RD
40 001-006-007-000	TEJAS RANCH LLC	22650 MILTON RD
41 001-006-009-000	TEJAS RANCH LLC	MILTON E OF RD
42 001-006-011-000	MC KEON FAMILY PARTNERS	MILTON E OF RD
43 001-006-012-000	GOOKIN GEORGE E & BARBARA S	23601 MILTON RD
44 001-006-013-000	STANISLAUS CO OF	MILTON RD
45 001-006-014-000	TRAILHEAD PROPERTIES LLC	MILTON W OF RD
46 001-006-015-000	TRAILHEAD PROPERTIES LLC	MILTON W OF RD
47 001-006-016-000	PELTON JANET	MILTON RD
48 001-006-017-000	TEJAS RANCH LLC	MILTON RD
49 001-006-018-000	OVERMIER CLIFFORD EDWARD & SHERI ELLEN	25000 MILTON RD
50 001-007-006-000	BORBA MICHAEL	STATE ROUTE 4 N
51 001-007-007-000	HATLER HAROLD VERNON	STATE ROUTE 4 NO
52 001-007-010-000	SCHEPPMANN ROBERT D & JUDY LYNN	6987 STATE ROUTE 4
53 001-007-013-000	TRAILHEAD PROPERTIES LLC	COPPEROPOLIS N OF RD
54 001-007-015-000	COOK LAND & CATTLE CO	COPPEROPOLIS N OF RD
55 001-007-024-000	SLICTON ANITA M BARBOUR	COPPEROPOLIS RD N OF
56 001-007-025-000	MORAN RANCH	COPPEROPOLIS RD N OF
57 001-007-026-000	SLICTON ANITA MORAN	COPPEROPOLIS RD N OF
58 001-007-027-000	LAZY G LIMITED PARTNERSHIP	STATE ROUTE 4 N

59	001-007-028-000	WAGNER RICHARD & DRENA	STATE ROUTE 4 N
60	001-007-030-000	PERDUE FOODS LLC	5015 STATE ROUTE
61	001-007-032-000	PERDUE FOODS LLC	N COPPEROPOLIS RD
62	001-007-033-000	FARMINGTON HILLS LLC	5013 STATE ROUTE 4
63	001-007-034-000	ZUBER HELGA & DONALD	N COPPEROPOLIS RD
64	001-007-035-000	FARMINGTON HILLS LLC	N COPPEROPOLIS RD
65	001-008-004-000	PELTON JANET	MILTON E OF RD
66	001-008-005-000	MC KEON FAMILY PARTNERS	MILTON E OF RD
67	001-008-006-000	ORLANDO ROY	MILTON E OF RD
68	001-008-007-000	SLICTON ANITA MORAN BARBOUR	COPPEROPOLIS N OF RD
69	001-008-011-000	JOHN ROBIE W	STATE ROUTE 4 N
70	001-008-012-000	JOHN ROBIE W	STATE ROUTE 4 N
71	001-008-013-000	HATLER HAROLD VERNON	MILTON W OF RD
72	001-008-023-000	ORVIS/SNOW LP	9607 STATE ROUTE
73	001-008-024-000	ORVIS/SNOW LP	9601 STATE ROUTE
74	001-008-025-000	JAMES L & MARIANNE S ORVIS	STATE ROUTE 4 NO
75	001-008-028-000	MORAN RANCH	MILTON RD
76	001-008-029-000	MORAN CLARE DUNN	22649 MILTON RD
77	001-008-030-000	FAHEY ALLISON S	22949 MILTON RD
78	001-008-031-000	MORAN RANCH	22349 MILTON RD
79	001-008-032-000	MORAN CLARE DUNN	22649 MILTON RD
80	001-008-033-000	TEJAS RANCH LLC	MILTON RD
81	001-008-034-000	TEJAS RANCH LLC	MILTON RD
82	001-008-035-000	TEJAS RANCH LLC	22650 MILTON RD
83	001-008-036-000	MORAN RANCH	MILTON W OF RD
84	001-008-037-000	RAGGIO JOHN P & CLARE J	21505 MILTON RD
85	001-009-004-000	GROVES ROBIN LYN	6834 STATE ROUTE 4
86	001-009-009-000	WHITTLE DONALD R & NANCY M	COPPEROPOLIS S OF RD
87	001-009-010-000	WHITTLE RANCH INC	COPPEROPOLIS S OF RD
88	001-009-012-000	SCHOOL HOME UNION	STATE ROUTE 4
89	001-009-014-000	DRAIS RANCH LP	STATE ROUTE 4
90	001-009-015-000	JOHN ROBIE W	COPPEROPOLIS S OF RD
91	001-009-018-000	CERVANTES HUGO JESUS SOLORSANO	5610 STATE ROUTE
92	001-009-020-000	GROVES ROBIN LYN	6986 STATE ROUTE 4
93	001-009-026-000	GROVES CHANDLER WALLACE	STATE ROUTE 4
94	001-009-027-000	LAZY G LIMITED PARTNERSHIP	5614 STATE ROUTE 4
95	001-009-028-000	WAGNER RICHARD & DRENA	STATE ROUTE 4 S
96	001-010-001-000	JOHN ROBIE W	STATE ROUTE 4
97	001-010-002-000	MILLER ELEANOR GEER	MILTON W OF RD
98	001-010-004-000	TEJAS RANCH LLC	MILTON E OF RD
99	001-010-015-000	MC CURLEY FARMS LLC	9337 DUNTON RD
100	001-010-016-000	MC CURLEY FARMS LLC	DUNTON N OF RD
101	001-010-017-000	JAMES L & MARIANNE S ORVIS	9006 STATE ROUTE
102	001-010-021-000	BRENNAN ROBERT S	MILTON
103	001-010-026-000	DAVIDSON MICHAEL G & KATHRYN N	19120 MILTON RD
104	001-010-028-000	RODRIGUEZ ANDREA M	19700 MILTON RD
105	001-010-031-000	SUNSPRAY LAKES INC	DUNTON RD
106	001-010-032-000	TELLES CLARIE V & BARBARA M	19400 MILTON RD
107	001-010-033-000	MURRAY JEFFREY J & DORA I	19300 MILTON RD
108	001-010-034-000	MORRIS BENETTA L	19642 MILTON RD
109	001-010-035-000	BONNET CHRIS L METER-BONNET JOYCE VAN	19850 MILTON RD
110	001-011-001-000	U S A	SONORA RD
111	001-011-002-000	MAGNASCO ANDREW & MILENA	CARTER N OF RD
112	001-011-006-000	WHITTLE DONALD R & NANCY M	CARTER N OF RD
113	001-011-007-000	WHITTLE RANCH INC	SONORA N OF RD
114	001-011-009-000	U S A	SONORA RD
115	001-011-011-000	MAGNASCO ANDREW	CARTER N OF RD
116	001-011-014-000	WALTON WAYNE R	CARTER N OF RD
117	001-011-015-000	SAKAKURA RANDY	CARTER N OF RD
118	001-011-016-000	U S A	CARTER RD
119	001-011-021-000	LIAL JOSEPHINE	CARTER N OF RD
120	001-011-022-000	DRAIS RANCH LP	CARTER N OF RD

121	001-011-023-000	LEWIS BILLY J & ROSEMARIE	4019 CARTER RD
122	001-011-024-000	MAGNASCO ANDREW & MILENA	CARTER N OF RD
123	001-011-028-000	HATLER HAROLD VERNON	FARMINGTON
124	001-011-029-000	BRENNAN EDWARD	26 MILE RD
125	001-011-030-000	GILLUM LARRY J & JUDY	26 MILE RD
126	001-011-031-000	GILLUM LARRY J & JUDY	N OF SONORA RD
127	001-011-032-000	HOGAN MANUFACTURING INC	FARMINGTON
128	001-011-034-000	HOGAN MANUFACTURING INC	FARMINGTON
129	001-011-036-000	HOGAN MANUFACTURING INC	FARMINGTON
130	001-011-037-000	HOGAN MANUFACTURING INC	FARMINGTON
131	001-011-038-000	STELLA LLC	26 MILE RD
132	001-011-039-000	GILLUM LARRY J & JUDY	17480 26 MILE RD
133	001-012-003-000	J S WEST MILLING CO	9000 DUNTON RD
134	001-012-004-000	J S WEST MILLING CO	DUNTON S OF RD
135	001-012-005-000	ZWALD MICHAEL L	SONORA N OF RD
136	001-012-007-000	LAGORIO RANCH INC	MILTON & SONORA NE
137	001-012-008-000	STANLEY D ROCHE RANCH LLC	DUNTON S OF RD
138	001-012-009-000	BRENNAN CATTLE CO LLC	7204 SONORA RD
139	001-012-010-000	KWM RANCHES LLC	7636 SONORA RD
140	001-012-013-000	LAGORIO RANCH INC	SONORA S OF RD
141	001-012-014-000	LAGORIO RANCH INC	SONORA N OF RD
142	001-012-015-000	ZWALD DAVID D	9973 SONORA RD
143	001-012-016-000	PASTOR OF ST MARY OF THE	SONORA RD
144	001-012-017-000	MARTINEZ RAMON JR	8607 STOCKTON-SONORA RD
145	001-012-019-000	BETSCHART LAWRENCE J	19425 MILTON RD
146	001-012-020-000	LAGORIO RANCH INC	8337 SONORA RD
147	001-012-021-000	MC CLENDON WENDY L	17700 MILTON RD
148	001-012-022-000	LAGORIO RANCH INC	17701 MILTON RD
149	001-012-023-000	LAGORIO RANCH INC	8436 SONORA RD
150	001-012-024-000	GONSALVES JOSEPH A	SONORA N OF RD
151	001-012-029-000	BETSCHART WALTER J & EVELYN A	18401 MILTON RD
152	001-012-030-000	DUVALL BILL JR & HEATHER G	18263 MILTON RD
153	001-012-031-000	GRUENIG BRIAN P	18231 MILTON RD
154	001-012-032-000	CHAPIN JULIE A	MILTON RD
155	001-012-033-000	STOWERS JEANNIE MARIE	MILTON RD
156	001-012-034-000	BETSCHART LAWRENCE JOSEPH	18437 MILTON RD
157	001-012-035-000	BACHELOR VALLEY LAND CO LLC	MILTON RD
158	001-013-001-000	MC KEON FAMILY PARTNERS	COPPEROPOLIS N OF RD
159	001-013-005-000	ORVIS/SNOW LP	9601 COPPEROPOLIS RD
160	001-014-005-000	JAMES L & MARIANNE S ORVIS	10242 STATE ROUTE
161	001-014-008-000	CHARTZ PETER J	DUNTON N & W
162	001-014-013-000	BARGER RICHARD H & DORIS M	COPPEROPOLIS N OF RD
163	001-014-015-000	JAMES L & MARIANNE S ORVIS	10231 STATE ROUTE
164	001-014-017-000	ECHANDI SISTERS	S OF COPPERPOLIS RD
165	001-014-018-000	WOOSTER STEVEN C & PATRICIA E	S OF COPPERPOLIS RD
166	001-014-019-000	ECHANDI JAMES T	STATE ROUTE 4
167	001-014-020-000	MC CULLAGH GEORGE P	DUNTON RD
168	001-014-022-000	PARSONS ANNETTE ELAINE	DUNTON E OF RD
169	001-015-012-000	STANLEY D ROCHE RANCH LLC	SONORA N OF RD
170	001-015-013-000	PARSONS ANNETTE ELAINE	COPPEROPOLIS S OF RD
171	001-015-016-000	MC CULLAGH GEORGE P	DUNTON RD
172	001-015-018-000	CHARTZ PETER J	DUNTON S OF RD
173	001-016-002-000	GARDELLA JACK J JR	COPPEROPOLIS S OF RD
174	001-016-003-000	PARSONS ANNETTE ELAINE	COPPEROPOLIS S OF RD
175	001-016-006-000	GARDELLA JACK J JR	SONORA N OF RD
176	001-016-007-000	RODDEN RANCHES LLC	SONORA RD N OF
177	001-016-008-000	BORBA ANTHONY W	COPPEROPOLIS S OF RD
178	001-016-009-000	ECHANDI SISTERS	S OF COPPERPOLIS RD
179	001-016-010-000	WOOSTER STEVEN C & PATRICIA E	S OF COPPERPOLIS RD
180	001-017-001-000	LAGORIO RANCH INC	MILTON&SONORA SW OF RD
181	001-018-001-000	HERTLEIN KURT H & SHARON L	19001 MILTON RD
182	001-018-002-000	WHITTLE RANCH INC	19009 MILTON RD

183	001-018-005-000	BETSCHART LAWRENCE J	19425 MILTON RD
184	001-018-006-000	HOWELL VELMA I	19851 MILTON RD
185	001-018-007-000	VAN VLIET JACOB	19441 MILTON RD
186	001-018-008-000	CROMWELL DOROTHY A	19201 MILTON RD
187	001-019-001-000	TRAILHEAD PROPERTIES LLC	MILTON W OF RD
188	001-019-002-000	WHITTLE DONALD R & NANCY M	MILTON W OF RD
189	002-001-003-000	U S A	CARTER RD
190	002-001-018-000	LAGORIO RANCH INC	26 MILE & CARTER
191	002-001-021-000	SOUTH SAN JOAQUIN IRRIG DIST	26 MILE RD
192	002-001-054-000	KISTLER-SANTO DOMINGO RANCHES INC	5131 DODDS RD
193	002-001-055-000	BORBA ANTHONY W	4019 DODDS RD
194	002-001-068-000	VERDEGAAL MICHAEL G & SARAH J	4240 E CARTER RD
195	002-001-070-000	VAN VLIET MICHAEL & VONDA	CARTER RD
196	002-001-071-000	BORBA ANTHONY W	CARTER RD
197	002-001-072-000	KOETSIER IAN J & ALICE J	4200 CARTER RD
198	002-001-073-000	TRIPLE B DE LLC	CARTER RD
199	002-001-074-000	E & R PRINS DAIRY	CARTER RD
200	002-001-075-000	SOUTH SAN JOAQUIN IRRIG DIST	5855 DODDS RD
201	002-001-076-000	SOUTH SAN JOAQUIN IRRIG DIST	5855 DODDS RD
202	002-002-001-000	BRENNAN CATTLE CO LLC	SONORA S OF RD
203	002-002-002-000	VENEMAN AGRICULTURAL PROPERTY LP	16501 28 MILE RD
204	002-002-003-000	LAGORIO RANCH INC	28 MILE W OF
205	002-002-004-000	LAGORIO RANCH INC	28 MILE E OF
206	002-002-005-000	LAGORIO RANCH INC	SONORA N OF RD
207	002-002-011-000	STANISLAUS CO OF	EASTMAN RD
208	002-002-018-000	LAGORIO RANCH INC	15866 28 MILE RD
209	002-002-019-000	LIAL JOSEPHINE	28 MILE RD
210	002-002-020-000	TOP STEP LAND CO LLC	15926 28 MILE RD
211	002-002-023-000	MC PHEE JEFFERY M & LISA	15012 28 MILE RD
212	002-002-024-000	EVANGELHO HELEN E	15649 28 MILE RD
213	002-002-025-000	IOPPINI FARMS LLC	28 MILE RD
214	002-007-033-000	S SAN JOAQUIN IRRIG DIST	14536 26 MILE RD
215	002-009-001-000	STANISLAUS CO OF	28 MILE RD W
216	002-009-061-000	SONNE CHARLES G & MURIEL P	28 MILE E OF
217	002-009-062-000	SONNE CHARLES G & MURIEL P	28 MILE E OF
218	002-021-001-000	STANLEY D ROCHE RANCH LLC	SONORA N OF RD
219	002-021-046-000	LAGORIO RANCH INC	10518 SONORA S OF
220	002-021-047-000	LAGORIO RANCH INC	SONORA S OF RD
221	002-021-087-000	GRACE KENNETH W	SONORA S OF RD
	910-000-005-000	PERDUE FOODS LLC	5015 STATE ROUTE
	910-000-006-000	PERDUE FOODS LLC	5015 STATE ROUTE 4
	910-000-008-000	PERDUE FOODS LLC	COPPEROPOLIS N OF RD
	910-000-010-000	PLUMAS DE ORO	8560 DUNTON RD
	910-000-014-000	W J MERRILL CO INC	11489 DUNTON RD
	910-000-015-000	ORVIS JAMES S	10231 STATE ROUTE
	910-000-016-000	W J MERRILL CO INC	10401 COPPEROPOLIS RD
	910-000-017-000	W J MERRILL CO INC	10701 COPPEROPOLIS RD
	910-000-018-000	W J MERRILL CO INC	10501 COPPEROPOLIS RD
	910-011-718-000	PERDUE FOODS LLC	5105 STATE ROUTE 4
	910-011-719-000	HOWELL FREDERICK M & VELMA I	19851 MILTON RD
	910-011-720-000	J S WEST MILLING CO	9000 DUNTON RD
	910-011-721-000	J S WEST MILLING CO	9000 DUNTON RD
	910-012-078-000	BETSCHART LARRY & GINA	19425 MILTON RD
	910-013-051-000	CARBELLO ERNEST CRUZ & ISABEL LENORE	6982 COPPEROPOLIS RD
	910-013-373-000	ORVIS CATTLE CO	9601 E HWY 4

EXHIBIT C

**Application from the
Oakdale Rural Fire Protection District**

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STANISLAUS LAFCO

Stanislaus Local Agency Formation Commission

1010 – 10th Street, 3rd Floor ♦ Modesto, CA 95354

(209) 525-7660 ♦ FAX (209) 525-7643

www.stanislauslafco.org

APPLICATION FOR (Check all that apply):

- Sphere of Influence Amendment
- Annexation to: City of: _____ District: Oakdale Rural Fire Protection District
- Detachment from: City of: _____ District: _____
- Formation of a Special District: - Type of District: _____
- Other: _____

NAME OF PROPOSAL: Oakdale Rural Fire Protection District Annexation of Division 1 North Area

GENERAL DESCRIPTION OF PROPOSAL:

The annexation of approximately 57,595 gross acres into the Oakdale Rural Fire Protection District.

REASONS FOR PROPOSAL:

See attachment.

LOCATION AND ASSESSOR'S PARCEL NUMBERS (attach additional sheets if necessary):

The annexation area is located immediately adjacent to the northern edge of the District's existing geographical boundaries, including the northernmost area of Stanislaus County, adjacent to San Joaquin and Calaveras Counties, as shown on the map attached as "Exhibit A".

APPLICANT:

Name: Oakdale Rural Fire Protection District

Address: PO Box 932, Oakdale, CA 95361

Phone: (209) 543-0190 Fax: (209) 543-6719 E-Mail: ddenczek@salidafire.com

Contact Person: Danielle Denczek Title: Administrative District Manager

APPLICANT'S REPRESENTATIVE:

Name: Capitol Public Finance Group, LLC ("Capitol PFG")

Address: 2436 Professional Drive, Suite 300, Roseville, CA 95661

Phone: (916) 641-2734 Fax: (916) 921-2734 E-Mail: cdominico@capitolpfg.com

Contact Person: Cathy Dominico Title: Managing Partner

LAFCO Use Only:

Proposal Name: _____ LAFCO Application No. _____

Submittal Date: _____ Cert. of Filing Date: _____

LAFCO Filing Fee: \$ _____ Fees Paid? _____ Yes _____ No

SBOE Fee: \$ _____ Fees Paid? _____ Yes _____ No

100% Property Owners Consent? _____ Yes _____ No

Territory Uninhabited? _____ Yes _____ No

PROPERTY OWNER(S):

If multiple property owners, please provide the names, with address information, on a separate page.

Name: See attachment.

Address: _____

Phone: _____ Fax: _____ E-Mail: _____

Name: _____

Address: _____

Phone: _____ Fax: _____ E-Mail: _____

SUBJECT AGENCIES WITHIN PROPOSAL AREA THAT WILL GAIN OR LOSE TERRITORY:

If more than three subject agencies, please provide the names and information on a separate page.

Name: None.

Address: _____

Phone: _____ Fax: _____ E-Mail: _____

Contact Person: _____ Title: _____

Name: _____

Address: _____

Phone: _____ Fax: _____ E-Mail: _____

Contact Person: _____ Title: _____

Name: _____

Address: _____

Phone: _____ Fax: _____ E-Mail: _____

Contact Person: _____ Title: _____

AFFECTED AGENCIES WITHIN PROPOSAL AREA: (Agencies that may have overlying boundaries or sphere of influence.) If more than two affected agencies, please provide the names and information, on a separate page.

Name: None.

Address: _____

Phone: _____ Fax: _____ E-Mail: _____

Contact Person: _____ Title: _____

Name: _____

Address: _____

Phone: _____ Fax: _____ E-Mail: _____

Contact Person: _____ Title: _____

SCHOOL DISTRICTS: (School districts within the proposal area)

Name: Oakdale Joint Unified School District

Address: 168 South 3rd Avenue, Oakdale, CA 95361

Phone: (209) 848-4884 Fax: (209) 847-0155 E-Mail: m Malone@oakdale.k12.ca.us

Contact Person: Marc Malone Title: Superintendent

Name: _____
Address: _____
Phone: _____ Fax: _____ E-Mail: _____
Contact Person: _____ Title: _____

INTERESTED AGENCIES: (Other agencies which provide facilities or services to proposal area.) If more than two interested agencies, please provide the name and information, on a separate page.

Name: *None.*
Address: _____
Phone: _____ Fax: _____ E-Mail: _____
Contact Person: _____ Title: _____

Name: _____
Address: _____
Phone: _____ Fax: _____ E-Mail: _____
Contact Person: _____ Title: _____

PERSONS REQUESTING TO BE NOTIFIED:
If more than two names, please provide the names and information on a separate page.

Name: *None.*
Address: _____
Phone: _____ Fax: _____ E-Mail: _____
Contact Person: _____ Title: _____

Name: _____
Address: _____
Phone: _____ Fax: _____ E-Mail: _____
Contact Person: _____ Title: _____

Please respond to all items in this questionnaire and indicate N/A when a question does not apply. Any additional information that is pertinent to the application filing should be included in the application at the time of submittal.

I. LANDOWNER CONSENT

Have all property owners involved with the proposal given their written consent?

- YES (If yes, please attach the original signed petitions, letters or applications)
- NO (If no, please attach the petitions, letters or applications with the original signatures of those consenting and provide the name, address and APN of those property owners not consenting.)

II. REGISTERED VOTER INFORMATION

A. Number of Registered Voters residing within the proposal: 60

(This information can be obtained from the Stanislaus County Elections Office.)

III. LAND USE

A. Area of Proposal (Gross Acres): Approximately 57,595 acres

B. Land Uses of Proposed Area:

	EXISTING	PROPOSED
Zoning	General AG 40 Acres <input type="checkbox"/> City <input checked="" type="checkbox"/> County	General AG 40 Acres <input type="checkbox"/> City <input checked="" type="checkbox"/> County
General Plan Designation	AG <input type="checkbox"/> City <input checked="" type="checkbox"/> County	AG <input type="checkbox"/> City <input checked="" type="checkbox"/> County
Use of Proposal Area	Agriculture	Agriculture

C. Surrounding Land Uses:

	Describe (including specific uses)	Zoning	General Plan Designation	City or County Designation
North	AG	AG	AG	<input type="checkbox"/> City <input checked="" type="checkbox"/> County
South	AG	AG	AG	<input type="checkbox"/> City <input checked="" type="checkbox"/> County
East	AG	AG	AG	<input type="checkbox"/> City <input checked="" type="checkbox"/> County
West	AG	AG	AG	<input type="checkbox"/> City <input checked="" type="checkbox"/> County

D. Describe any public easements/oil well operations/cellular site leases, etc. that currently exist on the site:

Unknown.

E. Evidence of Approval -- Are there any land use entitlements involved in the project?

Yes No

If yes, please provide a copy of the documentation for this entitlement. Please check those documents, which may apply:

- Tentative Map and Conditions
- Subdivision Map or Parcel Map
- Specific Plan
- Rezoning
- General Plan Amendment
- Rezoning
- Other - (provide explanation):

VIII. PUBLIC SERVICES

A. Services for the Proposal Area:

1. Is the reorganization requested for a proposed development? Yes No
2. Describe what services will be provided to subject property: (Please attach any "Intent to Serve" letters for water and/or sewer services). If sewer and/or water agency annexation is also part of the request, please expand upon the agency's ability to provide services in the Plan for Services document and attach any relevant studies/master plans.

Note: Evidence must also be included to demonstrate the timely availability of water supplies adequate for projected needs of the area (Government Code Section 56668).

(A)	(B)	(C)	(D)	(E)	(F)
Service	Current Service Provider	Level & Range of Service	To be Provided by this Proposal?	If YES to (D), Approx. Date Service Will Be Available	If YES to (D), Method to Finance
WATER					
SEWER					
POLICE					
FIRE	<i>None</i>	<i>Rural</i>	<i>Yes</i>	<i>immediately after annexation</i>	<i>property tax and special tax collections</i>

B. Assessment and Indebtedness of Service Areas:

1. Does the City/District/County have current plans to establish any new assessment districts in order to pay for new or extended service(s) to the proposal area?
 Yes No
 If yes, please describe: _____
2. Will the subject territory assume any existing bonded indebtedness upon annexation to the City/District?:
 Yes No
 How will indebtedness be repaid? (e.g., property taxes, assessments, service fees):

3. Will the proposal area be subject to special assessments or fees?:
 Yes No
 Explain: In 2005, the District voters approved a special tax that would be levied on parcels.

C. Sewer Information:

1. Is extension of sewer service part of this application? Yes No
2. Is a developed parcel requesting annexation due to failed septic system?
 Yes No
If yes, please include a copy of any letters from the Dept. of Environmental Resources or a private septic system company.
3. Is the subject parcel(s) within the sphere of influence of a district or city that provides public sewer service? Yes No
If yes, which agency? _____
4. Has the agency that will be providing service issued an "Intent to Serve" letter?
 Yes No (If yes, please attach letter to application.)

If no: Will the agency be prepared to furnish sewer service upon annexation?
 Yes No
5. Does the agency have the necessary contractual and design capacity to provide sewer service to the proposed area? Yes No
If no, please describe the agency's plan to increase capacity: _____

6. Indicate the method of financing improvements and on-going operations (e.g., general property tax, assessment district, landowner/developer fees, etc.):

7. What is the distance for connection to the agency's existing sewer system?:

D. Water Information:

1. Is extension of water part of this application? Yes No
2. Is a well or other on-site water system currently used on this property? Yes No
3. Is the subject parcel(s) within the sphere of influence of a district or city that provides public water service? Yes No
If yes, which agency? _____
4. Please list:
Wholesale Water Agency: _____
Retail Water Agency: _____
5. Has the agency that will be providing service issued an "Intent to Serve" letter?
 Yes No (If yes, please attached letter to application)

If no: Will the agency be prepared to furnish water service upon annexation?
 Yes No

6. Does the agency have the necessary contractual and design capacity to provide water service to the proposed area? Yes No

If no, please describe the agency's plan to increase capacity: _____

7. Indicate the method of financing improvements and on-going operations (e.g. general property tax, assessment district, landowner/developer fees, etc.):

8. What is the distance for connection to the agency's existing water system?

E. Police Service

1. If annexation to a City, what are the existing police service levels provided within the City limits? N/A

2. What level of police services will be provided to the area upon full development?

Will the service levels be maintained? Yes No

If yes, how will the City finance or maintain existing service levels to the area (master service plans, CIP, etc.)? Explain: _____

F. Fire Protection Service

1. If annexation to a City, what are the existing fire protection service levels provided within the City limits? _____

2. What level of fire protection services will be provided to the area upon full development?
The area is not currently within a Fire Protection District. The District regularly responds to calls for service in this area. The District would provide direct fire protection after annexation.

Will the service levels be maintained? Yes No

If yes, how will the City finance or maintain existing service levels to the area (master service plans, CIP, etc.)? Explain: _____

3. What are the "Insurance Services Office (ISO)" Class ratings of the affected agencies?

City _____ District 4/4Y

IX. ENVIRONMENTAL ANALYSIS

A. Lead Agency for project: Stanislaus County LAFCO

B. The project:

- Is exempt pursuant to CEQA section _____ and a Notice of Exemption has been prepared by the lead agency (please attach).
- Will have no significant adverse environmental impacts and a Negative Declaration was prepared. (Please attach Notice of Determination.)
- Was found to be within the scope of a Master Environmental Impact Report (EIR) pursuant to CEQA Guidelines Section 21157.1. (Please attach Notice of Determination.)
- May have significant adverse environmental impacts and in accordance with Section 15070 of the CEQA Guidelines, a Mitigated Negative Declaration (MND) has been certified by the lead agency. (Please attach Notice of Determination.)

List impact areas in the MND that propose mitigation measures to lessen the environmental impacts to less than significant: _____

- Will have significant adverse environmental impacts and the lead agency has prepared an Environmental Impact Report (EIR). (Please attach.)

List impact areas that were found to be unmitigatable in the EIR: (Attach any Statement of Overriding Considerations, as applicable) _____

Please note: Include with the above requested attachments the complete environmental documentation (e.g., Initial Study, NOD, NOE, EIR, etc.) and copies of receipts from any filing fees paid (including Fish & Wildlife fees).

X. SPHERE OF INFLUENCE APPLICATION

For those proposals requesting a Sphere of Influence Amendment, has a [Sphere of Influence Supplemental Application](#) has been included? Yes No

XI. CERTIFICATION

I certify, under penalty of perjury, under the laws of the State of California, that the information contained in this application is true and correct. I acknowledge and agree that the Stanislaus Local Agency Formation Commission is relying on the accuracy of the information provided and my representations in order to process this application proposal.

Print Name: Raymond F. Marshall Title: Board Chair
Signature: [Handwritten Signature] Date: 10/17/2017

- City or District Applicant
- Property Owner Applicant
- Applicant's Representative/Agent (Proof of authority must be provided)

Oakdale Rural Fire Protection District Annexation of Division 1 North Area
Reasons for Annexation Proposal

The Oakdale Rural Fire Protection District was established in 1945 and provides fire suppression and emergency medical response services. The size of the District is approximately 225 square miles and includes the unincorporated communities surrounding the City of Oakdale, Knights Ferry and Valley Home in northeastern Stanislaus County. In 2002, the District reorganized to include the previous service area of the Valley Home Fire Protection District.

There is a relatively undeveloped area of approximately 57,595 gross acres in the far northeastern "triangle" of Stanislaus County, adjacent to San Joaquin and Calaveras Counties, that is not a part of any organized fire protection district. This area is commonly referred to as the Division 1 North Area. Due to its proximity, the District has been responding to calls for service to Division 1 North. As approximately 48 residential structures as well as ranches have been developed in the Division 1 North Area, the District's calls for service have become increasingly burdensome. The District regularly responds to calls in this area but does not receive any operational funds from property owners to compensate for this service. As such, property owners within the District's existing boundaries are subsidizing Division 1 North property owners.

As shown in the table on the following page, in calendar years 2014, 2015 and 2016, the District has responded to 97, 124 and 103 calls, in each year respectively, to the territory proposed to be annexed into the District's boundaries. Each call for service carries an operational cost that, when left unfunded, is borne by the existing residents of the District.

With a successful annexation, the District would continue to respond to calls from the Division 1 North Area, providing service from its existing stations and utilizing its existing resources. The District would receive funding for this service from property tax revenues, per an anticipated tax sharing agreement with Stanislaus County, and special taxes from the District's special tax that was authorized by voters in 2005. On June 27, 2017, the District and County entered into a Memorandum of Understanding (MOU) related to the annexation of the Division 1 North area and the tax sharing agreement that is currently being negotiated between the parties. The MOU states that the County will distribute 12.5 percent of its annual property taxes from the proposed annexation territory to the District. A copy of the executed MOU is included with this application.

**Division 1 North Area Calls for Service
(Including the Woodward Reservoir Response
Area)**

Response Type	2014	2015	2016
Suicide Attempt	1	0	1
Person Down	0	1	0
Injury Accident	7	22	11
Alarm	0	3	1
Illegal Burn	1	0	1
Drowning	2	1	1
Medical Aid	37	39	35
Fire Info	2	1	2
Fire Assist	0	3	5
Hay Fire	1	1	1
Hazmat	0	1	0
Other Fire-Misc	3	5	4
Fire Out	0	0	1
Public Assist	2	1	4
Potential Structure Fire	1	3	0
Pin-In Accident	3	8	8
Rescue	1	1	1
Dumpster Fire	3	3	2
Smoke Check	1	0	0
Vegetation Fire	17	21	12
Vehicle Fire	6	1	2
Water Rescue	6	6	9
Wire Down	0	1	0
Working Residential Structure Fire	3	2	2
Total	97	124	103

STANISLAUS LAFCO

Stanislaus Local Agency Formation Commission

1010 – 10th Street, 3rd Floor ♦ Modesto, CA 95354

(209) 525-7660 ♦ FAX (209) 525-7643

www.stanislauslafco.org

SPHERE OF INFLUENCE SUPPLEMENTAL APPLICATION

Government Code Section 56425(e) of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides that the Commission shall consider and prepare a written statement of its determinations with respect to certain factors prior to making a decision. Please answer the following questions/factors required for sphere of influence determinations. These answers can be written on this form or attached as a separate submittal, as necessary.

Sphere of Influence for the Oakdale Rural Fire Protection District
(Name of City or District)

Purpose of the Proposal

1. Why is this proposal being filed? List all actions for LAFCO approval. Identify other actions that are part of the overall project, i.e., a tract map or development permit.

The Oakdale Rural Fire Protection is seeking annexation of land in an area referred to as Division 1 North or North Area, into the District's boundaries.

Description of area to be included in the sphere

2. What area is proposed to be included in the sphere? What is the acreage involved? (Attach a map identifying the current sphere and the proposed modification.)

The total acreage proposed to be annexed is approximately 57,595 gross acres.

3. Why was it decided to use these particular boundaries? Do they align with existing roads, canals, or other geographical features?

The area is currently located to the north of the District's existing boundaries and reaches to the Stanislaus County line, adjacent to San Joaquin and Calaveras Counties. This area is not within the boundaries of an organized local fire protection district, but is currently served by the District.

For City Changes Only:

4. Have the City and the County met with regard to an agreement on boundaries, development standards and zoning requirements for land in the proposed sphere as required by Government Code Section 56425? Yes No
If yes, please provide a copy of the agreement or evidence of the consultation (e.g. adopted resolution). If no, please explain the status of this meeting:
5. For cities, Stanislaus LAFCO also adopts a Primary Area of Influence, intended to reflect a more near-term growth boundary (0-10 years). Does the proposal include amendment to the Primary Area? If so, please describe:

Relationship to Existing Plans

6. Describe current County general plan and zoning designations for the proposal area.

Agricultural

7. Describe any City general plan and rezoning designations for the proposal area.

N/A

Environmental Assessment

8. What is the underlying project? Who is the lead agency? What type of environmental document has been prepared for the proposed project?

The underlying project is the annexation of land to the Oakdale Rural Fire Protection District. Stanislaus County LAFCO is the lead agency. No environmental document has been prepared for the proposed project, but a Negative Declaration is expected.

Justification

9. To assist LAFCO in making determinations pursuant to Government Code §56425, please provide information relevant to each of the following:

- A. Present and planned uses in the area, including agricultural and open-space lands:

The land is currently zoned for agricultural purposes. No changes are anticipated as a result of the proposed annexation.

B. Present and probable needs for public facilities and services in the area:

No Change.

C. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:

The area would be served by the current fire stations and apparatus owned by the Oakdale Rural Fire Protection District.

D. Existence of any social or economic communities of interest in the area:

No Disadvantaged Unincorporated Communities have been identified within or contiguous to the annexation area.

E. 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 probably need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence:

The annexation area is not currently within the service area of an organized local fire protection district. This annexation would provide structural fire protection to all property owners.

Additional Comments

10. Provide any other comments or justifications regarding the proposal.

The Oakdale Rural Fire Protection District currently responds to calls for service in this area even though the property is not located within its legal boundaries.

11. List up to three persons to receive copies of the LAFCO notice of hearing and staff report.

<u>Name</u>	<u>Address</u>
Danielle Denczek	1398 East "F" Street, Oakdale, CA 95361
Cathy Dominico	2436 Professional Dr., Ste. 300, Roseville, CA 95661

12. Who should be contacted if there are questions about this application?

<u>Name</u>	<u>Address</u>	<u>Phone</u>
Cathy Dominico	12436 Professional Dr., Ste. 300	(916) 641-2734

Signature 

Date 10/17/2017



P.O. Box 932
OAKDALE, CALIFORNIA 95361
PHONE (209) 543-0190

COPY

Board Members *Raymond Martin –Chairman* *Ryan Cope* *Vincent Victorine* *Richard Ardis*

RESOLUTION NO. 2017-06

A RESOLUTION OF APPLICATION BY THE OAKDALE RURAL FIRE PROTECTION DISTRICT REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TO INITIATE PROCEEDINGS FOR THE REORGANIZATION OF TERRITORY AND SPHERE OF INFLUENCE MODIFICATION

WHEREAS, the Oakdale Rural Fire Protection District (the "District") desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, for a reorganization which would concurrently annex territory currently referred to as the Division 1 North Area, to the District; and,

WHEREAS, the principal reasons for the proposed reorganization are as follows: the proposed annexation territory is not currently served by an organized local fire department; due to its proximity to the District, the District frequently responds to calls for service from the proposed annexation territory; the District does not currently receive any funding from the proposed annexation territory even though it provides fire protection and emergency medical response; and,

WHEREAS, the territory proposed to be reorganized is Inhabited, and a map and description of the boundaries of the territory are attached hereto as Exhibits A & B and by this reference incorporated herein; and,

WHEREAS, this proposal is not consistent with one or more of the adopted sphere of influence for the agencies which would be affected by reorganization, therefore, it is proposed that spheres of influence be concurrently amended; and,

WHEREAS, this Board desires that the Local Agency Formation Commission assume Lead Agency status responsible for compliance with the California Environmental Quality Act; and,

NOW, THEREFORE, it is hereby DECLARED and ORDERED as follows:

Section 1. This Resolution of Application is hereby adopted and approved by the board of Directors of the Oakdale Rural Fire Protection District, and the Local Agency Formation Commission of Stanislaus County is hereby requested to take proceedings for the annexation of territory as authorized and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Section 2. The Application for Annexation into the Oakdale Rural Fire Protection District and Sphere of Influence Amendment are hereby approved, and the President of the Board, or the assignee of such official, is hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official, and the Clerk of the Board is hereby authorized and directed to attest to such official's signature.

PASSED AND ADOPTED this 15th day of August, 2017, by the Board of Directors of the Oakdale Rural Fire Protection District, County of Stanislaus, State of California, by the following vote:

AYES: 4; Chairperson Martin, Director Victorine, Director Cope & Director Ardis
NOES: 0
ABSTAIN: 0
ABSENT: 0


Raymond Martin, Chairman Board of Directors
Oakdale Rural Fire Protection District

ATTEST: 
Danielle Denczek, Board Clerk

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EXHIBIT D

**Memorandum of Understanding between
Stanislaus County &
Oakdale Rural Fire Protection District**

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**Memorandum of Understanding
Regarding Annexation of Division 1 North**

This Memorandum of Understanding ("MOU") is entered into between the County of Stanislaus ("County") and the Oakdale Rural Fire Protection District ("District") (collectively, the "Parties") on June 27, 2017.

Recitals

Whereas, the District is a local fire protection district organized and existing as a California special district under provisions of the Fire Protection District Law of 1987 (Health & Safety Code, § 13800 et seq.), and the District provides fire suppression, prevention, rescue emergency medical services and hazardous material emergency response and other services relating to the protection of lives and property ("Fire Protection Services") within its territorial boundaries; and

Whereas, the District desires to annex to its territorial boundary unincorporated territory commonly referred to as Division 1 North, more particularly depicted on the map attached as Exhibit A (the "Project"); and

Whereas, the District has determined that the reasonable estimated cost to process an annexation application is \$20,000, which estimate includes consultant fees (\$7,000), LAFCO application fee (\$8,000), State Board of Equalization fee (\$3,500), and \$1,500 for miscellaneous costs such as engineering services to prepare legal description, maps and other documents; and

Whereas, the County recognizes a need for Fire Protection Services at and around Woodward Reservoir, and is willing to support annexation of Division 1 North to the District upon the terms set forth in this MOU.

Terms and Conditions

A. County Rights and Obligations

1. The County will reimburse the District 90 percent of the total Project costs, not to exceed a cumulative amount of \$18,000, within 30-days after receipt of an invoice describing the charge or charges.

2. The County will support and cooperate with the District to annex Division 1 North to the District.

B. District Rights and Obligations

1. This District will diligently pursue annexation of Division 1 North, and after annexation, the District will provide Fire Protection Services within the annexed territory.

C. Mutual Rights and Obligations

1. The Parties will negotiate and finalize a Property Tax Sharing Agreement based upon distribution of 12.5 percent of the annual County allocation of property taxes received from the annexed territory to the District.

2. Termination. The parties may terminate the MOU by mutual written agreement. This Agreement automatically terminates upon approval of the Project by LAFCO. Either party may terminate the MOU, in the event that the District does receive approval of the Project, two years of the date of this MOU.

3. Indemnity. Neither party, nor any of their respective elected officials, officers, employees or agents, shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by the other party under or in connection with any work delegated to that party under this MOU. The parties further agree, pursuant to Government Code Section 895.4, that each party shall fully indemnify and hold harmless the other party and its agents, officers, employees and contractors from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorney fees, arising out of, resulting from, or in connection with any work delegated to or action taken or omitted to be taken by such party under this MOU.

5. Advice of Attorney. Each party warrants and represents that in executing this MOU it has received independent legal advice from its attorneys or the opportunity to seek such advice.

6. Notice. Any notice, communication, amendment, addition or deletion to this MOU that any party may desire to make shall be in writing and may be personally served or sent by prepaid, first-class mail or by overnight delivery service to the respective parties as follows:

County:

Stanislaus County
Chief Executive Office
1010 Tenth Street, Suite 6800
Modesto, CA 95354

District:

Oakdale Rural Fire Protection District
PO Box 932
Oakdale, CA 95361

7. Construction. Headings or captions to the provisions of this MOU are solely for the convenience of the parties, are not part of this MOU, and shall not be used to interpret or determine the validity of this MOU. Any ambiguity in this MOU shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if all parties had, in fact, drafted this MOU. The terms and provisions of this MOU may not be waived, altered, modified, or amended except in writing duly signed by an authorized officer of all parties.

8. Successors and Assigns. This MOU and the liability and obligations of the parties under this MOU are binding upon the parties and their legal representatives, heirs, executors, administrators, trustees, successors, and assigns.

9. No Intended Beneficiary. This MOU is intended only to document the mutual understanding between the District and the County and is not intended to establish or create any rights in others as an intended beneficiary to the MOU, including, without limitation, any contractor, subcontractor, or material supplier that furnishes work or materials toward construction of the North Area Fire Station.

10. Governing Law and Venue. This MOU shall be deemed to be made under and shall be governed by and construed in accordance with the laws of the State of California. Any action brought to enforce the terms or provisions of this MOU shall have venue in the County of Stanislaus, State of California.

11. Entire Agreement. This MOU supersedes any and all other agreements either orally or in writing, between any of the parties related to Fire Protection Services provided by the District in the Division 1 North area, including but not limited to, the Memorandum of Understanding between Stanislaus County and the Oakdale Rural Fire Protection District Regarding Public Facility Fees dated October 14, 2003. Each party acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or anyone acting on behalf of any party which is not embodied herein, and that no other agreement, statement, or promise not contained in this MOU shall be valid or binding.

--Signatures on Following Page--

IN WITNESS WHEREOF, this MOU was executed on the date first hereinabove mentioned.

COUNTY OF STANISLAUS

By: 
Vito Chiesa
Chairman of the Board of Supervisors

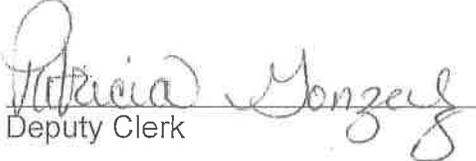
"County"

OAKDALE RURAL FIRE PROTECTION DISTRICT

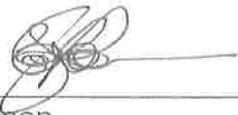
By: 
Ray Martin
Chairperson of the Board of Directors

"District"

ATTEST: Elizabeth King
Clerk of the Board of Supervisors of the
County of Stanislaus, State of California

By: 
Patricia Gonzales
Deputy Clerk

APPROVED AS TO CONTENT:

By: 
Stan Risen
Chief Executive Officer

APPROVED AS TO CONTENT:

By: 
Danielle Denczek
District Manager

APPROVED AS TO FORM:

By: 
John P. Doering
County Counsel

APPROVED AS TO FORM:

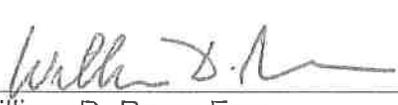
By: 
William D. Ross, Esq.
Attorney for the Oakdale Rural Fire
Protection District

EXHIBIT E

**Property Tax Revenue Exchange Agreement
between Stanislaus County &
Oakdale Rural Fire Protection District**

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**DIVISION 1 NORTH
PROPERTY TAX REVENUE EXCHANGE AGREEMENT**

This Division 1 North Property Tax Exchange Agreement ("Agreement") is made and executed on March 8, 2018, by and between the County of Stanislaus, a political subdivision of the State of California ("County") and the Oakdale Rural Fire Protection District, a local fire protection district organized and existing as a California special district under provisions of the Fire Protection District Law of 1987 ("District").

RECITALS

A. The District has filed an application with the Stanislaus County Local Agency Formation Commission requesting its approval to annex to its territorial boundary unincorporated territory commonly referred to as Division 1 North, more particularly depicted on the maps attached as Exhibit A (the "Division 1 North Annexation").

B. Section 99 of the Revenue and Taxation Code requires a jurisdiction seeking to annex property to its territory and a county affected by such annexation to agree upon an exchange of property taxes which are derived from the annexed territory and available to the county and district following annexation of the property to the territory of the District.

C. County and District desire to separately negotiate property tax revenue sharing for the Division 1 North Annexation, and have negotiated and have reached an understanding as to a rate of exchange of property tax revenues to be made pursuant to Section 99 of the Revenue and Taxation Code in connection with the Division 1 North Annexation to the District.

D. County and District agree to the transfer of property tax revenue upon completion of the Division 1 North Annexation as set forth in this Agreement.

AGREEMENT

Section 1. Definitions.

(a) "Annexation Area" means that portion of the unincorporated area of the County known as the Division 1 North Annexation, as delineated in Stanislaus County Local Agency Formation Commission ("LAFCO") Application No. 2017-03, the annexation of which to the District is subsequently approved and completed by LAFCO as provided in the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 (Government Code, § 56000 et seq.).

(b) "Annexation Date" means the date specified by the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 as the effective date of the Division 1 North Annexation.

Section 2. General Purpose of Agreement. The general purpose of this Agreement is to establish an equitable exchange of property tax revenue between the County and the District for the Division 1 North Annexation as required by Revenue and Taxation Code section 99.

Section 3. Exchange of Property Tax Revenue. Notwithstanding any prior or contemporaneous agreement related to the transfer, sharing or exchange of real property taxes, on and after the Annexation Date, the County and District shall exchange property tax revenue from the Annexation Area as follows:

(a) The Stanislaus County Redevelopment Agency shall receive and retain property tax increment from the Annexation Area until the Agency, or successor agency, ceases to exist and all existing debt is paid.

(b) District shall receive 12.5 percent of the County share of property tax from the Annexation Area, including the base year amount and annual tax increments attributable to the Annexation Area.

(c) County shall receive all of the County share of property tax including the base year amount from the Annexation Area remaining after the allocation of the District's share as set forth in subdivision (b) of this section.

Section 4. Exchange by County Auditor. County and District further agree that all of the exchanges of property tax revenue required by this Agreement shall be made by the County Auditor.

Section 5. Effect of Tax Exchange Agreement. This Agreement shall be applicable solely to the Division 1 North Annexation and does not constitute either a master tax sharing agreement or an agreement on property tax exchanges which may be required for any other annexation to the District, nor does it alter or enlarge any revenue sharing obligations of the parties pursuant to other revenue sharing agreements.

Section 6. Entire Agreement. With respect to the subject matter hereof only, this Agreement supersedes any and all previous negotiations, proposals, commitments, writings, and understanding of any nature whatsoever between the County and the District related to the Division 1 North Annexation, including but not limited to, the Memorandum of Understanding between Stanislaus County and the Oakdale Rural Fire Protection District Regarding Public Facility Fees dated October 14, 2003.

Section 7. Notices. All notices, requests, certifications or other correspondence required to be provided by the parties to this Agreement shall be in writing and shall be personally delivered or delivered by first class mail to the respective parties at the following addresses:

County
Chief Executive Office
County of Stanislaus
1010 Tenth Street, Suite 6800
Modesto, CA 95354

District
District Manager
Oakdale Rural Fire Protection District
P.O. Box 932
Oakdale, CA 95361

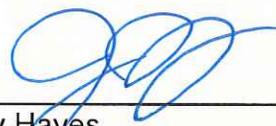
Notice by personal delivery shall be effective immediately upon delivery. Notice by mail shall be effective upon receipt or three days after mailing, whichever is earlier.

Section 8. Construction of Agreement. Headings or captions to the provisions of this Agreement are solely for the convenience of the parties, are not part of this Agreement, and shall not be used to interpret or determine the validity of this Agreement. Any ambiguity in this Agreement shall not be construed against the drafter, but rather the terms and provisions hereof shall be given a reasonable interpretation as if both parties had in fact drafted this Agreement.

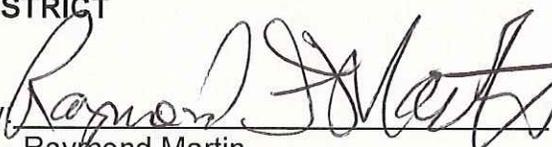
IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth above.

COUNTY OF STANISLAUS

OAKDALE RURAL FIRE PROTECTION DISTRICT

By: 

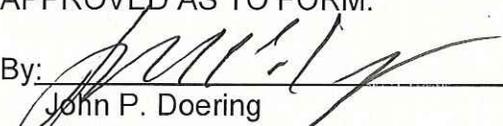
Jody Hayes
Chief Executive Officer
"County"

By: 

Raymond Martin
Board Chairperson
"District"

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By: 

John P. Doering
County Counsel

By: 

William D. Ross, Esq.
Attorney for the Oakdale Rural Fire
Protection District

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EXHIBIT F

Plan for Services

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Plan for Service

With a successful annexation of the Division 1 North area, the District will continue to provide fire protection and emergency medical service through its current budget comprised of general property taxes and its special tax, plus property taxes from the tax sharing agreement with Stanislaus County and special taxes imposed on property within the annexation territory. Specifically, the District will provide the following services to the annexed territory:

- Fire suppression
- Emergency medical response
- Rescue services
- Hazardous materials response
- Response to any other emergency or non-emergency request for service

Such services are currently being provided to the annexation territory and will continue to be if annexation into the District is granted. No capital improvements are anticipated in order to continue to provide services to this territory.

Funding

The District receives approximately \$500,000 in general property tax revenues plus approximately \$1.3 million of special taxes. It is anticipated that after annexation, the District will receive an additional \$40,000 from the annexation territory from the tax sharing agreement with the County and special taxes, with approximately \$15,000 from the tax sharing agreement and \$25,000 from special taxes. The \$40,000 will offset the cost the Fire District is currently funding to respond to an average of over 100 calls for service per year.

The District's special tax was originally authorized by voters of the District in 2005. The tax rates imposed on parcels in the District are identified in the table below. There is no annual inflationary increase on the District's special tax.

Property Type	Annual Tax Rate
Residential Buildings	\$165 per unit + \$0.03 per sq. ft.
Mobile Homes	\$50 per unit
Misc. Structures	\$30 per structure
Poultry Houses	\$60 per parcel
Commercial Buildings	\$0.14 per sq. ft.
Industrial Buildings	\$0.14 per sq. ft.
Wildland Acres	\$0.20 per acre
Lumber Yards	\$500 per parcel

Service Delivery

The District operates under a contract for service with Stanislaus Consolidated Fire Protection District, that also provides contract services to the City of Oakdale. The agreement for service between the three agencies is attached to this proposal. Under the terms of the contract, Stanislaus Consolidated FPD provides fire services to the territory within the District's

boundaries, including: fire administrative, training, fire prevention, a chief officer and front-line fire staffing. The District is responsible for maintenance, repair and replacement of its own facilities, apparatus, vehicles and equipment. Territory annexed into the District would also be served under the current or an amended version of the contract for service with Stanislaus Consolidated Fire Protection District.

The District owns three fire stations within its current boundaries:

- Station #1 – 1398 E. F Street in Oakdale
- Station #2 – 17700 Main Street in Knights Ferry
- Station #3 – 13200 Valley Home Road in Valley Home

Service to the annexation territory would be served by the District's existing stations. Station #1 is only utilized for administration. The City of Oakdale's Fire Station #5, located at 3rd and G Street in Oakdale is staffed with a three-person engine company and supported by reserve firefighters for fire and emergency medical response. A two-person engine company is assigned to either Station #2 or Station #3, as determined based on operational needs as agreed by the District and Stanislaus Consolidated.

Under the contract for service with Stanislaus Consolidated FPD, the District targets a response performance standard for all emergency calls of 8 minutes or less from the receipt of an alarm at the responding station to the first response team on scene. Due to the geographic constraints of the annexation territory, this response time goal will need to be re-evaluated in conjunction with Stanislaus Consolidated staff.



AGREEMENT TO PROVIDE FIRE SERVICES BETWEEN THE STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT AND THE OAKDALE FIRE PROTECTION DISTRICT

THIS AGREEMENT TO PROVIDE FIRE SERVICES BETWEEN THE STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT AND THE OAKDALE FIRE PROTECTION DISTRICT ("Agreement") is made and entered into this 1st day of September, 2014 (the "Effective Date"), by and between the Stanislaus Consolidated Fire Protection District ("SCFPD"), a California Special District organized and existing under the Fire Protection District Law of 1987 (Health & Saf. Code § 13800 et seq.) and Oakdale Fire Protection District ("OFPD"), a California Special District organized and existing under the Fire Protection District Law of 1987 (Health & Saf. Code § 13800 et seq.). OFPD and SCFPD are sometimes individually referred to as a "Party" and collectively referred to as the "Parties" in this Agreement.

RECITALS

WHEREAS, SCFPD provides fire protection, prevention, suppression services, and related services such as emergency medical services, emergency preparedness, mitigation of hazardous materials incidents, and special operations including, but not limited to, confined space rescue, technical rescue, and water rescue within the County of Stanislaus ("County"); and,

WHEREAS, beginning July 1, 2012, SCFPD entered into a contract with the Oakdale City Fire Department and OFPD to provide management services; and,

WHEREAS, the Parties have determined that a further contract to administer fire and emergency services, operations, and delivery would achieve the most efficient and effective delivery of fire services; and,

WHEREAS, it is the intent of the Parties to pursue a reorganization before the County of Stanislaus Local Agency Formation Commission to provide fire protection services to both jurisdictions; and,

WHEREAS, it is the intent of the Parties that this Agreement serve as a transitional agreement to further the Parties' intent of pursuing reorganization; and,

WHEREAS, OFPD desires to contract with SCFPD for the provision of Fire Services as defined in Agreement Section 1.2 within OFPD's service boundaries; and,

WHEREAS, SCFPD is willing and able to perform such Fire Services; and,

WHEREAS, the Parties have the power to provide Fire Services to their mutual advantage and to provide each other with fire protection services to maximize the delivery of those services in both jurisdictions; and,

WHEREAS, the Parties agree that this Agreement will further ensure provision of Fire Services within each jurisdiction; and,

WHEREAS, it is the desire of the Parties to address, by this Agreement, all matters which are related to the services to be provided to OFPD by SCFPD; and,

WHEREAS, this Agreement is entered into pursuant to Government Code § 54981 and § 55632, and Health and Safety Code Section 13800 *et seq.*, including, but not limited to, § 13861(f), § 13862, § 13863, and § 13878.

WHEREAS, OFPD acknowledges it has complied with the provisions of the Meyers-Milias-Brown Act (Gov. Code §§ 3500 *et seq.*) with respect to its and the OFPD's employees affected by this Agreement.

NOW, THEREFORE, for and in consideration of the mutual advantages to be derived therefrom, and in consideration of the mutual covenants in this Agreement, it is agreed by and between the Parties as follows:

ARTICLE I DEFINITIONS

1.1. Capital Improvements.

"Capital Improvements" means structural repairs and similar improvements which are the type of improvements which would be added to the tax "basis" if the property were owned by a non-governmental entity.

1.2 Fire Services.

"Fire Services" means those services described in Article IV of this Agreement and authorized by Health and Safety Code Section 13862.

1.3 Fiscal Year.

"Fiscal Year" means the annual period commencing on July 1 and ending June 30 of any calendar year.

ARTICLE II TERM OF AGREEMENT

2.1 **Initial Term.** The initial term of this Agreement shall be for four (4) years and ten (10) months from September 1st, 2014 through June 30, 2019.

2.2 **Extension of Term.** This Agreement may, by resolution of both SCFPD Board of Directors and OFPD Board of Directors, be extended for an additional five (5) year increment, if

both parties agree, no later than the June 30, 2018.

2.3. **Termination.** Notwithstanding Section 2.1 and Section 2.2 of this Agreement, either Party may terminate this Agreement by providing twelve (12) months' written notification to the other Party, and the term of this Agreement or any extension thereof shall be shortened accordingly. Written notification of termination shall be in the form of a Resolution of the SCFPD Board or OFPD Board, and shall be provided to the Parties of this Agreement, or their successors. Upon termination of this Agreement, SCFPD will return to OFPD the equipment and apparatus described in Exhibit A, reasonable wear and tear excepted. SCFPD may terminate this Agreement if the OFPD fails to make timely payments for service per Section 6.3 of this Agreement.

ARTICLE III FACILITIES AND EQUIPMENT

3.1. **Use of Equipment.** For the duration of this Agreement, OFPD shall provide use of all emergency equipment, vehicles and apparatus, to provide services to OFPD pursuant to this Agreement to provide local mutual and automatic mutual aid, statewide master mutual aid, and assistance by hire pursuant to the California Fire Assistance Agreement.

3.2. **Maintenance, Repair and Replacement of Equipment, Vehicles and Apparatus.** OFPD shall bear all costs of preventive maintenance and repair of equipment, vehicles and apparatus described in Exhibit A. Should an insurable event result in irreparable damage to any equipment, vehicle or apparatus described in Exhibit A, OFPD shall bear the portion of the replacement cost that exceeds the amount of any payment for said irreparable damage received under the insurance coverage described in Section 9.3 of this Agreement.

(a) OFPD shall maintain an equipment and apparatus replacement program with annual funding allocations to ensure funds are available to replace equipment and apparatus when they reach the end of their service life.

(b) OFPD shall work with SCFPD to identify OFPD equipment and apparatus that is beyond its useful service life and dispose of the equipment per OFPD surplus equipment procedures.

* 3.3. **Use, Maintenance and Repair of Facilities.** OFPD will maintain ownership of Fire Station 1 (1398 E F Street, Oakdale, CA 95361), Fire Station 2 (17700 Main Street, Knight's Ferry, CA 95361) and Fire Station 3 (13200 Valley Home Road, Oakdale, CA 95361) as identified in Exhibit B of this Agreement. OFPD shall provide SCFPD with full and complete access and full and complete use of Fire Station 1, Fire Station 2, and Fire Station 3 during the term of this Agreement. SCFPD shall bear all costs of normal preventive maintenance and repair of the facilities. The actual cost of any Public Project, repair, or facility equipment replacement will be the responsibility of OFPD. OFPD shall maintain a capital facilities maintenance program with annual funding allocations to ensure funds are available to replace and/or repair

facility equipment and components (e.g. roofs, HVAC systems, and exterior/interior paint) that are Public Projects.

ARTICLE IV DUTIES OF SCFPD

4.1. **Scope of Services.** SCFPD shall provide Fire Services within the jurisdictional area of OFPD as more specifically described in Agreement Section 4.2. In providing such services, SCFPD shall administer the provisions of OFPD Fire Prevention Ordinance and other OFPD rules, regulations, policies, and procedures as applicable to this Agreement. Throughout the term of the Agreement and ~~as needed~~ or as requested by OFPD, SCFPD shall consult with the OFPD Board of Directors regarding SCFPD's implementation of the provisions of this Agreement.

4.2. **Description of Fire Services to be provided by SCFPD.** The SCFPD shall provide the following Fire Services:

(a) **Fire Department Administration.** SCFPD shall provide the following administrative and support services necessary to maintain Fire Services within OFPD's service territory:

(i) Fire Services program planning and administration consistent with the terms and conditions of this Agreement.

(ii) Development and administration of the annual OFPD Fire Services budget.

(iii) Coordination and administration of OFPD Fire Services sub-programs as authorized and funded within the OFPD Fire Services budget, as that budget may be modified from year to year.

(iv) Providing and supporting an "Intern" Firefighter Program. OFPD Volunteer Firefighters, who meet the minimum requirements and remain in good standing, will be offered positions as SCFPD "Intern" Firefighters.

(v) Delivery and documentation of federally- and state-mandated firefighter training as well as provision of additional training as authorized and funded within the SCFPD's budget.

(vi) Coordination of procurement of all operational supplies, services, and equipment as necessary to provide the Fire Services outlined in this Agreement as may be funded within the OFPD Fire Services budget, as that budget may be modified from year to year.

(vii) SCFPD shall provide plan review services of all development and building plans to ensure compliance with applicable fire and life safety codes and regulations, as

well as inspection of fire protection and fire alarm systems for compliance with applicable codes and standards. SCFPD shall collect fees for fire prevention services at rates that are identified in the OFPD's fire prevention rate schedule.

(viii) Fire safety inspections of all state-mandated occupancies within OFPD jurisdiction.

(ix) Issuance of operational permits to, and associated inspections of, applicable businesses within OFPD as required by the OFPD Fire Prevention Ordinance and California Fire Code. SCFPD shall collect fees for said operational permits and inspections.

(x) Investigation of all fires to establish origin and cause as well as coordination with the County Sheriff on all criminal prosecutions resulting from such investigations. The SCFPD may contract for fire investigation services.

(xi) Maintenance of sufficient, segregated records relating to provision of Fire Services to OFPD, including, but not limited to response time data for all incident responses described in Agreement Section 4.2(b). At a minimum, such records shall be sufficient to meet any and all federal and state reporting obligations as they relate to the provision of Fire Services, including but not limited to annual audits, mutual aid, and reimbursement for disaster response, hazardous material response, or other incident responses.

(b) General Service Criteria. The following criteria shall apply to incident response within OFPD jurisdiction, including fire suppression, emergency medical response, rescue services, hazardous materials response, and response to any other emergency or non-emergency request for service as received and dispatched by the SCFPD's emergency dispatch center:

(i) Response Area. SCFPD shall provide services identified in Agreement Section 4.2(b) to all areas within the jurisdiction of OFPD.

(ii) Chief Officer Coverage. SCFPD shall provide a qualified Chief Fire Officer, or acting Chief Fire Officer, to be immediately available for response and management of emergency incidents as necessary to provide incident command and coordination functions within the jurisdictional boundaries of OFPD, including the authority to commit expenditure of OFPD funds to mitigate an emergency incident consistent with the ordinances, policies, and procedures of OFPD. In the event that this service is not immediately available because the on-duty SCFPD Chief Officer is otherwise committed to another emergency incident, an administrative Chief Officer or off-duty Operations Chief Officer shall be recalled and assigned to provide operational Chief Officer coverage as soon as possible.

(iii) Staffing. SCFPD shall provide, on a twenty-four (24) hour, seven (7)-day-per-week basis, one (1) Captain or Acting Captain and two (2) Engineers or Acting Engineers who meet minimum federally- and state-mandated training requirements for their respective classifications and responsibilities, assigned to the OFPD fire station(s) to provide Fire Services pursuant to this Agreement each and every day of the term of this Agreement.

Additional qualified fire personnel may be assigned to the OFPD station(s) as determined by the Fire Chief or his or her designee to provide supplemental Fire Services or staffing for special events, anticipated weather events, or other situations within the OFPD Fire Services budget as that budget may be modified from year to year, and operational capacity. Each engine will be staffed by two (2) personnel. The SCFPD and OFPD will seek to staff each engine with a minimum of three (3) personnel. If financial resources are reduced, OFPD has the option of reducing staffing levels and closing fire stations. Staffing levels shall never be reduced below a two person company.

(iv) Response Time. SCFPD acknowledges the existing OFPD response performance standard for all emergency calls of eight (8) minutes or less from receipt of an alarm at the responding station to the arrival of the first response team on scene. SCFPD will strive to maintain that response standard with existing facilities and apparatus, and will provide a quarterly response summary report to OFPD by the 15th day of the month following the end of the previous quarter that delineates the response time for each incident within OFPD jurisdiction. Reports will be due by April 15, July 15, October 15, and January 15.

(c) Statewide Mutual Aid and Assistance by Hire. SCFPD may respond to requests for mutual aid or assistance-by-hire by other agencies within the State of California pursuant to the California Statewide Master Mutual Aid Agreement or the California Fire Assistance Agreement, as approved by the Fire Chief or his or her authorized designee. SCFPD shall credit or reimburse OFPD for any reimbursement(s) received by SCFPD relating to OFPD-owned apparatus described in Exhibit A for provision of mutual aid or assistance-by-hire.

(d) Miscellaneous.

(i) Weed Abatement. SCFPD will enforce the provisions of OFPD Fire Prevention Ordinance relating to Weed Abatement and the State Fire Code. Enforcement shall include administration of all aspects of OFPD's Annual Weed Abatement Program.

(ii) Fireworks. SCFPD will enforce the provisions of the State Fire Code relating to fireworks.

(iii) Community Outreach and Education. SCFPD shall conduct planning and development of fire prevention and safety education programs for schools, businesses, community associations, child-care providers, and other members of the OFPD community. Fire prevention and life safety programs will be tailored to educate OFPD residents and business community in order to help preserve life and property.

(iv) False Fire Alarms. SCFPD will enforce the provisions of OFPD Fire Prevention Ordinance and the California Fire Code relating to recovery of costs associated with responses to false fire alarms.

(v) Hazardous Materials Releases. SCFPD will enforce the provisions of OFPD Fire Prevention Ordinance and the California Fire Code relating to recovery of costs

associated with responses to releases of hazardous materials.

4.3. **Inspection of OFPD-Owned Property and Notification of Necessary Maintenance and Repairs.** SCFPD agrees to regularly inspect all real property, buildings, equipment, and apparatus described in Exhibit A and Exhibit B to ensure they meet the appropriate and applicable fire service and safety standards.

(a) In the event that any real property, buildings, equipment, vehicle or apparatus described in Exhibit A and Exhibit B requires routine maintenance or is in a condition that presents an immediate or imminent threat to employees or public health or safety, SCFPD agrees to immediately notify OFPD of the existence of such conditions. OFPD agrees to immediately pay for such deficiencies.

(i) SCFPD shall not use any equipment and apparatus requiring maintenance or repair in the provision of Fire Services pursuant to this Agreement until such time as the SCFPD has satisfactorily performed the necessary maintenance or repairs.

(ii) SCFPD shall ensure that access to any real property or buildings described in Exhibit B which is in a condition that presents an immediate or imminent threat to employee or public health or safety is restricted so as to minimize the threat posed to employee or public health or safety, until said condition is remedied.

(iii) In the event that a condition gives rise to an immediate or imminent threat to public or employee health or safety, the Parties agree that the Fire Chief, or his or her designee, shall have the authority to take any actions necessary to preserve public or employee health or safety. Such action may include prohibiting the occupancy or use of anything described in Exhibit B until the conditions giving rise to the threat are remedied.

(b) SCFPD shall inspect any maintenance and repairs performed pursuant to Section 4.4 of this Agreement to ensure that such maintenance and repairs have ensured that the real property, buildings, equipment and apparatus so maintained or repaired meet the appropriate and applicable fire services standards.

(c) In the event that any Capital Improvements authorized in the OFPD Fire Services budget are performed on OFPD-owned real property or buildings described in Exhibit B, SCFPD shall coordinate the performance of such Capital Improvements with the OFPD.

(d) In the event that OFPD has determined, pursuant to Section 5.1(b) of this Agreement, that maintenance or replacement of any OFPD-owned equipment and apparatus described in Exhibit A will not be sufficient to ensure that said equipment and apparatus meet applicable fire services standards, SCFPD shall coordinate the replacement of any such equipment or apparatus with OFPD as authorized in the OFPD Fire Services budget as that budget may be modified from year to year.

**ARTICLE V
DUTIES OF OFPD**

5.1. **Payment for Fire Services.** OFPD shall compensate SCFPD for the provision of Fire Services as further described in Article VI of this Agreement.

5.2. **Maintenance and Repair of Equipment and Facilities.** OFPD agrees to pay for the cost of repairs and maintenance of apparatus, equipment, and facilities identified in Exhibits A and B.

(a) Upon notification by SCFPD, as soon as possible thereafter, perform single repairs of facilities, apparatus and equipment identified in Exhibits A and B that are necessary to ensure that any real property, buildings, equipment, and/or apparatus remain in a safe, habitable, and serviceable condition.

(b) In the event that it is not possible to repair any equipment, and apparatus sufficient to ensure that they are in a safe, habitable, and serviceable condition, OFPD shall replace the equipment or apparatus in question at OFPD cost.

(c) In the event that OFPD fails to respond within 48 hours with an agreed upon plan to address repairs of facilities, apparatus, and equipment identified in Exhibits A and B, SCFPD may undertake the necessary maintenance, repair, or replacement. OFPD agrees to reimburse SCFPD for any costs it so incurs, including applicable administrative expenses, associated with any such maintenance, repair, or replacement.

(d) In the event that OFPD contracts or otherwise hires a third-party contractor to perform any necessary repairs or replacement pursuant to this Article V, OFPD shall require any such third-party contractor to have general liability insurance with minimum limits of \$2,000,000 per occurrence and \$4,000,000 in the aggregate. Both OFPD and SCFPD shall be named as additional insureds on any such coverage.

5.3 **Recognition of Authority Having Jurisdiction.** OFPD shall delegate all authority of the Fire Chief under the California State Fire Code and the Fire Protection District Law of 1987 (Health and Safety Code Section 13800 *et seq.*) to the SCFPD Fire Chief for fire protection and prevention matters within the OFPD jurisdiction. Utilization of personnel from the Stanislaus County Fire Warden's Office to provide fire prevention or other fire protection services shall be at the sole discretion of the SCFPD Fire Chief.

**ARTICLE VI
FEES FOR SERVICES**

6.1. **Prepaid Fees for Services.** OFPD agrees to prepay SCFPD for all services provided pursuant to the terms and conditions of this Agreement as set forth in Exhibit C and Article VI of this Agreement.

(a) The period from the Effective Date of this Agreement through July 1,

2019 shall be the Initial Period. For the 2015-2016 and 2016-2017 Fiscal Years, SCFPD has provided OFPD with a three (3) year budget projection describing the total anticipated costs of providing Fire Services for each Fiscal Year or portion thereof as identified in Exhibit C. The second and third year budget projections are in the form and use the same methodology as the first year budget projection model and are also contained in Exhibit C. SCFPD shall provide OFPD with an updated Fiscal Year 2015-2016 budget projection no later than May 1, 2015.

(b) No later than May 1 each year thereafter, SCFPD agrees to provide OFPD with a Fiscal Year budget projection describing the total anticipated costs of providing Fire Services for the next Fiscal Year using the same budget projection model identified in Exhibit C.

(c) On the first day of each month, OFPD agrees to remit to SCFPD one twelfth (1/12) of the Fiscal Year budget projection as prepayment for that month's services throughout the duration of this Agreement.

6.2 **Delinquent Payments.** In the event that OFPD fails to pay the entire amount described in Section 6.1(c) above within seven (7) calendar days of the due date, interest shall accrue to the unpaid balance at an annual equivalent rate equal to the higher of: (1) the Prior Year Penalty Factor; or (2) the legal rate of interest on a judgment in the Superior Courts of the State of California, determined from the date the payment was originally due. The Prior Year Penalty Factor shall be the interest rate earned on SCFPD's entire investment portfolio for the preceding Fiscal Year plus two percent (2%). For example, if the rate of return on SCFPD's entire investment portfolio for the preceding Fiscal Year was four percent (4%) the Prior Year Penalty Factor will be six percent (6%).

(a) In the event that OFPD does not pay the required monthly payment as identified in Section 6.1(c) within thirty (30) calendar days of the due date, the SCFPD shall provide notice that all fire protection services may be terminated in thirty (30) calendar days.

(b) In the event that OFPD does not pay the required monthly payment as identified in in Section 6.1(c) within thirty (30) calendar days of the due date, the SCFPD shall have the option to terminate Fire Services at the end of the thirty (30) calendar day notification period.

6.3 **Accounting.** ~~No later~~ than October 1 of each year, SCFPD shall provide OFPD with a detailed account of the actual costs incurred by SCFPD to provide Fire Services pursuant to this Agreement for the preceding Fiscal Year.

(a) If the actual costs are greater than the Fiscal Year budget projection, OFPD shall, no later than ninety (90) calendar days after receipt of the detailed account of actual costs, remit to SCFPD the difference between the Fiscal Year budget projection and the actual cost.

(b) If the actual costs are less than the Fiscal Year budget projection, SCFPD shall, no later than ninety (90) calendar days after providing OFPD with the detailed account of actual costs, remit to OFPD the difference between the Fiscal Year budget projection and the

actual cost. In the alternative, OPFD may elect to apply the payment of the difference to the following month's payment as identified in Section 6.1(c) of this Agreement.

(c) At any time during the term of this Agreement, the formulas, approaches, and Contract Percentage Drivers described in Article VI and Exhibit C of this Agreement may be modified when service levels change per Sections 8.6 and 8.7 of this Agreement or with mutual written agreement of the SCFPD Board and OFPD Board. In the event that SCFPD contracts to provide fire services to another jurisdiction or terminates an existing contract for the provision of fire services to another jurisdiction, the Parties' SCFPD Board and OFPD Board shall review the Contract Percentage Drivers in this Agreement.

~~6.4~~ **Unfunded Liabilities.** Any unfunded pension, employee leave banks, or "Other Post Employment Benefits" (OPEB) that were created prior to the execution of this Agreement shall remain with the parent organization. CalPERS shall provide an actuarial that meets GASB 67 requirements to the SCFPD and to OFPD that identifies all liabilities and assets prior to the execution of this Agreement.

6.5 **Transferred Leave Bank.** OFPD employees hired by SCFPD pursuant to Article VII of this Agreement may transfer up to 400 hours of vacation and 200 hours of sick leave to the SCFPD. The employee must utilize transferred leave prior to utilizing any leave accrued while employed by the SCFPD. OFPD shall reimburse the SCFPD, on an hour for hour basis, at the hourly rate of the employee at the time the employee uses the leave. Upon termination of this Agreement, OFPD shall pay to SCFPD the outstanding value of any leave balances transferred to SCFPD.

ARTICLE VII PERSONNEL

7.1. **Offers of Employment to OFPD Employees.** On or after August 29, 2014 but no later than September 1st, 2014, SCFPD shall make offers of employment to "Current Employees" defined as employees in "good standing" and who are employed by OFPD as "safety" employees to fill positions created by this Agreement.

(a) Prior to being offered positions with SCFPD, OFPD employees must complete a LiveScan background review. Employees who are identified to have felony arrests or other convictions that would prevent them from serving as a public safety employees will not be considered employees in "good standing" and will not be offered employment positions with SCFPD.

(b) Prior to being offered positions with SCFPD, OFPD employees must provide proof they possess a valid California Driver's license and current Emergency Medical Technician certification. Employees who fail to provide proof they possess a valid California Driver's license and current Emergency Medical Technician certification will not be considered employees in "good standing" and will not be offered employment positions with SCFPD.

7.2 **Seniority.** All OFPD "Current Employees" who are offered positions with the

SCFPD will have their seniority integrated into the SCFPD's seniority list based on their hire date, as full-time OFPD Fire Department "safety" employees. If layoffs are required due to service level reductions by OFPD, employees from OFPD will be laid off based on their previous OFPD seniority, not the SCFPD seniority that was provided under this Agreement. Personnel hired after the initiation of this agreement will be subject to layoff prior to OFPD employees who were hired as part of this agreement.

7.3 Rank. All OFPD "Current Employees" who are offered positions with the SCFPD will be placed in the following ranks: Three (3) Captains will be placed at the rank of Captain. Four (4) Lieutenants and two (2) Engineers will be placed at the rank of Engineer. One (1) Lieutenant and two (2) Engineers will be offered positions of the rank of Firefighter.

ARTICLE VIII COST ALLOCATION METHODOLOGY

8.1. **Assigned Shift Personnel.** Cost will be allocated to OFPD per Exhibit C based on the number of assigned shift Captains, Engineers, and Firefighters as identified in Section 4.2 (b)(i)C of this Agreement. Cost per classification shall be based upon the "average full cost" of Captains, the "average full cost" of Engineers, and the "average full cost" of Firefighters within the SCFPD. "Average full cost" includes base salary, vacation/holiday sellback, FLSA, workers compensation, employer retirement costs, payroll taxes, employer costs of health/vision/dental insurance, life insurance, Central Valley Trust allocations, uniform allowance, and specialty (swift water, bi-lingual, education, Haz Mat) incentives. Average full-cost calculations do not include overtime.

8.2 **Overhead Personnel.** Overhead personnel costs shall be allocated to OFPD per Exhibit C based on the percentage derived by dividing the total number of SCFPD "Assigned Shift Personnel" by the number of OFPD "Assigned Shift Personnel" as identified in Section 4.2 (b)(i)C of this Agreement. The following positions and costs are included in the overhead allocations; Chief Officers, Fire Marshal, administrative staff, Training Captain, shift relief personnel, and overtime.

8.3 **Supplies and Services.** Supplies and services costs shall be allocated to OFPD per Exhibit C based on the percentage the Supplies and Services budget derived by dividing the total number of "Assigned Shift Personnel" by the number of OFPD "Assigned Shift Personnel" as identified in Section 4.2(b)(i)C of this Agreement. The following Services and Supply costs in the following budget categories are included in the allocations; Clothing and Personal Protective Equipment, Insurance, Medical Supplies, Memberships, Office Supplies, Professional and Specialized Services, Publications and Legal Notices, Equipment Rents and Leases, Facilities Rents and Leases, Training Programs, and Miscellaneous Expenses.

8.4 **Facilities and Apparatus.** Facilities and Apparatus costs shall be allocated to

OFPD per Exhibit C based on the percentage derived by dividing the total number of "Fire Stations" by the number of OFPD "Fire Stations" as identified in Exhibit B of this Agreement. The following Facility and Apparatus costs in the following budget categories are included in the allocations; Household Expenses, Building Maintenance, Small Tools and Instruments, Utilities, Oil and Fuel, and Apparatus/Equipment Maintenance.

8.5 **Service Level Reductions.** If budgetary constraints require OFPD service level reductions, the OFPD cost of services will be reduced by the number of full-time positions that are eliminated.

(a) ~~The formula used to determine overhead costs will decrease~~ proportionality by the decrease in number of personnel.

(b) If layoffs are required due to service level reductions by OFPD, employees from OFPD will be laid off based on their previous OFPD seniority not the SCFPD seniority that was provided in Section 7.2 of this Agreement. Personnel hired after the initiation of this agreement will be subject to layoff prior to OFPD employees who were hired as part of this agreement.

8.6 **Service Level Increases.** If service levels are increased by adding additional shift personnel, the cost of services will increase by the cost of added number of full-time positions. The formula used to determine overhead costs will increase proportionality by the increase in number of personnel.

8.7 **Start-Up Cost.** OFPD will be responsible for "one-time" start-up cost not to exceed \$3,500. Start-up costs include badges, patches, turnout re-branding, helmet shield IDs, passport tags and LiveScan costs.

ARTICLE IX INDEMNIFICATION AND INSURANCE

9.1 **Mutual Indemnification.**

(a) Each Party shall indemnify, defend and hold harmless the other Party (including their elected or appointed officials, employees, agents, volunteers and attorneys as the same may be constituted now and from time to time hereafter) to the extent allowed by law and in proportion to fault, against any and all third-party liability for claims, demands, costs, or judgments (direct, indirect, incidental, or consequential) involving bodily injury, personal injury, death, property damage, or other costs and expenses (including reasonable attorneys' fees, costs, and expenses) arising or resulting from the acts or omissions of its own elected or appointed officers, agents, employees, volunteers or representatives carried out pursuant to the obligations of this Agreement.

(b) Each Party shall protect, defend, indemnify, and hold harmless the other Party (including their elected or appointed officials, employees, agents, volunteers and attorneys as the same may be constituted now and from time to time hereafter) from and against any and all liabilities, losses, damages, expenses or costs, whatsoever (including reasonable attorneys' fees, costs, and expenses), which may arise against or be incurred by the other Party as a result of or in connection with any actual or alleged breach of this Agreement by either Party.

(c) SCFPD shall be responsible for all third-party liability, including third-party property damage, caused by the negligence or wrongful acts of SCFPD officers, officials, employees, agents and volunteers resulting from SCFPD's operation of OFPD vehicles and equipment, or resulting from maintenance performed by SCFPD pursuant to Section 5.2(c) of this Agreement.

9.2. **Mutual Indemnification Obligations Survive Termination.** As to activities occurring or being carried out in performance of this Agreement and during the term of this Agreement, the obligations created by Agreement Section 8.1 shall survive termination of this Agreement.

9.3. **Public Liability and Property Insurance.**

(a) Each Party shall maintain in effect, at its own cost and expense, the following insurance coverage provided either through a bona fide program of self-insurance, commercial insurance policies, or any combination thereof:

(i) Commercial general liability or public liability with minimum limits of \$2,000,000 per occurrence and \$4,000,000 in the aggregate.

(ii) OFPD will provide auto liability insurance including owned, leased, non-owned, and hired automobiles, with a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

(iii) The SCFPD shall maintain Workers' Compensation in accordance with California Labor Code Section 3700 with a minimum of \$1,000,000 per occurrence for employer's liability, for the duration of time that such workers are employed.

(iv) All risk property insurance, excluding earthquake and flood, on all permanent property of an insurable nature in an amount sufficient to cover at least one hundred percent (100%) of the replacement costs of said property. In any event, OFPD shall maintain property insurance coverage for all the real property and buildings, identified in Exhibit B.

(b) All insurance required by this Agreement shall:

(i) Be placed: (1) with companies admitted to transact insurance business in the State of California and with a current A.M. Best rating of no less than A:VI or with carriers with a current A.M. Best rating of no less than A:VII; or (2) disclosed self-insurance with limits acceptable to the other Party.

(ii) Provide that each Party's insurance is primary and non-contributing insurance to any insurance or self-insurance maintained by the other Party and that the insurance of the other Party shall not be called upon to contribute to a loss covered by a Party's insurance.

(c) Prior to September 1st, 2014, each Party shall file certificates of insurance with the other Party evidencing that the required insurance is in effect.

9.4. **Workers' Compensation.**

(a) SCFPD shall provide OFPD an endorsement that its Workers Compensation insurer waives the right of subrogation against OFPD, its elected and appointed officers, officials, employees, and volunteers for all claims on or after the Effective Date of this Agreement during the tenure of said Agreement.

(b) All injuries that occur prior to the execution of this Agreement and all Workers' Compensation claims that are filed prior to this Agreement shall remain the responsibility of OFPD. OFPD's third-party administrator for the Workers' Compensation shall provide SCFPD's third-party administrator for Workers' Compensation, a list of all active claims of all OFPD personnel who will become employees of the SCFPD, by September 1st, 2014.

ARTICLE X MISCELLANEOUS

10.1. **Amendments to Agreement.** No part of this Agreement shall be altered or amended without written agreement of the signatory Parties, except that Sections 6.1 and 6.2 of this Agreement as well as all exhibits to this Agreement may be amended by mutual written agreement of the SCFPD Board of Directors and OFPD Board of Directors.

10.2. **Assignment.** The rights and obligations of the Parties under this Agreement are not assignable and shall not be delegated without the prior written approval of the other Party.

10.3. **Dispute Resolution.** The Parties recognize that this Agreement cannot represent a complete expression of all issues which may arise during the performance of the Agreement. Accordingly, SCFPD and OFPD agree to meet and confer in good faith over any issue not expressly described herein to the end that OFPD will obtain the best Fire Services possible under the most favorable economic terms and that SCFPD will be fairly and adequately compensated for the services it provides hereunder.

It is the Parties' intention to avoid the cost of litigation and to resolve any issues that may arise amicably if possible. To that end, the Parties agree to meet within ten (10) business days of a request made by the other Party in writing to discuss the issues and attempt to resolve the dispute. If the dispute is not resolved after that meeting, the Parties agree to mediate the dispute within thirty (30) calendar days of the meeting or as soon thereafter as possible. The mediator will be chosen by mutual agreement of the Parties. The costs of mediation will be borne by the Parties equally. No Party may initiate litigation prior to the conclusion of mediation. In any

action brought under this Agreement, the prevailing Party shall be entitled to recover its actual costs and attorney fees pursuant to California Civil Code Section 1717.

10.4. **No Waiver.** The waiver of any Party of any breach or violation of any provisions of this Agreement shall not be deemed to be a waiver of any breach or violation of any other provision nor of any subsequent breach or violation of the same or any other provision. The subsequent acceptance by either Party of any monies that become due hereunder shall not be deemed to be a waiver for any preexisting or concurrent breach or violation by the other Party of any provision of this Agreement.

10.5. **Parties in Interest.** Nothing in this Agreement, whether express or implied, is intended to confer any rights on any persons other than the Parties to it and their representatives, successors and permitted assignees.

10.6. **Interpretation.** This Agreement shall be interpreted and construed reasonably and neither for nor against any Party, regardless of the degree to which any Party participated in its drafting. Each of the Parties has received the advice of legal counsel prior to signing this Agreement. Each Party acknowledges no other party or agent or attorney has made a promise, representation, or warranty whatsoever, express or implied, not contained herein concerning the subject matter herein to induce another party to execute this Agreement. The Parties agree no provision or provisions may be subject to any rules of construction based upon any Party being considered the Party "drafting" this Agreement.

When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural, and the masculine shall include the feminine and neuter and vice versa. Whenever a reference is made herein to a particular provision of this Agreement, it means and includes all paragraphs, subparagraphs and subparts thereof, and, whenever a reference is made herein to a particular paragraph or subparagraph, it shall include all subparagraphs and subparts thereof.

10.7. **Captions.** The captions in this Agreement are for convenience and reference only and are not intended to be used in the construction of this Agreement nor to alter or affect any of its provisions.

10.8. **References to Laws.** All references in this Agreement to laws shall be understood to include such laws as they may be subsequently amended or re-codified, unless otherwise specifically provided.

10.9. **References to Days.** All references to days herein are to calendar days, including Saturdays, Sundays and holidays, except as otherwise specifically provided. Unless otherwise required by a specific provision of this Agreement, time hereunder is to be computed excluding the first day and including the last day.

10.10. **Time of Essence.** Time is of the essence of this Agreement and of every part of this Agreement. No extension or variation of this Agreement will operate as a waiver of this provision.

10.11. **Severability.** If any non-material provision of this Agreement is for any reason deemed to be invalid and unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Agreement, and such remaining provision shall be enforced as if such invalid or unenforceable provision had not been contained herein.

10.12 **Choice of Law and Venue.** This Agreement shall be administered and interpreted under the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be in that state and venue shall be in Stanislaus County, California.

10.13. **Entire Agreement.** This Agreement represents the full and entire Agreement between the parties regarding the matters covered herein.

10.14. **Counterparts.** This Agreement may be executed in counterparts each of which shall be considered an original.

10.15. **Exhibits.** The following Exhibits are attached hereto and incorporated as if fully set forth herein:

<u>Exhibit A:</u>	OFPD Facilities and Equipment provided to SCFPD
<u>Exhibit B:</u>	OFPD Facilities provided to SCFPD
<u>Exhibit C:</u>	Three Year Budget Projection Model
<u>Exhibit D:</u>	Fee Schedule

10.16. **Notices.** All notices required or permitted hereunder shall be deemed sufficiently given if delivered by hand, electronic mail, or by United States mail, postage prepaid, addressed to the Parties at the addresses set forth below or to such other address as may, from time to time, be designated in writing.

To OFPD:

Board Chairperson
OFPD
1398 East "F" Street
Oakdale, CA 95361

To SCFPD:

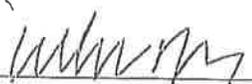
Michael Wapnowski
SCFPD Chief Deputy
3324 Topeka Street
Riverbank, CA 95367

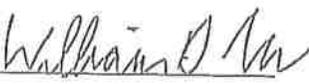
Dave Woods
SCFPD
Board President
3324 Topeka Street
Riverbank, CA 95367

10.17 **Joint Defense.** In the event of a third-party challenge of any type to this Agreement, the Parties agree to jointly defend the validity and implementation of the Agreement.

IN WITNESS WHEREOF, the Parties execute this Agreement hereto on the day and the year first written above.

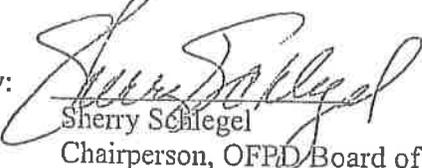
APPROVED AS TO FORM AND CONTENT:

By:  Date: 9/3/14
William D. Ross
SCFPD Counsel

By:  Date: 9/3/14
William D. Ross
OFPD Counsel

ADOPTED BY:

OFPD, A California Special District

By:  Date: 8/31/14
Sherry Schlegel
Chairperson, OFPD Board of Directors

STANISLAUS COUNTY FIRE PROTECTION DISTRICT

By:  Date: 8/29/14
Randall Bradley
Fire Chief

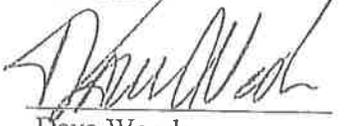
By:  Date: 8/29/14
Dave Woods
SCFPD Board President

EXHIBIT A
OFPD Apparatus and Equipment provided to SCFPD

Year	Make/Model	VIN	Unit	Type
1984	Ford Water Tender	1FDZY9OR8EVA06413	T61	Heavy Duty
1984	International Water Tender	1HTZPKBT7EHA61351	T63	Heavy Duty
1985	International Fire Truck	1HTLFUGN3FHA31313	E51	Heavy Duty
1986	Spartan Sierra Type I	S29XT6UOXFC423364	E23	Heavy Duty
1987	International Model #5	1HTLFTVN1HH446319	E50	Heavy Duty
1991	Peterbilt Chassis w/ 93 Hi Tech	1XPZH58X3MD705516	E22	Heavy Duty
1999	Dodge Quad Cab 1500	1B7HF13Z1XJ620684	U92	Light Duty
1999	Chevrolet Silverado 1500	1GCEK19T1XE100690	U91	Light Duty
2000	Spartan Advantage w/ Hi Tech Rescue	4S7HT8292YC034227	R81	Heavy Duty
2003	Ford Fire Engine	1FDAF57F63EA10349	E52	Heavy Duty
2003	Ford Fire Engine	1FDAF57PX3EC03161	E53	Heavy Duty
2005	Spartan Metro	4S7CT2D965C049328	E21	Heavy Duty
2006	Chevrolet Tahoe	1GNEK13T26J119609	C90	Light Duty
2010	Polaris/Spirit Rib	ZY0B02525PF010	B4	Watercraft
2010	Highliner/CL 15-17	2H9BTIEX7AR003280		Trailer
2014	Kenworth-Water Tender	2NKHLJ9X5EM417025	T63	Heavy Duty

EXHIBIT B
Facilities Provided to the SCFPD

Fire Station 1	1398 E F Street, Oakdale, CA 95361
Fire Station 2	17700 Main Street, Knight's Ferry, CA 95361
Fire Station 3	13200 Valley Home Road, Oakdale, CA 95361

EXHIBIT C
Three year Budget Projection

	Positions & Percentages	FY 2014/15 Projected Costs	FY 2015/16 Projected Costs	FY 2016/17 Projected Costs
SCFPD				
Captain Positions	15	2,035,248	2,116,658	2,201,324
Engineer Positions	15	1,802,201	1,874,289	1,949,260
Firefighter Positions	15	1,365,295	1,419,907	1,476,704
Total Positions/Costs	45	5,202,744	5,410,854	5,627,288
Overhead/Personnel	71.43%	1,860,416	1,934,833	2,012,226
Service and Supplies	71.43%	483,073	502,396	522,492
Facilities and Apparatus	60.00%	476,852	495,926	515,763
SCFPD COSTS		8,023,085	8,344,008	8,677,768
				0
OAKDALE CITY				
Captain Positions	6	814,099	846,663	880,530
Engineer Positions	3	360,440	374,858	389,852
Firefighter Positions	0	0	0	0
Total Positions	9	1,174,539	1,221,521	1,270,382
Overhead/Personnel	14.29%	372,083	386,967	402,445
Service and Supplies	14.29%	96,615	100,479	104,498
Facilities and Apparatus	20.00%	158,951	165,309	171,921
OAKDALE CITY COSTS		1,802,188	1,874,275	1,949,246
OAKDALE FIRE DISTRICT				
Captain Positions	3	407,050	423,332	440,265
Engineer Positions	6	720,880	749,716	779,704
Firefighter Positions	0	0	0	0
Total Positions	9	1,127,930	1,173,047	1,219,969
Overhead/Personnel	14.29%	372,083	386,967	402,445
Service and Supplies	14.29%	96,615	100,479	104,498
Facilities and Apparatus	20.00%	158,951	165,309	171,921
OFPD COSTS		1,755,578	1,825,801	1,898,833
Combined				
Number of Positions/Allocated Costs	63	7,505,213	7,805,422	8,117,638
Overhead/Personnel	100%	2,604,583	2,708,766	2,817,117
Service and Supplies	100%	676,302	703,354	731,488
Facilities and Apparatus	100%	794,753	826,543	859,605
COMBINED COSTS		11,580,851	12,044,085	12,525,848

EXHIBIT D
FY 2014/15 Fee Schedule

September __, 2014	\$146,298
October 1, 2014	\$146,298
November 1, 2014	\$146,298
December 1, 2014	\$146,298
January 1, 2014	\$146,298
February 1, 2014	\$146,298
March 1, 2015	\$146,298
April 1, 2015	\$146,298
May 1, 2015	\$146,298
June 1, 2015	\$146,298

EXHIBIT G

Draft Resolution No. 2018-05

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**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: April 25, 2018

NO. 2018-05

SUBJECT: LAFCO Application No. 2017-03 & SOI Modification No. 2017-07 – Division 1 North Area Change of Organization to the Oakdale Rural Fire Protection District

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, a request has been submitted to modify the Sphere of Influence and simultaneously annex approximately 57,595 acres to the Oakdale Rural Fire Protection District;

WHEREAS, there are more than 12 registered voters within the area and it is thus considered inhabited;

WHEREAS, the above-referenced proposal has been filed with the Executive Officer of the Stanislaus Local Agency Formation Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act (Section 56000 et seq. of the Government Code);

WHEREAS, the proposal was initiated by a Resolution of Application from the Oakdale Rural Fire Protection District;

WHEREAS, the purpose of the proposal is to allow the District to provide continued fire protection services to the subject territory;

WHEREAS, proceedings for adoption and amendment of a Sphere of Influence are governed by the Cortese-Knox-Hertzberg local Government Reorganization Act, Section 56000 et seq. of the Government Code;

WHEREAS, California Government Code Section 56425 requires the Commission to prepare written determinations with respect to certain factors outlined in this section;

WHEREAS, the District has established a special tax that will be applied to the subject territory and will also receive funding pursuant to a tax sharing agreement with Stanislaus County;

WHEREAS, in the form and manner provided by law pursuant to Government Code Sections 56153 and 56157, the Executive Officer has given notice of the public hearing by the Commission on this matter;

WHEREAS, the Commission has, in evaluating the proposal, considered the report submitted by the Executive Officer, which included determinations and factors set forth in Government Code Sections 56425 and 56668, and any testimony and evidence presented at the meeting held on April 25, 2018; and

WHEREAS, as required by Section 57000 of the Cortese Knox Hertzberg Act, the change of organization is subject to protest proceedings.

NOW, THEREFORE, BE IT RESOLVED that the Commission:

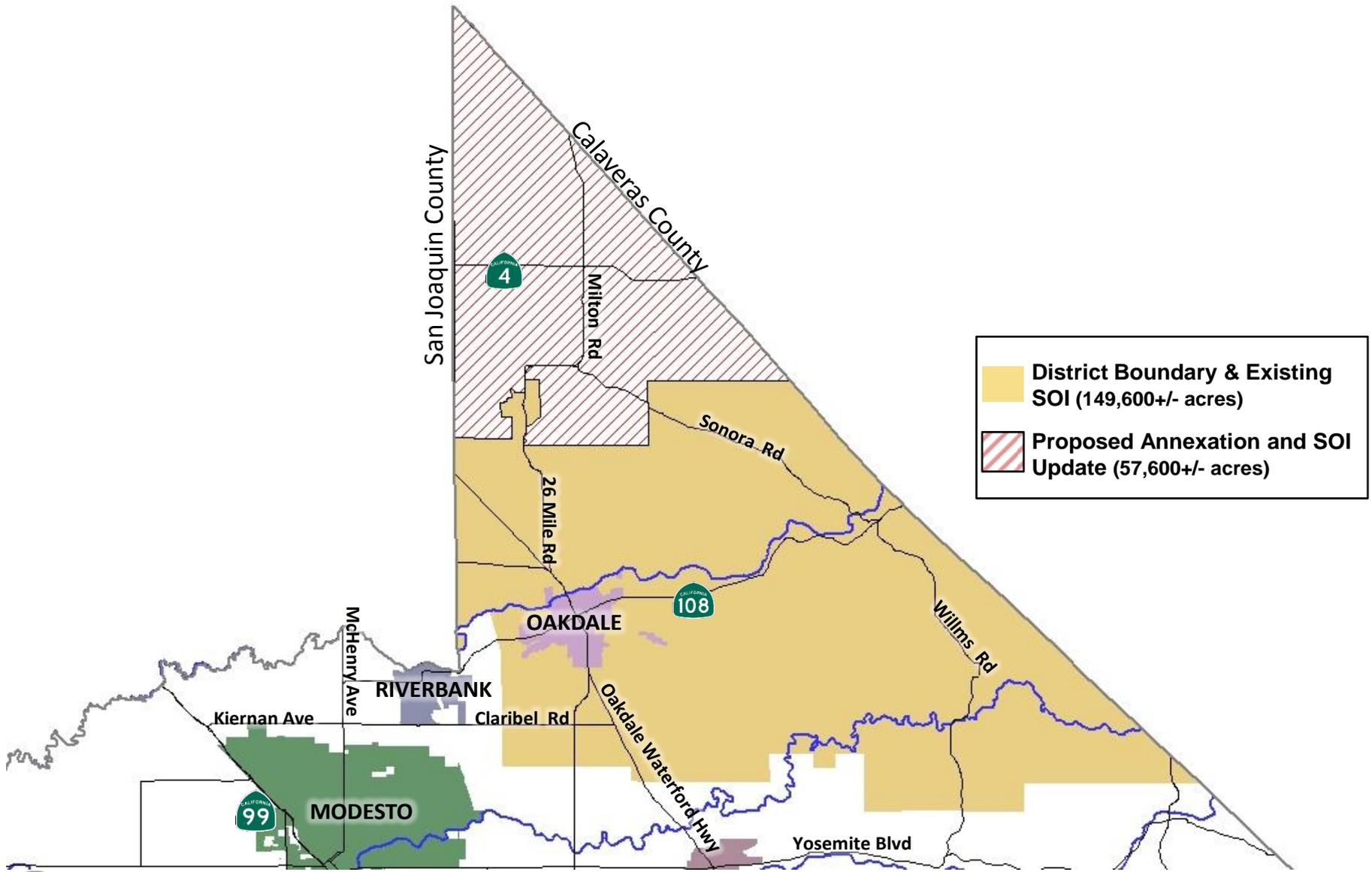
1. Finds this proposal to be categorically exempt from the provisions of the California Environmental Quality Act (CEQA), pursuant to Sections 15320 and 15061(b)(3) of the CEQA Guidelines.
2. Adopts the written determinations pursuant to Government Code Section 56425, as described and put forth in the staff report dated April 25, 2018, and determines that the sphere of influence for the Oakdale Rural Fire Protection District will include the territory and be coterminous with its approved boundaries, as shown in Attachment 1.
3. Designates the proposal as the "Division 1 North Area Change of Organization to the Oakdale Rural Fire Protection District."
4. Finds the proposal to be consistent with State law and the Commission's adopted Policies and Procedures.
5. Approves the proposal subject to the following terms and conditions:
 - (a) The Applicant shall pay the required State Board of Equalization fees and submit a map and legal description prepared to the requirements of the State Board of Equalization and accepted to form by the Executive Officer.
 - (b) The Applicant agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval, and provide for reimbursement or assumption of all legal costs in connection with that approval.
 - (c) In accordance with Government Code Sections 56886(t) and 57330, the subject territory shall be subject to the levying and collection of all previously authorized charges, fees, assessments and taxes of the Oakdale Rural Fire Protection District.
 - (d) The effective date of the annexation shall be the date of recordation of the Certificate of Completion.

6. Directs the Executive Officer to initiate Protest Proceedings pursuant to Government Code Section 57000 et seq.

ATTEST:

Sara Lytle-Pinhey
Executive Officer

EXHIBIT "G" – ATTACH. "1": OAKDALE RURAL FIRE PROTECTION DISTRICT PROPOSED ANNEXATION AND SPHERE OF INFLUENCE MODIFICATION



**EXECUTIVE OFFICER'S AGENDA REPORT
APRIL 25, 2018**

TO: LAFCO Commissioners

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

SUBJECT: PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2018-2019

RECOMMENDATION

It is recommended that the Commission:

1. Receive the Executive Officer's report and accept public testimony regarding the Proposed LAFCO Budget.
2. Adopt Resolution No. 2018-06, approving the Proposed LAFCO Budget for Fiscal Year 2018-2019.
3. Schedule a public hearing for May 23, 2018, to consider and adopt the Final LAFCO Budget for Fiscal Year 2018-2019.

EXECUTIVE SUMMARY

The Proposed Fiscal Year (FY) 2018-2019 Budget includes operating expenses totaling \$493,919 and reflects a 9% increase as compared to the 2017-2018 budget. The increase is primarily attributable to costs associated with increases to retirement, health insurance, IT services (new Office 365 licenses and security upgrades), and funding for the Commission's biennial audit. Table 1, below, summarizes the Proposed Budget and includes a comparison to the current year's budget.

Table 1: LAFCO Proposed Budget Summary

Expenses	Current Budget FY 2017-18	Proposed Budget FY 2018-19	% Change (Proposed v. Current)
Salaries & Benefits	\$376,530	\$406,165	8%
Services & Supplies	74,345	85,754	15%
Other Charges	2,500	2,000	-20%
Total Expenses	\$453,375	\$493,919	9%
Revenues			
Undesignated Fund Balance	(\$50,000)	(\$30,000)	-40%
Application & Other Revenues	(9,000)	(12,000)	33%
Agency Contributions	\$394,375	\$451,919	15%

An analysis of the Commission's estimated year-end fund balance is also included in this report. Following allocations of reserve funds, Staff recommends the use of \$30,000 in undesignated fund balance to offset the FY 2018-2019 budget.

A chart depicting individual accounts for the Proposed Fiscal Year 2018-2019 Budget is attached to this report.

BACKGROUND

LAFCO is an independent commission established in each county by the State legislature. The Cortese-Knox-Hertzberg Local Government Reorganization Act establishes the specific funding methods and process for the annual LAFCO budget.

The Commission is funded by the County and its nine cities. Adopting the LAFCO budget is the responsibility of the Commission. The statutes governing LAFCO and directing its operations do not require separate approval of the financial program by the County, the nine cities, the independent special districts, nor any other local governmental agency. Section 56381(a) of the Government Code provides that:

- The Commission shall adopt annually, following noticed public hearings, a proposed budget by May 1, and final budget by June 15. At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the Commission finds that reduced staffing or program costs will nevertheless allow the Commission to fulfill the purposes and programs of this chapter.
- The Commission shall transmit its proposed and final budgets to the board of supervisors, to each city, and to each independent special district.

Following adoption of a final budget, the County Auditor will allocate and charge LAFCO's final net budget to all participating local agencies as outlined under Government Code Section 56381(b).

EXPENSES

The expense portion of the Proposed Budget is divided into three main categories: Salaries and Benefits, Services and Supplies, and Other Charges.

SALARIES AND BENEFITS (Accounts 50000+)

Expenses in the salaries and benefits category are projected to increase by 8% in Fiscal Year 2018-2019. LAFCO's employee benefits mirror the County's benefits, including health insurance and retirement (through StanCERA), pursuant to a Memorandum of Understanding between the County and the Commission. Estimates for increases in these accounts are provided by the County during each budget cycle and are incorporated into the LAFCO Budget. For FY 2018-2019, retirement costs are projected to increase by 15%. Additionally, at the start of the next calendar year, health insurance costs are anticipated to increase.

SERVICES AND SUPPLIES (Accounts 60000+)

The proposed expenditures in the Services and Supplies category have increased by 15% as compared to the FY 2017-2018 budget. This is partly due to the addition of a line item for the biennial audit. Increases within this category include items associated with the County's Cost Allocation Plan (CAP) charges for various services provided to LAFCO, including County payroll, information technology, accounts payable/receivable, mailroom services, building services, and overhead charges. The following are highlights for various line items in the

Services and Supplies category.

Biennial Audit (Account #65660 – Special Department Expense)

Included in this year's budget is funding for the Commission's biennial audit to be conducted for Fiscal Years 2016-2017 and 2017-2018. If approved, Staff will initiate the process to contract with an independent auditor for this item. (A separate item for the selection of an independent auditor will be brought back to the Commission after the start of FY 2018-2019.)

Outside Data Processing (IT) Services (Account #63990)

LAFCO's information technology services are provided by the County's Strategic Business Technology Department (SBT). SBT also houses the County's Geographical Information Systems (GIS) division, which offers reduced pricing for GIS license fees to County departments and partner agencies (including LAFCO). The overall cost for IT services has increased based on SBT's implementation of new Office 365 licenses and enhanced IT security. Also included in this line item is the estimated annual cost for videotaping, televising, and live-streaming LAFCO meetings, totaling \$2,500. (This additional service was added in FY 2016-2017 at the Commission's request.)

Indirect Costs – "A-87 Roll-Forward" (Account #62450)

This account represents a two-year "true up" of estimated charges from the County's Cost Allocation Plan (CAP) charges for various services provided to LAFCO. These amounts tend to fluctuate annually and can result in a credit or debit depending on actual costs.

Commission Expense (Account #65890)

The estimated Commission Expense for FY 2018-2019 is proposed to remain at \$6,100. The majority of this is expended on monthly meeting attendance stipends, with remaining funds used for Commissioner travel expenses to training, as opportunities arise. During Fiscal Year 2017-2018, the Commission had a savings in this account due stipend savings from cancelled meetings. For the upcoming year, it is anticipated that two Commissioners will attend the CALAFCO Annual Conference, which may also be partially offset by stipend savings in the coming year.

OTHER CHARGES (Accounts #70000+)

This category includes one account (#73024) for copy costs and a shared portion of the copier lease with the County Planning Department. These costs are trending lower than projected in the current fiscal year, as Staff strives to eliminate paper copies. Therefore, it is recommended that this account be reduced slightly to \$2,000.

REVENUES

The primary revenue source for LAFCO is contributions from the County and nine cities. Government Code Section 56381(b)(2) requires that the county and its cities shall each provide a one-half share of the commission's operational costs. By statute, the cities share is apportioned by the County Auditor relative to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the State Controller.

In addition to scheduled municipal service review updates and a steady receipt of out-of-boundary service applications, Staff is aware of at least four annexation proposals that are in various planning stages and may be received in FY 2018-2019. Annexation applications are processed at actual cost, with deposits for different types starting at \$3,000 and increasing based on estimated complexity or combined requests. For FY 2017-18, Staff proposes budgeting estimated fee revenues of \$12,000. Application fees that are received in any given year can vary widely, so this item is estimated conservatively. Any additional revenue received above this amount will be credited during the Commission's next budget cycle.

FUND BALANCE & RESERVES

Government Code Section 56381(c) provides that "if at the end of the fiscal year, the Commission has funds in excess of what it needs, the Commission may retain those funds and calculate them into the following fiscal year's budget."

In 2015, an analysis of the fund balance was completed and the Commission reimbursed the majority of its undesignated fund balance back to the County and the nine cities. A remaining portion of the fund balance was used to maintain reserve funds.

Table 2 outlines the changes to the fund balance based on projected operating revenues and expenses in the current fiscal year. The actual amount of the FY 2017-18 fund balance will be calculated at year end (typically by September). However, based on the beginning year fund balance and projected revenues and expenses, Staff has estimated a year-end fund balance of \$338,726. This is due to projected FY 2017-18 revenues exceeding estimates and expenses trending lower than anticipated.

Table 2: LAFCO Fund Balance

Fund Balance July 1, 2017		\$ 348,953	
Revenues	Estimated Year-End	Budgeted FY 17-18	Difference
City/County Contribution	\$ 394,375	\$ 394,375	\$ -
Application Revenue	27,555	9,000	(18,555)
Interest	4,400	-	(4,400)
Total Revenues	\$ 426,330	\$ 403,375	\$ (22,955)
Expenses	Estimated Year-End	Budgeted FY 17-18	Difference
Salaries and Benefits	\$ 371,625	\$ 376,530	\$ 4,905
Services And Supplies	63,132	74,345	11,213
Other Charges (Copier)	1,800	2,500	700
Total Expenses	\$ 436,557	\$ 453,375	\$ 16,818
Estimated Fund Balance June 30, 2018		\$ 338,726	

Reserves Funds & Long-Term Pension Liability

The Commission's Reserve Fund Policy identifies two reserve categories to be calculated annually and allocated during the annual budget process: an Accrued Leave Fund (based on accumulated cash-out liability) and a General Fund Reserve (15% of operating expenses). Last year, the Commission requested an additional reserve fund be included to represent long-term liabilities. Proposed reserve funds are shown below:

Table 3: Proposed Reserves Funds

General Fund Reserve (15%)	\$ 74,100
Long-Term Liability Reserve	75,000
Accrued Leave Fund (Cash-Out Liability)	82,700
<i>Total Reserves</i>	<i>\$ 231,800</i>

The Commission's addition of a Long-Term Liability Reserve was in response to a recent accounting requirement known as GASB 68. GASB 68 requires employers to report long-term unfunded pension liabilities on their balance sheets. The estimated unfunded portion of the pension can vary significantly each year based on investment returns and contribution rates. It can be viewed as an indicator of the overall health of the StanCERA retirement system from year to year.

Accounting and budgeting for retirement costs are based on retirement contribution rates that are updated annually using actuarial analysis and adopted by the StanCERA Board. The rates are subsequently approved by the County Board of Supervisors, and participating departments and agencies are charged for their respective employees throughout the year for the current liability due for retirement contributions to the retirement system.

Long-term pension liability is currently reported on the Commission's balance sheet in the amount of \$554,866. This varies greatly from the previously reported amount of \$168,764 and was due to a lower than estimated rate of return. Pension liability is expected to improve and the corresponding liability will be reduced when we see our next estimate at the close of this Fiscal Year. It is important to also note that the estimate of unfunded pension liability is based on LAFCO's proportion of the StanCERA system's total unfunded pension liability and not actual amounts for LAFCO employees based on their years of service, retirement date, etc.

For the current year's budget, the Commission set aside \$25,000 for its Long-Term Liability Reserve. For the proposed budget, this reserve item has been increased to \$75,000. Staff from the County Auditor's office identified that there are many uncertainties with regards to the exact amount and timing of the long-term pension liability.

Fund Balance Status – Use of Undesignated Funds

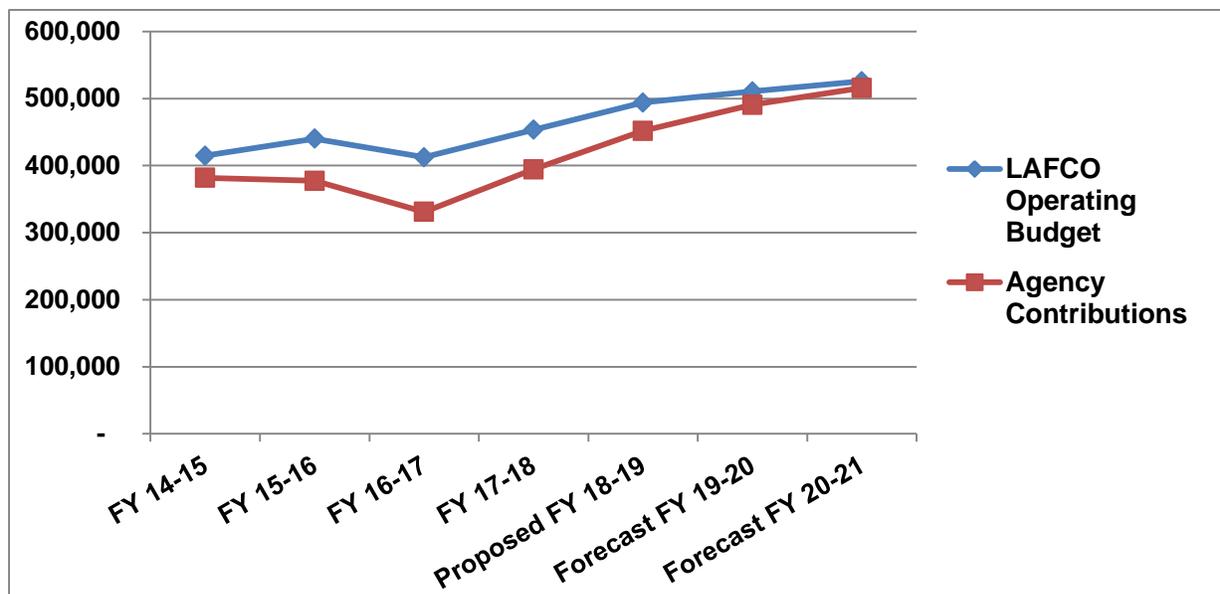
As the Commission has been depleting the remainder of its undesignated fund balance, agency contributions will continue to see a corresponding increase in their allocation amounts. For the current year, the Commission received higher than anticipated application revenues, as well as savings from lower than expected expenses. Therefore, Staff recommends using \$30,000 of the undesignated fund balance to offset the proposed FY 2018-2019 Budget. This, in conjunction with estimated application revenues (\$12,000) will help to offset agency

contributions. A forecast of the following year's budget shows that agency contributions will soon be closer to matching the Commission's operating expenses (see Table 4 and the figure below).

Table 4: Total Budget & Agency Contributions

	FY 17-18	Proposed FY 18-19	Forecasted FY 19-20
Total Budget	\$ 453,375	\$ 493,919	\$ 510,615
Agency Contributions	394,375	451,919	490,615
Fund Balance Beg.	348,953	338,726	296,726
Drawdown (Use of Fund Balance to Reduce Agency Contributions)	(50,000)	(30,000)	(10,000)
Fund Balance End	338,726	296,726	276,726
Designated Reserves: 15% Reserve	68,100	74,100	76,592
<i>Long-Term Liability Reserve</i>	25,000	75,000	100,000
<i>Accrued Leave</i>	82,700	82,700	85,000
<i>Total Reserves</i>	175,800	231,800	\$ 261,592
Available Fund Balance to Offset Next FY Budget	\$ 162,926	\$ 64,926	\$ 15,134

Figure 1: Forecast of Agency Contributions



WORK PROGRAM & APPLICATION ACTIVITY

During the current fiscal year, LAFCO Staff completed the Commission's 2017 municipal service review work program and has begun work on the updates scheduled for 2018. Staff also processed six out-of-boundary service extension applications, three district annexations, and a city annexation. Staff has seen a steady increase in both city and district pre-application activity, as well as inquiries regarding future applications.

For the upcoming fiscal year, Staff expects to complete the Commission's 2018 adopted work program, including efforts with two of the cities on their next municipal service updates. Staff will also be introducing a new feature to the Commission's website that integrates city and district data, maps, and contact information into one location.

CONCLUSION

The Commission and LAFCO Staff continue to exercise fiscal prudence, recognizing the financial constraints faced by our funding agencies. Approval of the Proposed Budget will enable the Commission to perform its core responsibilities effectively, and continue its work on MSR/SOI updates, policy development, and current projects.

Attachments: LAFCO Resolution No. 2018-06
Proposed Fiscal Year 2018-2019 Budget Detail

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**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: April 25, 2018

NO. 2018-06

SUBJECT: Adoption of the Proposed LAFCO Budget for Fiscal Year 2018-2019

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, Government Code Section 56381(a) requires the Commission to adopt annually, following noticed public hearings, a proposed budget by May 1 and a final budget by June 15;

WHEREAS, the Stanislaus Local Agency Formation Commission wishes to provide for a budget to fulfill its purposes and functions as set forth by State law;

WHEREAS, pursuant to Government Code Section 56381(a), the proposed budget must be, at a minimum, equal to the previous budget, unless a finding is made that the reduced costs will nevertheless allow the Commission to fulfill the purposes and programs of the Stanislaus Local Agency Formation Commission (LAFCO);

WHEREAS, approval of the Proposed Budget will enable the Commission to perform its core responsibilities effectively, and to continue its work on State mandated Municipal Service Reviews and Sphere of Influence Updates;

WHEREAS, the Commission mailed notices of the Proposed Budget to the County Board of Supervisors, the nine cities and the independent special districts; published a notice in Modesto Bee, and posted said notice on its website; and

WHEREAS, the Commission has conducted a public hearing on April 25, 2018, to consider the Proposed Budget for Fiscal Year 2018-2019, as submitted by the Executive Officer.

NOW, THEREFORE, BE IT RESOLVED that the Commission:

1. Finds that the Proposed Budget for Fiscal Year 2018-19 will allow the Stanislaus Local Agency Formation Commission to fulfill the purposes and programs of the Cortese-Knox-Hertzberg Local Government Reorganization Act.
2. Adopts the Proposed Budget for Fiscal Year 2018-19 as outlined in Exhibit 1, in accordance with Government Code Section 56381(a) and directs Staff to incorporate a strategy for use of undesignated fund balance as a reserve for long-term pension liabilities in the Final Budget.

3. Hereby schedules the public hearing to consider the adoption of the Final Budget for Fiscal Year 2018-19, for the Commission's May 23, 2018 meeting.

ATTEST:

Sara Lytle-Pinhey
Executive Officer

Attachment: Proposed Fiscal Year 2018-2019 Budget

Stanislaus LAFCO
PROPOSED FISCAL YEAR 2018-2019 BUDGET

Account	FY 17-18 Legal Budget	FY 17-18 Estimated Year-End	FY 18-19 PROPOSED BUDGET	Increase or (Decrease)	% Change
Salaries and Benefits					
50000+ Salaries and wages	\$ 231,200	\$ 227,000	\$ 243,710	\$ 12,510	5%
52000 Retirement	61,360	60,200	70,695	9,335	15%
52010 FICA	18,310	17,000	19,210	900	5%
53000 Group health insurance	53,195	55,000	59,550	6,355	12%
53009 OPEB health insurance liability	2,735	2,735	2,820	85	3%
53020 Unemployment insurance	300	300	450	150	50%
53051 Benefits admin fee	190	160	190	-	0%
53081 Long term disability	360	350	380	20	6%
54000 Workers compensation insurance	1,045	1,045	1,165	120	11%
55000 Auto allowance	2,400	2,400	2,400	-	0%
55080 Professional development	2,200	2,200	2,200	-	0%
55130 Deferred comp mgmt/conf	3,235	3,235	3,395	160	5%
Total Salaries and Benefits	\$ 376,530	\$ 371,625	\$ 406,165	\$ 29,635	8%
Services and Supplies					
60400 Communications (SBT - Telecom)	\$ 1,120	\$ 1,110	\$ 900	\$ (220)	-20%
61000 Insurance (SDRMA)	3,240	3,276	3,475	235	7%
61030 Fiduciary liability insurance	40	40	40	-	0%
62200 Memberships (CSDA, CALAFCO)	5,670	5,675	6,065	395	7%
62400 Miscellaneous expense	3,000	2,750	3,000	-	0%
62450 Indirect costs (A87 roll forward)	2,195	2,256	5,875	3,680	168%
62600 Office supplies	1,500	1,500	1,500	-	0%
62730 Postage	1,200	900	1,200	-	0%
62750 Other mail room expense	400	400	420	20	5%
63000 Professional & special serv	13,065	12,845	14,214	1,149	9%
Building maint & supplies	3,420	2,781	3,600	180	5%
Office lease	3,950	3,774	3,975	25	1%
Utilities	1,400	1,350	1,460	60	4%
Janitorial	575	570	605	30	5%
Purchasing	275	170	275	-	0%
CEO/Risk Mgt overhead	3,445	4,200	4,300	855	25%
63090 Auditing & accounting	2,765	2,805	2,800	35	1%
63400 Engineering services	2,000	2,000	2,000	-	0%
63640 Legal services	16,000	8,000	12,000	(4,000)	-25%
63990 Outside data proc services (IT & GIS Lic)	8,900	8,925	11,015	2,115	24%
IT Services (SBT)	5,500	5,300	7,315	1,815	33%
Video Streaming (SBT)	1,000	1,000	1,000	-	0%
Mtg Recording (Final Cut Media)	1,200	1,425	1,500	300	25%
GIS License (SBT)	1,200	1,200	1,200	-	0%
65000 Publications & legal notices	800	800	800	-	0%
65660 Special dept expense (Biennial Audit)	-	-	8,000	8,000	new
65780 Education & training	5,500	4,500	5,500	-	0%
65810 Other supportive services (messenger)	230	230	230	-	0%
65890 Commission expense (stipends, training)	6,100	4,500	6,100	-	0%
67040 Other travel expenses (mileage)	500	500	500	-	0%
67201 Salvage disposal	120	120	120	-	0%
Total Services and Supplies	\$ 74,345	\$ 63,132	\$ 85,754	\$ 11,409	15%
Other Charges					
73024 Planning dept services	\$ 2,500	\$ 1,800	\$ 2,000	\$ (500)	-20%
Total Other Charges	\$ 2,500	\$ 1,800	\$ 2,000	\$ (500)	-20%
TOTAL EXPENSES	\$ 453,375	\$ 436,557	\$ 493,919	\$ 40,544	9%
TOTAL REVENUES					
40680+ Agency Contributions	394,375	394,375	451,919	57,544	15%
36414 Application & Other Revenues	9,000	27,555	12,000	3,000	33%
17000 Interest Earnings	-	4,400	-	-	-
Use of Undesig. Fund Balance	\$ 50,000	\$ 50,000	\$ 30,000	\$ (20,000)	-40%

Stanislaus LAFCO
PROPOSED FISCAL YEAR 2018-2019 BUDGET
Reserve Funds & Undesignated Fund Balance

Estimated Fund Balance June 30, 2018	\$ 338,726
<i>General Fund Reserve (15%)</i>	<i>(74,100)</i>
<i>Accrued Leave Fund (Cash-Out Liability)</i>	<i>(82,700)</i>
<i>Long-Term Liability Reserve</i>	<i>(75,000)</i>