



**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

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**AGENDA  
Wednesday, May 23, 2018  
6:00 P.M.  
Joint Chambers—Basement Level  
1010 10<sup>th</sup> 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 10<sup>th</sup> Street, 3<sup>rd</sup> 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 April 25, 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 ITEM**

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. **MUNICIPAL SERVICE REVIEW 2018-01 AND SPHERE OF INFLUENCE 2018-02 UPDATE FOR THE SALIDA SANITARY DISTRICT.** The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Salida Sanitary District. This item is exempt from the California Environmental Quality Act (CEQA) review pursuant to sections 15306 and 15601(b)(3). (Staff Recommendation: Approve the update and adopt Resolution No. 2018-09.)

**7. PUBLIC HEARINGS**

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. **OUT-OF-BOUNDARY SERVICE APPLICATION – TIOGA AVENUE (OAKDALE).** The Commission will consider a request to extend water service outside the City of Oakdale's existing city limits to serve 38 parcels located along Tioga Avenue west of the City's boundary. The request has been submitted to address water quality issues associated with an existing well. The well currently serves the project site and is operated by the Oakdale Irrigation District through Improvement District No. 41, also known as the Mountain View Tract Domestic System. The City of Oakdale, as Lead Agency, has prepared an initial study and adopted a negative declaration pursuant to the California Environmental Quality Act (CEQA). LAFCO, as a Responsible Agency, will consider the negative declaration. (Staff Recommendation: Approve the proposal and adopt Resolution No. 2018-10.)

- B. **FINAL LAFCO BUDGET FOR FISCAL YEAR (FY) 2018-2019.** The Commission will consider the adoption of the final LAFCO budget consistent with Government Code Sections 56380 and 56381. (Staff Recommendation: Approve the Final Budget and Resolution No. 2018-08.)

**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 June 27, 2018.  
B. Adjourn.

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**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.

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# STANISLAUS LOCAL AGENCY FORMATION COMMISSION

## MINUTES

April 25, 2018

### 1. CALL TO ORDER

Chair Withrow called the meeting to order at 6:07 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  
Amy Bublak, City Member  
Michael Van Winkle, Alternate City Member  
Bill Berryhill, Public Member  
Brad Hawn, Alternate 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: Vito Chiesa, Alternate County Member  
Jim DeMartini, County Member  
Tom Dunlop, Vice-Chair, City Member

### 2. PUBLIC COMMENT

None.

### 3. APPROVAL OF MINUTES

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

Motion by Commissioner Van Winkle, seconded by Commissioner Berryhill and carried with a 4-0 vote to approve the Minutes of the March 28, 2018 meeting by the following vote:

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

#### 4. CORRESPONDENCE

- A. Specific Correspondence.
  - 1. Item 7A – Email from Kurt & Sharon Hertlein, dated April 19, 2018.
  - 2. Item 7A – Email from Wendy McClendon, dated April 23, 2018.
  - 3. Item 7A – Letter from Evelyn Halbert, dated April 25, 2018.
- B. Informational Correspondence.
- C. “In the News”

#### 5. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS

None.

#### 6. CONSENT ITEMS

- 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 of Influence of Ceres. 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.)

Motion by Commissioner Bublak, seconded by Commissioner Van Winkle, and carried with a 4-0 vote approving Resolution No. 2018-07, by the following vote:

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

- 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.)

Motion by Commissioner Bublak, seconded by Commissioner Van Winkle, and carried with a 4-0 vote authorizing the Executive Officer to submit letters of support, by the following vote:

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

## 7. PUBLIC HEARINGS

- 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.)

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

Chair Withrow opened the Public Hearing at 6:21 p.m.

In Favor: Vincent Victorine, Oakdale Rural Fire Protection District Board Member.

Opposed: Don Harper, Landowner and Tom Orvis, Oakdale resident.

Chair Withrow closed the Public Hearing at 6:34 p.m.

Motion by Commissioner Bublak, seconded by Commissioner Berryhill, and carried with a 4-0 vote to continue the item to a future meeting, to allow the District to conduct further outreach to the property owners and residents of the area, by the following vote:

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

- 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.)

Sara Lytle-Pinhey, Executive Officer, presented the item with a recommendation of approval.

Chair Withrow opened the Public Hearing at 6:48 p.m.

No one spoke on the item.

Chair Withrow closed the Public Hearing at 6:48 p.m.

Motion by Commissioner Bublak, seconded by Commissioner Van Winkle, and carried with a 4-0 vote to approve the Proposed Budget and adopt Resolution No. 2018-06, by the following vote:

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

**8. COMMISSIONER COMMENTS**

None.

**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 May meeting will include the Final LAFCO Budget, an Out-of-Boundary service application for Tioga Ave in Oakdale and the Municipal Service Review for the Salida Sanitary District.
- LAFCO will work with the Oakdale Rural Fire Protection District on their outreach efforts and hope to bring it back to commission in June.

**11. ADJOURNMENT**

A. The meeting was adjourned at 6:50 p.m.

**SIGNED COPY ON FILE**

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Sara Lytle-Pinhey, Executive Officer

CORRESPONDENCE – IN THE NEWS

Newspaper Articles

- West Side Index, April 26, 2018, “Water allocation increased for West Side district.”
- The Modesto Bee, April 29, 2018, “Modesto residents paying millions for water plant. But why isn’t there more water?”
- West Side Index, May 3, 2018, “Ambulance faces fines for late responses.”
- The Modesto Bee, May 6, 2018, “Stanislaus Consolidated may send you a bill after its firefighters help you.”
- The Modesto Bee, May 11, 2018, “Stanislaus Consolidated won’t bill patients for some services - yet.”

## Water allocation increased for West Side district

Del Puerto growers to receive 40 percent of full supply

Farmers in the Del Puerto Water District, which runs along the Interstate 5 corridor from Vernalis to Santa Nella, will have a larger water allocation than initially announced this year but still must make do with far less than their full contract supply.

The federal Bureau of Reclamation announced Friday that the allocation for south-of-the-delta districts such as Del Puerto has been increased from 20 percent to 40 percent of their contract total.

While the increase was welcome, said Anthea Hansen, the district's general manager, the 40 percent allocation speaks to the regulatory challenges in place.

"We knew there would be an increase. I am pleased to learn that it was 40 percent, because I was expecting that it would be less," Hansen told Maltos Newspapers. "I am still not in agreement that the situation needs to be so conservative. It points to the belief that allocation is not related so much by hydrology as it is heavily influenced by the regulatory environment."

Growers in the Central California Irrigation District, which stretches from Crows Landing to Mendota and encompasses Newman and Gustine, will receive a full allocation this year.

But those in districts with lesser water rights, such as Del Puerto, will again face a water challenge.

Hansen said the new allocation means that growers in Del Puerto will receive about 15 inches of surface water this year. A regional recycling program will add another three inches of water this year.

That amounts to about half of the water required to grow almonds, a common crop in the district of 44,000 irrigated acres.

"What it does do at (40 percent) is make supplemental supplies more available. We are able to make up the difference a little more easily," Hansen commented.

The increased allocation comes when most farmers have already made their cropping decisions for the year, she added.

"But as far as management decisions, it does give them more information about the quantity of supplemental supply they will be needing," Hansen explained.

She anticipates that some row crop land in the district will be idled again this year due to lack of water.

The Bureau of Reclamation also announced plans to limit the overall amount of water in San Luis Reservoir which can be rescheduled at the end of the contract year and carried over for use in 2019.

That change, Hansen said, is potentially significant because the district in the past has been able to purchase irrigation supplies for future year use and store that water in the reservoir on what is essentially a space-available basis.

"It is a change from what we are used to, which is the ability to store water in San Luis as long as it is not full. Pre-implementing a cap is basically limiting our ability to manage further into the future," she explained. "We are not going to go out to buy water for next year if we will lose it to the cap."

Hansen added that she anticipates further discussions will be held between water agencies and the bureau on that proposed cap.

"We feel like our storage options and management tools are being further restricted," she said of the measure.

**IN THE NEWS – West Side Index, April 26, 2018 (Continued Page 2)**

Given the hydrology involved and the status of reservoirs, Hansen reflected, she believes a full contract allocation would be appropriate.

In the bureau news release, Mid-Pacific Regional Director David Murillo said significant water challenges remain.

“Even with the recent gains in water supply, the year as a whole has still been relatively dry,” he commented. “We will continue to monitor our ability to manage temperature in the Sacramento River and meet other regulatory requirements throughout the system, and may need to adjust our plans as the year evolves.”

# Modesto residents paying millions for water plant. But why isn't there more water?

By Kevin Valine

Modesto's water customers are paying \$4.1 million a year to pay off the debt for a project that doubled the capacity of the city's water treatment plant.

But while the \$109 million expansion was completed in 2016 (and at much more expense and time than envisioned), the city has not received one extra drop of water from the Modesto Regional Water Treatment Plant, and it could be many years before it does.

Modesto is not getting more water because it did not grow as expected when officials with the city and the Modesto Irrigation District approved expanding the plant at the Modesto Reservoir about a dozen years ago.

The plant is a partnership between the city and the district and provides the city with about half of its drinking water from the Tuolumne River; the rest comes from wells.

"The City's General Plan projects rapid population growth within the City, from a current population of approximately 200,000 to approximately 400,000 by 2025," states one of the project's documents from 2004.

Modesto has about 215,000 residents today. And it provides water to about 260,000 people who live in the city and in the surrounding communities that use city water, including Salida and Del Rio, according to the city's draft 2017 Water Master Plan.

The expansion was planned for and approved during a time of heady growth.

George Britton, who was city manager when the project was approved, said all the indicators were in place for Modesto to continue to grow quickly. He said the influence of the Bay Area on the Northern San Joaquin Valley was being felt, with homes being built for Bay Area commuters and Bay Area jobs and investment coming here.

Britton added there were concerns Modesto could begin drawing down its groundwater faster than it could be replenished, and the state was requiring groundwater to meet higher standards, which required more treatment. The project also would increase Modesto's reliance on a higher-quality and more reliable water source.

Utilities Director Will Wong added that Modesto also was facing pressure from developers who were concerned the city would not have water for their projects.

Then came the Great Recession, and while the biggest economic downturn since the Great Depression is over, the boom times have not returned to Modesto.

"Unfortunately, based on what we expected to come in did not happen," said Wong, who was named Modesto's utilities director in March and has worked for the city in water and wastewater services since 2001. "But the city of Modesto has to provide water for existing customers and for growth. And we've positioned ourselves for any type of growth."

Still, Wong said it's a "crystal ball question" when asked when Modesto will grow enough to need the additional water. He said Modesto is starting a marketing campaign to let businesses and developers know Modesto has the water and sewer capacity for growth.

But Eric Reimer, the former longtime treasurer of the Stanislaus Taxpayers Association, said he opposed the expansion because the population forecasts were too optimistic.

## IN THE NEWS – The Modesto Bee, May 11, 2018 (Continued Page 2)

"The whole thing was predicated on rather astounding growth projections," he said. "The (growth) rates were at least double of what was conceivable to anyone outside of government ... That's been peddled for at least 25 years — that Modesto will grow, and the need to expand all the utilities to match.

"(But) this was more than just a little bit of pie-in-the-sky projections. It was a combination of development interests and the ethos at City Hall that we are going to grow up and be a big city."

Britton said the decision to expand was not made lightly and the growth projections were based on information from solid sources, including the state. "There was a long public debate and discussion about this," he said. "A lot of people were looking at it ... This was not a whimsical thing."

And officials envisioned the need for a phase two expansion when the water treatment plant was being built in the 1990s.

Former MID General Manager Allen Short, who oversaw the irrigation district during the expansion, did not respond to emails seeking comment for this story.

Another issue for Modesto is that water use has changed since the expansion was approved. California is working on making water conservation a way of life after a devastating five-year drought that ended last year and predictions of more extreme dry and wet years in the future.

The state also is proposing to increase what are called the unimpaired flows on the Merced, Tuolumne and San Joaquin rivers, which would result in less water for the Northern San Joaquin Valley.

Modesto opposes this, and Wong said the state also is taking a one-size-fits-all approach to water conservation and that harms Modesto. He said that while other communities may be water poor, that is not true for Modesto, which relies on river water and wells.

"That's what is really concerning to us," he said. "The water rules have completely changed. The assumptions are different."

The MID owns and operates the water treatment plant, which opened in 1995.

Through what it charges its water customers, Modesto pays the MID for the water and is paying for building the plant, including the expansion. The expansion actually involved building a second plant next to the first one. MID spokeswoman Melissa Williams said both plants are operating.

Williams said the MID borrowed \$93 million of the \$109 million needed for the expansion.

Including interest of roughly 4 percent, Modesto's water customers will pay \$193.4 million over 30 years to pay off what was borrowed. The city's water customers are paying \$4.1 million annually for the debt, but that will increase to \$8.3 million starting in 2024. The last payment is in 2038.

Williams said these amounts could change if the MID refinances the debt. The city's water customers also are paying \$6.6 million annually to pay off the debt the MID issued to build the plant in the 1990s. Those payments end in 2023.

There also are other costs associated with the plant expansion. Wong said Modesto is nearly finished with \$61 million of its own improvements — including storage tanks and transmission pipelines — that complement the expansion.

He said Modesto simply cannot turn off its wells and get all of its water from the treatment plant. "From an operational standpoint, we need to keep them running," he said. "And we need to demonstrate to the state that we need groundwater and surface water."

Williams said Modesto will be entitled to more water as it converts agricultural land to urban uses, in other words, as it grows.

**IN THE NEWS – The Modesto Bee, May 11, 2018 (Continued Page 3)**

“We hope that the City of Modesto uses any and all water necessary to meet their demands, however we understand their ability to use surface water (from the treatment plant) is limited primarily by conservation and the required operation of their existing (wells),” Williams said in a statement.

“Based on the decreased rate of agricultural to urban land use conversion from what was once forecasted, MID and the City remain in cooperative and productive discussions with respect to (the) Phase II water supply.”

## Ambulance service faces fines for late responses

West Side Community Ambulance faces fines of more than \$24,000 for failing to meet response time compliance standards into the city of Newman.

An executive for American Medical Response (AMR), which was recently hired to provide management services for the local ambulance, advised the ambulance board of the fines at an April 24 meeting.

Her report sparked a sometimes-pointed discussion between board members and a representative of the Sierra Medical Services Alliance (SEMSA), which operates Riggs Ambulance Service and previously provided management services to West Side.

Riggs holds the contract to provide ambulance service in Merced County. West Side Ambulance serves a taxpayer-supported district which straddles the county line, operating in its traditional service area as a sub-contractor to Riggs in Merced County while also providing EMS to portions of Stanislaus County, including Newman.

The ongoing issue of contention is SEMSA's use of West Side units as part of the Merced County system status plan, under which the local ambulances can be posted into Los Banos or dispatched on calls well out of the district.

While the plan is designed to be fluid and to move other units into place to cover West Side in those instances, board members have complained that the practice is too often leaving local communities without adequate coverage.

The issue came to a head last Tuesday.

Cindy Woolston, AMR's general manager for Stanislaus and Tulare counties, reported that West's compliance rate for meeting response times on Code 3 calls (red lights and siren) into Newman was approximately 83 percent during its most recent reporting period.

West Side is required to meet response times of seven and one-half minutes into the city on 90 percent of Code 3 calls to be in compliance with its contract.

Woolston said she had not yet seen compliance figures for Merced County zones of the district.

While board member George Schmidt questioned crew performance - particularly in the absence of on-site operations supervision during the management transition from SEMSA to AMR - Woolston said her limited review of the late calls suggested that "time-versus-distance" appeared to be a common factor.

"The unit is coming from a long distance and is unable to (meet the required response time)," Woolston explained. "We are taking look at the system status plan and where those units have been responding (from) when those late calls have occurred."

Woolston added that AMR is looking into the possibility of putting on a part-time unit to supplement West Side's two 24-hour ambulances.

Ambulance board member David Varnell questioned whether Mountain Valley EMS, the agency which oversees providers in Stanislaus County, would take into consideration situations in which a West Side unit may be responding from a post in Los Banos to a call in Newman.

Exemptions for late calls are granted in some circumstances, such as when a unit is delayed by a train, Woolston said, but has declined to exempt late calls under scenarios such as that described by Varnell.

Board President Rick Daniel questioned SEMSA Regional Director Rob Smith about the compliance issue, saying that directors had not been advised of the late calls during SEMSA's management tenure.

Smith countered that response time into Newman has been an ongoing challenge that was reflected in his reports to the board.

He added that "we have seen a dramatic drop-off in the last two to three months when there was no (operations) supervision for the crews" during the management transition.

## IN THE NEWS – West Side Index, May 3, 2018 (Continued Page 2)

Daniel emphasized the importance of making sure that the late calls were investigated and addressed.

While West Side ambulances are also subject to mutual aid protocols in Stanislaus County and post occasionally into Patterson (just as Patterson will cover Newman), the Merced County ambulance system has been the focal point of concern and criticism.

"This is an issue that has dogged the district for years and continues to dog the district," Daniel stated. "We do serve two masters. We have both sides of the (county) line. When Riggs is taking both of our cars and leaving us hanging we have no coverage for our Stanislaus County side. That has always been an issue that doesn't seem to bother Riggs."

Smith, who said the EMS system as a whole is over-taxed and faces numerous financial challenges, responded that Daniel was mistaken in that characterization.

"It does bother us that the (overall EMS) system is so overused," he stated.

SEMSA has advocated excluding West Side from the Merced County system status plan, Smith added.

"The system in place today in Merced County (is) one system and one system status plan," he told the board. "Ideally, the district itself would be a stand-alone and not part of the county system. That is not a choice SEMSA makes."

Daniel suggested that SEMSA might ease the challenges facing the system by increasing Riggs unit-hours.

"You're just chasing your tail, and nobody ends up getting anywhere," Daniel stated.

Smith countered that SEMSA is following the regulations to which it is bound.

"I am not prepared to justify those matters today. There are a lot of challenges that affect the system which we are actively addressing," he responded.

Daniel asked if SEMSA would consider designating one of the two West Side units to the Stanislaus County portion of the West Side Community Healthcare District, which operates the ambulance service. That would effectively remove one of West Side's two on-duty units from the Merced County system status plan.

"I would suggest that your board write up a proposal and we would entertain it to the best of our ability," Smith stated. "You will still get 24 hours out of us," Daniel concluded. "You can have that one (ambulance). We'll give it to you, but we have to maintain our coverage out here."

# Stanislaus Consolidated may send you a bill after its firefighters help you

By Kevin Valine

Stanislaus Consolidated may start billing insurance companies and even the people it helps when its firefighters respond to car crashes, medical emergencies and other calls.

The fire protection district's board is scheduled to hold a workshop Thursday to discuss this proposal. And the board is scheduled to decide at a meeting after the workshop whether to start charging for these services as well as hiring Fire Recovery USA to bill and collect them.

A district staff report and supporting documentation give little guidance on who would be responsible for the bills. But the charges could be steep, including \$677 for responding to a car fire to \$6,608 for an advanced level response to a hazmat call.

This proposal comes as Modesto will investigate whether it will bill insurance companies when its firefighters respond to emergency medical calls, such as heart attacks or people injured in car crashes. Fire Chief Alan Ernst discussed the proposal at last week's City Council budget workshop.

Ernst stressed the proposal is in its very early stages and more research is needed. But he estimated it might bring in \$1 million annually. The proposal is expected to receive more public discussion at a council committee meeting. Ernst said he does not support Modesto billing the people who received services if insurance does not pay or they do not have insurance.

A Consolidated board resolution states the district would bill insurance companies in most cases involving nonmedical calls subject to the charges: "A claim for such services ... shall be filed to the responsible party(s) through their insurance carrier. In some circumstances, the responsible party(s) will be billed directly."

The resolution and staff report do not say why or when someone would be billed directly and what the district would do if insurance or the person refused to pay.

The resolution also says that for emergency medical services, a "claim for such services ... shall be filed with the responsible party(s)," but does not state whether that person or his insurance is responsible for the bill.

"These are questions that the board needs to clarify," said board member David Woods. "I have serious questions (and) concerns." Other board members did not respond to requests for comment or could not be reached Friday.

Acting Fire Chief Michael Wapnowski declined to comment on the proposal's specifics but said these questions will be addressed at the workshop and encouraged the public to attend.

Officials say more California fire agencies are sending out bills for services. This comes as local governments are feeling pinched by rising costs, with pension costs among the most pressing. But critics say local governments already collect taxes and assessments to pay for fire protection.

Board members took the proposal up at an April 12 public hearing but postponed making a decision because they did not believe the district had done enough outreach, according to Woods. The hearing attracted one member of the public, and an email from another.

The staff report estimates that charging for some services could bring in about \$332,000 annually. (The fire protection district's annual operating budget is \$14.7 million.) An exhibit to the report provided some typical charges that could be billed, including:

**IN THE NEWS – The Modesto Bee, May 6, 2018 (Continued Page 2)**

- \$487 to \$677 for what the exhibit called "motor vehicle incidents," based on the level of service; the district also could charge \$1,461 if firefighters have to use heavy-duty rescue tools and other devices to free someone trapped in a car
- \$784 to \$6,608 for responding to a hazardous materials call
- \$448 per hour for a fire engine and \$560 per hour for a firetruck for responding to what the exhibit called an "illegal fire," such as starting a fire without a permit when a permit is required
- \$448 to \$2,240 to respond to a "water incident" plus \$56 per hour for each firefighter
- \$261 for emergency medical services calls involving basic life support and advanced life support

Consolidated provides fire protection in Riverbank, Oakdale, east Modesto, Empire, Waterford, La Grange and Hickman. The staff report says the district is considering charging for some calls in order to recover costs that its annual fire assessment does not cover.

The board will meet at Station 26 — 3318 Tokeka St. in Riverbank — at 5 p.m. for the workshop. The regular meeting starts at 6 p.m.

# Stanislaus Consolidated won't bill patients for some services — yet

By Kevin Valine

Stanislaus Consolidated wants more answers and more public input before deciding whether to bill insurance companies and even the people helped by its firefighters responding to car crashes, medical emergencies and other calls for service.

The fire protection district's board of directors held a workshop Thursday on this proposal that drew about three dozen audience members, with several speaking in opposition.

The board had been scheduled to make a decision on whether to start billing for certain services after the workshop but postponed that decision. Board President Susan Zanker said the district needs to get more answers and do more outreach.

"The board has made no decision on whether it should be done," she said. "... It may or may not be for us." But board member David Woods said he opposes the proposal.

This is the second time the board has postponed making a decision in order to get more public input. The proposal did not appear to have been fully vetted by the district before Thursday's workshop.

Stanislaus Consolidated Fire Protection District is not considering billing for structure fires but for other services, including emergency medical calls, hazmat responses, illegal fires, water rescues and freeing people trapped in cars. The bills could range from \$261 for a medical call and \$487 to \$677 for a "motor vehicle incident" to \$784 to \$6,608 for a hazmat response.

The board also needs to decide whether it would bill only insurance or if also would bill people without insurance and whether bills would be sent to collections if people don't pay.

A district report says charging for some services could bring in about \$332,000 annually.

The district's current operating budget is \$14.7 million. But it faces financial challenges, including rising pension costs that are expected to spike in a few years. And a financial forecast shows the district is expected to continue to draw down its reserves to balance its budgets.

Acting Fire Chief Michael Wapnowski said the additional revenue would help the district continue to provide all of its services.

But some audience members said Stanislaus Consolidated needs to live within its means and cut costs. For instance, Riverbank Councilwoman Cindy Fosi said her city reduced expenses and questioned why the fire district was awarding pay increases.

A labor agreement approved by the board of directors in October calls for firefighters to receive 3 percent raises in 2017, 2018 and 2019.

Waterford Mayor Mike Van Winkle said many of his residents are upset about the proposal, especially seniors on fixed incomes who might not call 911 if they end up getting a bill. "A lot of people are scared to death," he said.

But an official with Fire Recovery USA — the firm the district could hire to send out the bills and collect payments — said fire agencies have hardship programs that exempt some people from being billed.

He added some fire agencies have been billing for services for more than 30 years. And Modesto is investigating whether to bill insurance when its firefighters respond to emergency medical calls.

**IN THE NEWS – The Modesto Bee, May 11, 2018 (Continued Page 2)**

Riverbank resident Charlie Neal asked several times why the district had removed liens filed against the former Riverbank Army Ammunition Plant for unpaid fire assessments and how the district made that decision. The Bee reported in 2015 those liens totaled \$620,000. Riverbank is turning the plant into a business park.

"Get the (money) and you won't have to overcharge me," Neal said. "My word, I thought I paid property taxes and assessments that covered that."

Zanker told Neal during the regular meeting after the workshop that the board is collecting as much money as it can legally and is prevented by law from disclosing its closed session discussions regarding the matter.

**EXECUTIVE OFFICER'S AGENDA REPORT  
MAY 23, 2018**

**TO: LAFCO Commissioners**

**FROM: Javier Camarena, Assistant Executive Officer**

**SUBJECT: MSR NO. 2018-01, SOI UPDATE 2018-02: MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE SALIDA SANITARY DISTRICT**

**INTRODUCTION**

This proposal was initiated by the Local Agency Formation Commission in response to State mandates, which require the Commission to conduct Municipal Service Reviews and Sphere of Influence Updates for all cities and special districts every five years, as needed. This current review is a routine update to the previous document, adopted by the Commission in 2012 for the Salida Sanitary District, which provides municipal sewer services. The District operates under Health and Safety Code, §6400 et. seq. The District's boundaries are located in north-central Stanislaus County, immediately northwest of the City of Modesto.

**DISCUSSION**

The Municipal Service Review and Sphere of Influence Update process provides an opportunity for districts to share accurate and current data, accomplishments and information regarding the services they provide. LAFCO Staff sent the District requests for information, researched District reports and reviewed the District's most recent audits and financial statements. Once this data was collected, a revised Municipal Service Review and Sphere of Influence Update document was completed.

Minor changes have been made to the document since the previous update to reflect recent additions to State law, including the requirement that LAFCOs identify "disadvantaged unincorporated communities" (DUCs) within or contiguous to city and district spheres of influence. Based on the area within the Salida Sanitary District's Annual Median Household Income being above 80% of the statewide level, the District area is not identified as a DUC.

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

The District currently has adequate capacity to provide the necessary sewer services to customers within its existing service area. The District's Wastewater Treatment Plant currently processes approximately 1.2 million gallons per day (mgd), which represents half of the plant's current design capacity of 2.4 mgd.

The District completed a Sewer User Rate Study in 2016. This study provided a five-year revenue program to generate sufficient funds to maintain and operate the District's facilities. New sewer service charges were approved and went into effect on July 1, 2016.

**ENVIRONMENTAL REVIEW RECOMMENDATIONS**

Pursuant to the California Environmental Quality Act (CEQA), the adoption of a municipal service review is considered to be categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 – Regulation §15306). Further, LAFCO's concurrent reaffirmation of an existing sphere of influence qualifies for a General Exemption as outlined in CEQA Regulation §15061(b)(3), which states:

*The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.*

As there are no land use changes, boundary changes, or environmental impacts associated with the Municipal Service Review and Sphere of Influence Update, an exemption from further environmental review is appropriate.

**ALTERNATIVES FOR COMMISSION ACTION**

After consideration of this report and any testimony or additional materials that are submitted, the Commission should consider choosing one of the following options:

- Option 1:** APPROVE the Municipal Service Review and Sphere of Influence Update for the Salida Sanitary District.
- Option 2:** DENY the update.
- Option 3:** If the Commission needs more information, it should CONTINUE this matter to a future meeting (maximum 70 days).

**RECOMMENDED ACTION**

**Approve Option 1.** Based on the information presented, Staff recommends approval of Municipal Service Review and Sphere of Influence Update for the Salida Sanitary District. Therefore, Staff recommends that the Commission adopt Resolution No. 2018-09 which:

1. Determines that the Municipal Service Review and Sphere of Influence Update qualify for a General Exemption from further California Environmental Quality Act (CEQA) review based on CEQA Regulation §15061(b)(3);
2. Makes determinations related to the Municipal Service Review, as required by Government Code Section 56430; and,
3. Determines that the Sphere of Influence for the Salida Sanitary District should be affirmed as it currently exists.

*Attachments:*

- Exhibit 1 - Municipal Service Review and Sphere of Influence Update for the Salida Sanitary District*
- Exhibit 2 - Resolution No. 2018-09*

**DRAFT**

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



## **SALIDA SANITARY DISTRICT**

*Prepared By:*

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

*Adopted: TBD*

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# **STANISLAUS**

## **LOCAL AGENCY FORMATION COMMISSION**

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### **COMMISSIONERS**

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

### **STAFF**

Sara Lytle-Pinhey, Executive Officer  
Javier Camarena, Assistant Executive Officer  
Jennifer Goss, Commission Clerk  
Rob Taro, Commission Counsel

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# **Municipal Service Review and Sphere of Influence Update For the Salida Sanitary District**

## **Introduction**

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

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

## **Service Review Factors to be Addressed**

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

This Service Review will analyze the Salida Sanitary District. The most recent Sphere of Influence (SOI) update for the Salida Sanitary District was adopted in 2012 and proposed no changes to the District’s SOI. The current update serves to comply with Government Code Section 56425 and will reaffirm the SOI for the District.

## **Sphere of Influence Update Process**

A special district is a government agency that is required to have an adopted and updated Sphere of Influence. Section 56425(g) of the CKH Act calls for Spheres of Influence to be reviewed and updated every five years, as necessary. Stanislaus LAFCO processes the Service Review and Sphere of Influence Updates concurrently to ensure efficient use of resources. For rural special districts, which do not have the typical municipal level services to review, this Service Review will be used to determine what type of services each district is expected to provide and the extent to which they are actually able to do so. The Sphere of Influence will delineate the service capability and expansion capacity of the agency, if applicable.

# **Service Review – Salida Sanitary District**

## **Authority**

The Salida Sanitary District was organized under the Sanitary District Act of 1923, Health and Safety Code, Section 6400 et seq., and is a “registered voter district”, as the board members are elected by the registered voters residing within the district’s boundaries.

## **Background**

Special districts are local governments that are separate from cities and counties, yet provide public services such as fire protection, sewer, water, and street lighting. In California there are over 2,000 special districts with great diversity of purposes, governance structures, and financing mechanisms. The major types of special districts range from airports to fire protection to mosquito abatement to water conservation.

## **Purpose**

The Salida Sanitary District was formed for the purpose of providing sanitary sewer services to the unincorporated community of Salida.

## **Governance**

Five Board members, elected by the registered voters within the District boundaries, govern the District. Meetings are held on the second Thursday of each month at 6:00 p.m., at the District’s Treatment Plant located at 6200 Pirrone Road, Salida. Meeting agendas are also posted at the Salida Union School District Office, located at 4801 Sisk Road, Salida.

## **Formation**

The Salida Sanitary District was formed on February 14, 1951.

## **Location and Size**

The District is located in north-central Stanislaus County, and is in the vicinity of the Stanislaus River to the north, Highway 99, and the City of Modesto at its southeasterly boundary. The District encompasses an area of approximately 1,485 acres.

## **Sphere of Influence**

The District’s Sphere of Influence (SOI) encompasses approximately 1,530 acres, and is slightly larger than the existing District boundary (see Map 1).

While no changes to the District’s Sphere of Influence are anticipated at this time, it should be noted that the County Board of Supervisors adopted an updated Salida Community Plan in 2007. The updated plan added approximately 3,383 acres to the unincorporated community of Salida. It includes land use designations to accommodate up to 5,000 residential units and 2,029 acres of commercial, business park, and industrial uses. Prior to any development in the updated Community Plan area, infrastructure master plans and environmental review must be completed. Should expansion of the District’s existing service area be requested, an update to the adopted Municipal Service Review and LAFCO approval would be needed.

## **Personnel**

The District employs seven full-time and two part-time employees. The District also contracts for the following services on an as-needed basis: engineering, legal, computer services and financial audits.

## **Classification of Services**

The Salida Sanitary District is authorized to provide the functions or classes of services, which include wastewater collection, treatment and disposal, as identified in this report. Due to recent changes in the Cortese-Knox-Hertzberg Act, the District would have to seek LAFCO approval to exercise other latent powers not currently provided.

## **Services**

The Salida Sanitary District provides wastewater collection, treatment and disposal for the unincorporated community of Salida. The District operates its wastewater treatment plant on the northern edge of Stanislaus County, just south of the Stanislaus River (6200 Pirrone Road, Salida).

To accommodate Salida's existing population and anticipated growth, the first phase of the current Wastewater Treatment Plant (WWTP) was completed in 1991. The first phase consisted of constructing two (2) process tanks that have a combined capacity of 1.2 million gallons per day (mgd). In 1998, two more process tanks were constructed during the second phase of the current WWTP. The completion of these two tanks brought the WWTP to its total design capacity 2.4 million gallons per day. The District serves the following customers with wastewater services within its boundaries:

<b>Type of Customer</b>	<b>No. Of Connections</b>
Domestic/Residential	4,038
Commercial	238
Industrial	1
Other: Churches/Schools	14
<b>TOTAL</b>	<b>4,291</b>

The District also currently provides wastewater services to various customers located outside its boundaries, including: BMC West Lumber Company (4237 Murphy Road), the former Modesto Tobacco and Candy (at 4900 Stoddard Road), Vella Middle School (5041 Toomes Road), Flory Industries (4737 Toomes Road), the former Shell Lab site (5731 Stoddard Road), and Gregori High School (5518 Stoddard Road). Out-of-boundary service extensions are regulated under Government Code Section 56133 and require LAFCO approval.

The Salida Sanitary District's Wastewater Treatment Plant currently processes approximately 1.2 million gallons per day (mgd), which represents approximately half of the plant's total capacity of 2.4 mgd.

In June 2010 the District retained the consulting firm of Black and Veatch to prepare a Wastewater Treatment Plant Evaluation. The report evaluated the District's existing facilities. By collecting, evaluating, and analyzing previous reports and plant upgrades, Black and Veatch was able to make recommendations to improve the effectiveness and efficiency of the existing plant.

### **Support Agencies**

The District maintains collaborative relationships with other agencies, such as: Stanislaus County, Salida Fire Protection District, Salida Union School District, Modesto City Schools, City of Modesto Wastewater Collection Department, and regulatory agencies such as: State Water Resources Control Board and the California Regional Water Quality Control Board.

### **Funding Sources**

The District's main source of revenue is derived from sewer service and connection fees. The District also receives a small portion of the shared property tax revenues from Stanislaus County. In addition, the District participates in the Salida Area Public Facilities Financing Agency (SAPFFA), which administers the bonds established by the Mello Roos district. The SAPFFA, which operates under a joint powers agreement between the Salida Sanitary District, Salida Fire Protection District, and the Salida Union and Modesto City School Districts, provides facilities financing to its participants. To date, the SAPFFA has provided approximately \$14.9 million to the District for improvements and upgrades to the wastewater treatment plant to serve the existing Salida Community Plan area.

## **Service Review Categories & Determinations:**

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

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

The District serves the unincorporated community of Salida, which has an estimated population of 13,900. The District currently serves approximately 4,038 residential and 238 commercial customers with sanitary sewer service. According to the County's 2015-2023 Housing Element, the town of Salida has the potential to add an estimated 4,361, based on current vacant and/or underutilized parcels. The estimates are based on the Salida Community Plan that was approved in 2007 by the Stanislaus County Board of Supervisors. The Salida Community Plan area is currently outside of the Salida Sanitary District boundaries. Due to limited infrastructure and resources, it is not expected that any significant population growth will occur within the District boundaries at this time.

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

Based on annual median household income, the area within the Salida Sanitary District is not identified as a Disadvantaged Unincorporated Community (DUC) as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act of 2000. No additional DUCs have been identified within or contiguous to the District's sphere of influence.

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

The wastewater treatment plant includes four processing tanks. Each tank has a processing capacity of 0.6 million gallons per day (mgd). Three of the four of the tanks are in operation. The processing tanks are operating below capacity and processing the current average daily flow of 1.2 million gallons, with acceptable results. The fourth tank has been converted to an aerobic digester. This has greatly improved the treatment of plant solids.

The infrastructure in the older section of downtown Salida or "old town" is susceptible to grease build-up in the lines, causing blockage in the system. The State Water Resources Control Board adopted the Statewide Waste Discharge Requirement (GWDR) on May 2, 2006, requiring each public collection system to prepare a Sanitary Sewer Management Plan (SSMP). The main purpose of this plan is to minimize the number and impact of sanitary sewer overflows (SSOs). A major cause of SSOs is grease blockages. The District has implemented a maintenance program to inspect the sewer system on a weekly basis and to clear the lines of the grease on a regular basis. Funding for this program is through revenues generated by sewer service charges.

The present sewer service demand within the District's current boundaries can be met with existing facilities and infrastructure. Any expansion of the District's service area will require an evaluation of the District's present facilities and an evaluation of what future facilities will be necessary to serve that area.

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

The District has the necessary financial resources to fund existing levels of sewer services within its service boundaries. The District receives funds for the on-going provision of sewer service through connection and usage fees. These fees are reviewed on a regular basis to ensure they reflect the appropriate revenues necessary to provide adequate levels of service. The District also receives a small share of the county property tax revenues.

The District is a participant in the Salida Area Public Facilities Financing Agency (SAPFFA), which administers Mello Roos bonds under a joint powers agreement with the Modesto and Salida School Districts, and the Salida Fire Protection District. To date, the SAPFFA has provided funds to the Salida Sanitary District for the construction of the first and second phases of the treatment plant upgrades in 1992 and 1998.

The Board of Directors adopts the District's budget on an annual basis, which provides funding for the District's operating, capital, and debt service costs for the upcoming year. The District retained Capitol/PFG to prepare a Sewer User Rate Study (final report dated March 10, 2016). This study provided for a five-year revenue program to generate sufficient funds to maintain and operate the District's facilities. By District Ordinance (2016-1), the new sewer services charges were approved and went into effect July 1, 2016.

The District utilized Parsons & Associates to prepare a Wastewater Connection Fee Study (final report dated October 3, 2011). The Wastewater Rate Study and Wastewater Connection Fee Study help provide sufficient revenue and funds to cover the current costs of providing sewer service within the District's existing boundaries and sufficient funds to cover the costs of expanding the District's facilities to accommodate growth.

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

The District does not currently share any facilities with other districts or agencies. However, the District participates in several cost sharing resource entities to avoid service duplications, reduce costs, and minimize unnecessary resource consumption.

By participating in the Salida Area Public Facilities Financing Agency (SAPFFA), the District has been able to utilize Mello Roos bond funding for several upgrades to the wastewater treatment plant.

The District is a member in the Stanislaus County Employee's Retirement Association (StanCERA), a retirement system organized under the 1937 Retirement Act. StanCERA is a cost-sharing multiple-employer Public Employment Retirement System. One actuarial valuation is performed for the system as a whole, and the same contribution rate applies to each participating entity.

The District is also a member of the California Rural Water Association (CRWA), which provides education and training, insurance programs, public relations support, legislative advocacy, capital improvement and equipment funding. CRWA also provides current information that is crucial to a special district's management and operational effectiveness.

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

The District's governing body consists of a five member Board of Director's elected by the registered voters within the District. The Board of Director's meet on the second Thursday of each month at 6:00 p.m., in the District's administration building, located at 6200 Pirrone Road, Salida. Meeting agendas are posted at the District's administrative office and at the Sisk School, located at 4801 Sisk Road, Salida. The District is subject to the provisions of the Brown Act requiring open meetings.

A 5-member Board of Directors, elected by the registered voters within the District's boundaries, governs the District. The District employs a staff of eleven persons (seven full-time and two part-time), including a District Manager - Engineer who oversees the daily operations of the District. The District also contracts for accounting, engineering and legal services.

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

None

## **Sphere of Influence Update for the Salida Sanitary District**

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

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

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

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

### **Determinations:**

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

The District's Sphere of Influence (SOI) includes approximately 1,485 acres. Territory within the District's boundaries consists of residential and commercial land uses. The District does not have the authority to make land use decisions, nor does it have authority over present or planned land uses within its boundaries. The responsibility for land use decisions within the District boundaries is retained by Stanislaus County.

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

The District has provided sanitary sewer service to the unincorporated community of Salida since 1951. Over the past several decades, Salida has become Stanislaus County's largest unincorporated community.

The County Board of Supervisors adopted an updated Salida Community Plan in 2007. The updated plan added approximately 3,383 acres to the unincorporated community of Salida.

It includes land use designations to accommodate up to 5,000 residential units and 2,029 acres of commercial, business park, and industrial uses. Prior to any development in the updated Community Plan area, infrastructure master plans and environmental review must be completed. The present and probable need for public facilities and services in the area is not likely to diminish, but rather increase in the long-term as the Salida area continues to develop in the future.

**3. The present capacity of public facilities and adequacy of public services that the agency provides, or is authorized to provide.**

The District currently has adequate capacity to provide the necessary sewer services to customers within its existing service area. The District's Wastewater Treatment Plant (WWTP) currently processes approximately 1.2 million gallons per day (mgd), which represents half of the plant's current design capacity of 2.4 mgd. It is anticipated that buildout of the larger Salida Community Plan area would generate additional flows beyond the plant's current design capacity. Therefore, the WWTP would need to be expanded to serve the projected growth of the Salida area. Any changes to the District's Sphere of Influence and/or service boundary would require LAFCO approval before the District could serve any new growth areas proposed in the Salida Community Plan update.

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

In addition to the unincorporated community of Salida, the City of Modesto is considered to be a community of interest, due to the City's close proximity to the District. Although the City's Sphere of Influence does not overlap the District's boundaries, it is directly adjacent to the District and included within the City's General Plan.

**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.**

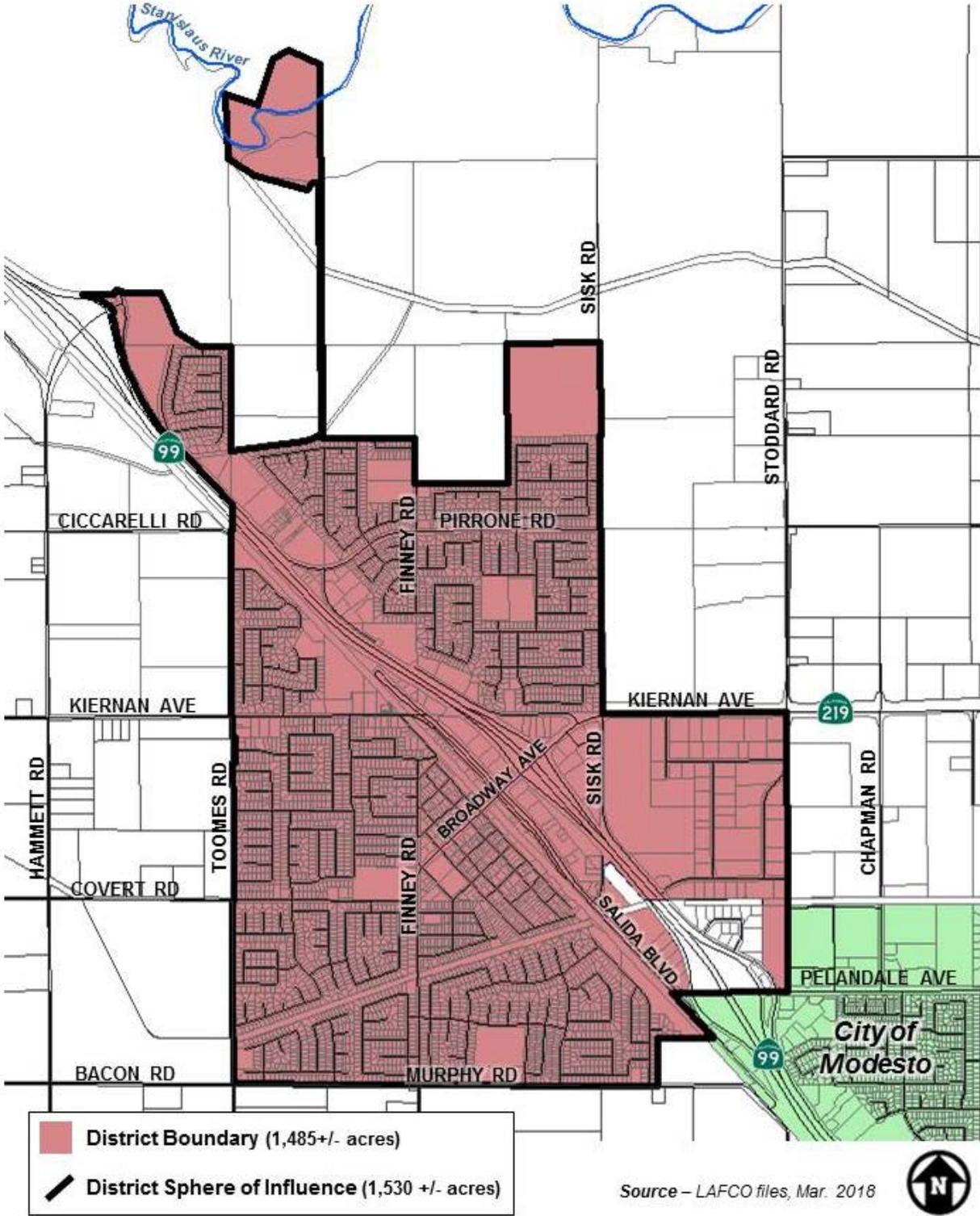
There are no proposals to change the District's existing Sphere of Influence. The District's area covers the town of Salida. Additional services, such as water and structural fire protection, are provided through the City of Modesto, other special districts, or by way of private systems.

## APPENDIX “A” DISTRICT SUMMARY PROFILE

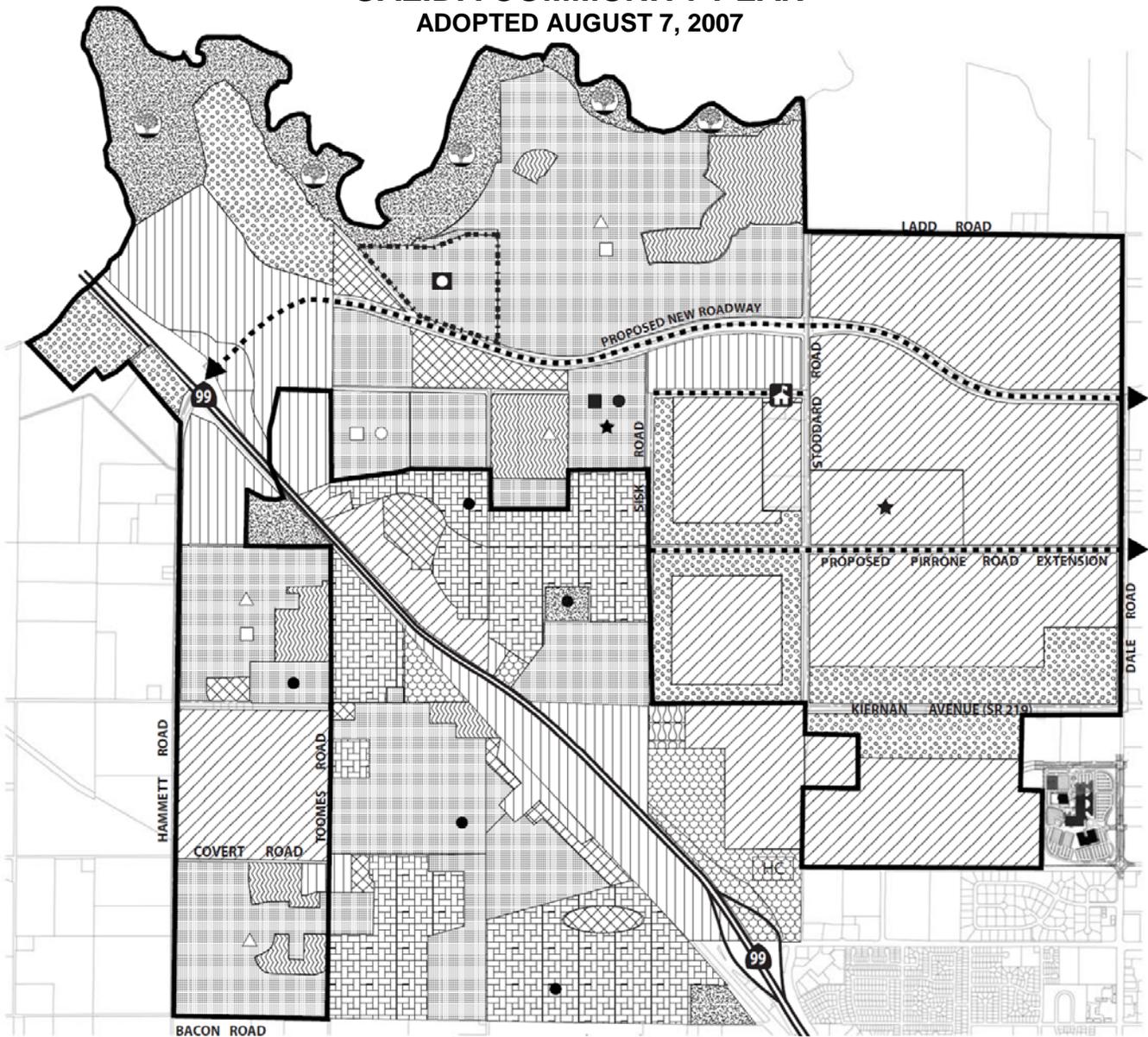
District:	<b>SALIDA SANITARY DISTRICT</b>						
Formation:	February 14, 1951						
Location:	The District is located in north-central Stanislaus County, immediately northwest of the City of Modesto.						
Boundary Area:	Approximately 1,485 acres						
Population*:	Approximately 13,898 persons						
Customers:	<table border="0" style="margin-left: 20px;"> <tr> <td>4,038 residential</td> </tr> <tr> <td>238 commercial</td> </tr> <tr> <td>1 industrial</td> </tr> <tr> <td><u>14 other</u></td> </tr> <tr> <td>4,291 total</td> </tr> </table>	4,038 residential	238 commercial	1 industrial	<u>14 other</u>	4,291 total	
4,038 residential							
238 commercial							
1 industrial							
<u>14 other</u>							
4,291 total							
Land Use:	Residential, commercial, and industrial (within the unincorporated community of Salida)						
District Services:	Wastewater collection, treatment and disposal services						
Enabling Act:	Sanitary District Act of 1923, Health & Safety Code, Section 6400 et. seq.						
Governing Body:	Five Board of Directors, elected by the registered voters within the District						
Administration:	The District employs 9 persons (7 full-time and 2 part-time)						
Budget:	\$2,485,866 (Fiscal Year 2017-2018)						
Revenue Sources:	Monthly service and connection fees, Mello Roos Bond funds (Salida Area Public Facilities Financing Agency), developer (annexation) fees, and a share of the county property tax revenues.						

*\*Source: 2012-2016 American Community Survey Demographic and Housing Estimates for Salida CDP area (which is slightly larger than the District's boundaries.)*

**MAP 1:  
SALIDA SANITARY DISTRICT  
BOUNDARIES AND SPHERE OF INFLUENCE**



# MAP 2: SALIDA COMMUNITY PLAN ADOPTED AUGUST 7, 2007



### LAND USES

- Low Density Residential
- Low Density Residential (Within Project Boundary)
- Medium Density Residential
- Medium High Density Residential
- Business Park
- Commercial
- Industrial
- Planned Industrial
- Planned Development
- Highway Commercial
- Agricultural

### PARKS AND SCHOOLS

- | Existing | Proposed |                        |
|----------|----------|------------------------|
|          |          | Neighborhood Park*     |
|          |          | Elementary School*     |
|          |          | Middle School*         |
|          |          | High School*           |
|          |          | Stanislaus River Park* |

### PUBLIC FACILITIES

- New Road
- Special Treatment Area
- Amendment Area Boundary
- Existing Waste Water Treatment Plant\*
- Proposed Fire Station\*



**Source: Stanislaus County**

**For Illustrative Purposes Only. Check with the County Planning & Community Development Department to Verify Designations**

\* Symbol denotes general location

## APPENDIX “B”

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### REFERENCES

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1. California Special Districts Association website ([www.csda.net](http://www.csda.net))
2. District’s Make the Difference website ([www.districtsmakethedifference.org](http://www.districtsmakethedifference.org))
3. Previous MSR/SOI Update for the Salida Sanitary District, Adopted by Stanislaus LAFCO on January 25, 2012.
4. Salida Sanitary District Solar Feasibility Study, Prepared by Black and Veatch, April 9, 2013.
5. Salida Sanitary District Operating Budget Fiscal Year 2017-2018.
6. Salida Sanitary District Sewer User Rate Study, Prepared by Capital PFG, March 10, 2016.
7. Salida Times, news articles dated April 7, 1950, January 5, 1951, and November 19, 1951.
8. Senate Local Government Committee, “What’s So Special About Special Districts? (Fourth Edition)”, October 2011.
9. Stanislaus County Board of Supervisors, Resolution No. 2007-627, August 7, 2007.
10. Stanislaus County 2015-2023 Housing Element, April 2016.
11. Wastewater Connection Fee Study, Final Revision, Prepared by Parsons and Associates, October 3, 2011.
12. WWTP Facilities Evaluation, Final Report, Prepared by Black and Veatch, July 22, 2010.

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### INDIVIDUALS AND AGENCIES CONTACTED

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1. Michael B. Gilton P.E., District Manager / Engineer, Salida Sanitary District.

**STANISLAUS COUNTY LOCAL AGENCY  
FORMATION COMMISSION**

**RESOLUTION**

**DATE:** May 23, 2018

**NO.** 2018-09

**SUBJECT:** Municipal Service Review No. 2018-01 and Sphere of influence Update No 2018-02: Salida Sanitary District

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

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

**THE FOLLOWING RESOLUTION WAS ADOPTED:**

**WHEREAS**, a Service Review mandated by California Government Code Section 56430 and a Sphere of Influence Update mandated by California Government Code Section 56425, has been conducted for the Salida Sanitary District, in accordance with the Cortese-Knox-Hertzberg Reorganization Act of 2000;

**WHEREAS**, at the time and in the form and manner provided by law, the Executive Officer has given notice of the May 23, 2018 public hearing by this Commission on this matter;

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

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

**WHEREAS**, the Commission has duly considered the draft Municipal Service Review and Sphere of Influence Update on the Salida Sanitary District and the determinations contained therein;

**WHEREAS**, the Salida Sanitary District was established to provide sewer services within its boundaries;

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

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

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

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

**ATTEST:** \_\_\_\_\_  
Javier Camarena, Executive Officer

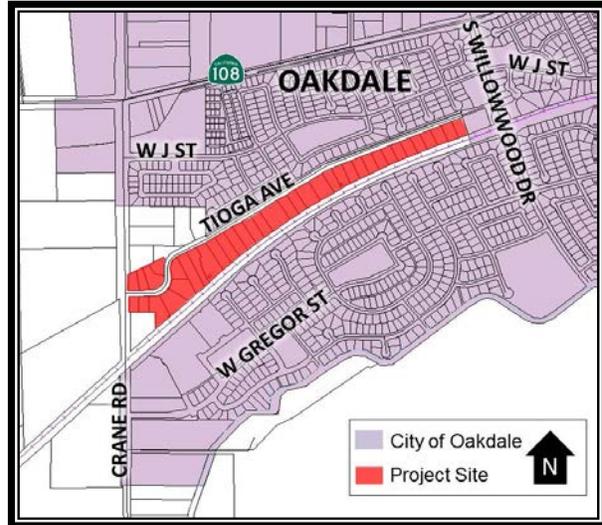
**EXECUTIVE OFFICER'S AGENDA REPORT  
MAY 23, 2018**

**STANISLAUS LOCAL AGENCY FORMATION COMMISSION  
OUT-OF-BOUNDARY SERVICE APPLICATION:  
TIOGA AVENUE (CITY OF OAKDALE - WATER SERVICE)**

**APPLICANT:** City of Oakdale

**LOCATION:** The project site is located on the southern side of Tioga Avenue east of Crane Road just west of the City of Oakdale, within the City's Sphere of Influence (See Map Inset).

**REQUEST:** The City of Oakdale has requested to extend water service outside the City of Oakdale's existing city limits to serve 38 parcels. The request has been submitted to address water quality issues associated with an existing well. The well currently serves the project site and is operated by the Oakdale Irrigation District through Improvement District No. 41, also known as the Mountain View Tract Domestic System.



**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 D). 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 for existing development only. However, as the current request would provide a blanket approval for the 38 parcels representing most of Tioga Avenue, the Executive Officer has determined to forward the City's request to the Commission.

**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

where out-of-boundary service extensions may be more timely and appropriate, as allowed under Government Code Section 56133. The Commission has approved similar area-wide extensions of sewer and/or water services in the past for specific unincorporated areas.

In order to guide review of similar area-wide proposals, the Commission adopted a section of Policy 15 addressing these types of requests and the circumstances under which they may be approved.

Consistency with Commission Policy 15

The Commission's Policy 15(F) states that it will consider approval for area-wide service extensions 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.*

Tioga Avenue is located in the unincorporated area of the County and is comprised of the Mountain View Tract, a rural residential subdivision created in 1954. The area is developed with single family homes and accessory buildings and includes 38 parcels totaling approximately 26 acres. The project site is zoned A-2-10 (General Agriculture) in the Stanislaus County Zoning Ordinance and designated Urban Transition in the County's General Plan. The City of Oakdale has designated the project site as Rural Estate Residential in its General Plan.

2. *The area is currently located within the agency's sphere of influence.*

The Mountain View Tract is currently within the City's Sphere of Influence and has been since its adoption in 1984.

3. *The agency is capable of providing extended services to the area without negatively impacting existing users.*

Information included with the City of Oakdale's application indicates that the City has the ability to provide water services to the area. The water improvements will service 38 water connections for properties located on Tioga Avenue. The proposed project will connect the properties on Tioga Avenue to an existing 14-inch water line located in Crane Road.

4. *The proposal meets one of the situations outline in Section C of Policy 15, where extension of services is an appropriate alternative to annexation.*

Section C describes situations where the Commission will favorably consider service extensions. The area was originally serviced by two domestic wells as part of Oakdale Irrigation District (OID) Improvement District No. 41. As trustee, OID administers potable water services for the area. One of the wells was removed due to coliform issues. Therefore, a third well was drilled. The third well was removed in 2009 due to high turbidity issues. With only one well in operation since 2009, temporary interruptions in water service have occurred and OID has had to issue "boil water notices" on multiple occasions. The extension of City water service will provide a remediation of this health and safety concern and is considered one of the situations where the extension of services is an appropriate alternative to annexation.

Consistency with Applicable State Law

The Commission must also consider Government Code Section 56133, the applicable state law, which states “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 [emphasis added].”

The timeframe for “anticipation of a later change of organization” is not specifically defined. Some LAFCOs interpret this phrase as being synonymous with the property being located within a sphere of influence. Others request a more definitive timeframe for annexation by the service provider. The City of Oakdale’s application indicates that there is no annexation proposal at this time and it is unknown at what point in the future the project area would be included within the City. The subject area has been located in the City’s Sphere of Influence since its original adoption in 1984. As such, the Commission may consider this an existing, infill area, long foreseen as becoming part of the City at some point in the future.

Environmental Review

City of Oakdale, as Lead Agency under the California Environmental Quality Act (CEQA), prepared an initial study and adopted a negative declaration for the proposed water extension, finding that it will not have a significant effect on the environment. The Commission, as a Responsible Agency, must consider the environmental documents prepared by the City. A copy of the City’s Initial Study and Negative Declaration are attached as part of the City’s Out-of-Boundary application in Exhibit C.

**CONCLUSION**

Although annexations to cities or special districts are generally the preferred method for provision of services Commission policies also recognize that out-of-boundary service extensions can be an appropriate alternative in situations where there are immediate health and safety concerns. The City’s proposal to provide the project area with water service is consistent with Government Code Section 56133 and the Commission’s Policy 15, including the criteria for area-wide approvals.

**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:

**Option 1:** APPROVE the request, as submitted by the City.

**Option 2:** DENY the request without prejudice.

**Option 3:** 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 (Option 1) as submitted by the City of Oakdale and adopt Resolution No. 2018-10, which finds the request to be consistent with Government Code Section 56133 and Commission Policy 15, certifies that the Commission has considered the environmental documentation prepared by the City of Oakdale, and includes the following standard terms and conditions:

- A. This approval allows for the extension of water service to accommodate existing and future uses within the delineated Tioga Avenue area only.
- B. The City shall not allow additional water service connections outside the City limits and beyond the delineated project area or any other area previously approved by LAFCO without first requesting and securing approval from the Commission.

Respectfully submitted,

*Javier Camarena* \_\_\_\_\_

Javier Camarena  
Assistant Executive Officer

Attachments: Exhibit A - Draft LAFCO Resolution 2018-10  
Exhibit B - Maps  
Exhibit C - City's Out-of-Boundary Application  
Exhibit D - LAFCO Policy 15

**EXHIBIT A**

**Draft Resolution No. 2018-10**

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**STANISLAUS COUNTY LOCAL AGENCY  
FORMATION COMMISSION**

**RESOLUTION**

**DATE:** May 23, 2018

**NO.** 2018-10

**SUBJECT: OUT OF BOUNDARY SERVICE APPLICATION: TIOGA AVENUE (CITY OF OAKDALE – WATER)**

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 Oakdale has submitted an out-of-boundary service application requesting the Commission’s consideration of an area-wide approval to extend water services to thirty-eight (38) parcels on Tioga Avenue;

**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**, Government Code Section 56133 further states that 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;

**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 for its consideration as it includes an area-wide approval for water service that would accommodate existing and future development;

**WHEREAS**, the project site is located outside the current city limits of Oakdale, but within the City’s Sphere of Influence;

**WHEREAS**, the City of Oakdale has indicated that it has the ability to serve the site with water service;

**WHEREAS**, the City of Oakdale, as Lead Agency, has prepared an initial study for the project, pursuant to the California Environmental Quality Act (CEQA) and the State CEQA guidelines and adopted a Negative Declaration;

**WHEREAS**, the Commission, as a Responsible Agency, has reviewed the environmental documents prepared by City of Oakdale as Lead Agency; 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 May 23, 2018.

**NOW, THEREFORE, BE IT RESOLVED** that this Commission:

1. Finds that the proposed extension of water service is consistent with the Commission's adopted policies and California Government Code Section 56133.
2. Certifies, as a Responsible Agency, that it has considered the environmental documentation prepared by City of Oakdale.
3. Authorizes the City of Oakdale to provide the requested water service to the project site, subject to the following terms and conditions:
  - A. This approval allows for the extension of water service to accommodate existing and future uses within the delineated Tioga Avenue area only.
  - B. The City shall not allow additional water service connections outside the City limits and beyond the delineated project site area or any other area previously approved by LAFCO without first requesting and securing approval from the Commission.
4. Directs the Executive Officer to forward a copy of this resolution to the City of Oakdale and Oakdale Irrigation District.

**ATTEST:** \_\_\_\_\_  
Sara Lytle-Pinhey, Executive Officer

Attachment: Tioga Avenue Area Map

## **EXHIBIT B**

### **Maps**

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TIOGA AVENUE  
OUT OF BOUNDARY



# OAKDALE

W J ST

W J ST

S WILLOWMOOD DR

TIOGA AVE

W GREGOR ST

W GREGOR ST

CRANE RD

11

City of Oakdale

Project Site



**EXHIBIT C**

**City of Oakdale's Out-of-Boundary Application**

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# STANISLAUS LAFCO

Stanislaus Local Agency Formation Commission  
1010 – 10 th Street, 3<sup>rd</sup> Floor ♦ Modesto, CA 95354  
(209) 525-7660 ♦ FAX (209) 525-7643  
www.stanislauslafco.org

## OUT OF BOUNDARY SERVICE APPLICATION

### AGENCY TO EXTEND SERVICE:

AGENCY NAME: City of Oakdale

CONTACT PERSON: Mark Niskanen, Contract Planner

ADDRESS: 455 S. Fifth Avenue, Oakdale, CA 95361

PHONE: 209/599-8377 FAX: 209/599-8399 E-MAIL: mark@jbandersonplanning.com

### CONTRACTING PARTY:

NAME OF PROPERTY OWNER: Contracting Party is Oakdale Irrigation District

SITE ADDRESS: Various Addresses Location on Tioga Avenue

PHONE: 209/840-5525 FAX: N/A E-MAIL: ethorburn@oakdaleirrigation.com

CONTRACT NUMBER/IDENTIFICATION: Not applicable

ASSESSOR PARCEL NUMBER(S): Varies

ACREAGE: 25.97 Acres

The following application questions are intended to obtain enough data about the proposal to allow the Commission and staff to adequately assess the service extension. By taking the time to fully respond to the questions below, you can reduce the processing time for this application. You may include any additional information that you believe is pertinent. Use additional sheets where necessary.

1. (a) List type of service(s) to be provided by this application:

Domestic Water  
\_\_\_\_\_  
\_\_\_\_\_

(b) Are any of the services identified in 1-a "new" services to be offered by the agency? If yes, please provide explanation.

No.

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2. Please provide a description of the service agreement/contract. (Included in this description should be an explanation as to why a jurisdictional change is not possible at this time and if this extension is an emergency health and safety situation.)

Please refer to Attachment A.

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3. Is annexation of the territory by your agency anticipated at some future time? Please provide an explanation.

Annexation is not being considered at this time. However, the Subject Properties are located within the City of Oakdale Sphere of Influence. Thus, annexation could be considered at a future time.

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4. Is the property to be served within the Agency's sphere of influence?

Yes.

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5. If the service extension is for development purposes, please provide a complete description of the project to be served.

No. The service extension is for existing developed uses.

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6. Has an environmental determination been made for this proposal? If yes, provide a copy. If no, please provide an explanation.

Yes. Please see attached.

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7. Are there any land use entitlements involved in the project or contract? If yes, please provide a copy of the documentation for this entitlement. Please check those documents attached:

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

8. Please provide a map showing existing facilities and proposed extensions and a detailed description of how services are to be extended to the property. Your response should include, but not be limited to, an explanation of distance for connection to existing infrastructure to the site; and cost of improvements, how financing is to occur, and any special financing arrangement for later repayment.  
Please refer to Attachment A.



**CERTIFICATION**

I hereby certify that the statement furnished above and in the attached exhibits present the data and information required for this evaluation of service extension to the best of my ability, and that the facts, statement, and information presented herein are true and correct to the best of my knowledge and belief.

SIGNED:   
PRINTED NAME: Mark Niskanen  
DATED: 4/19/18

**REQUIRED ATTACHMENTS:**

1. Copy of the proposed agreement.
2. Map showing the property to be served, existing agency boundary, and the location of infrastructure to be extended.
3. Application fee.

Please forward the completed form and related information to:

Stanislaus Local Agency Formation Commission  
Attn: Executive Officer  
1010 10<sup>th</sup> Street, 3<sup>rd</sup> Floor  
Modesto, CA 95354

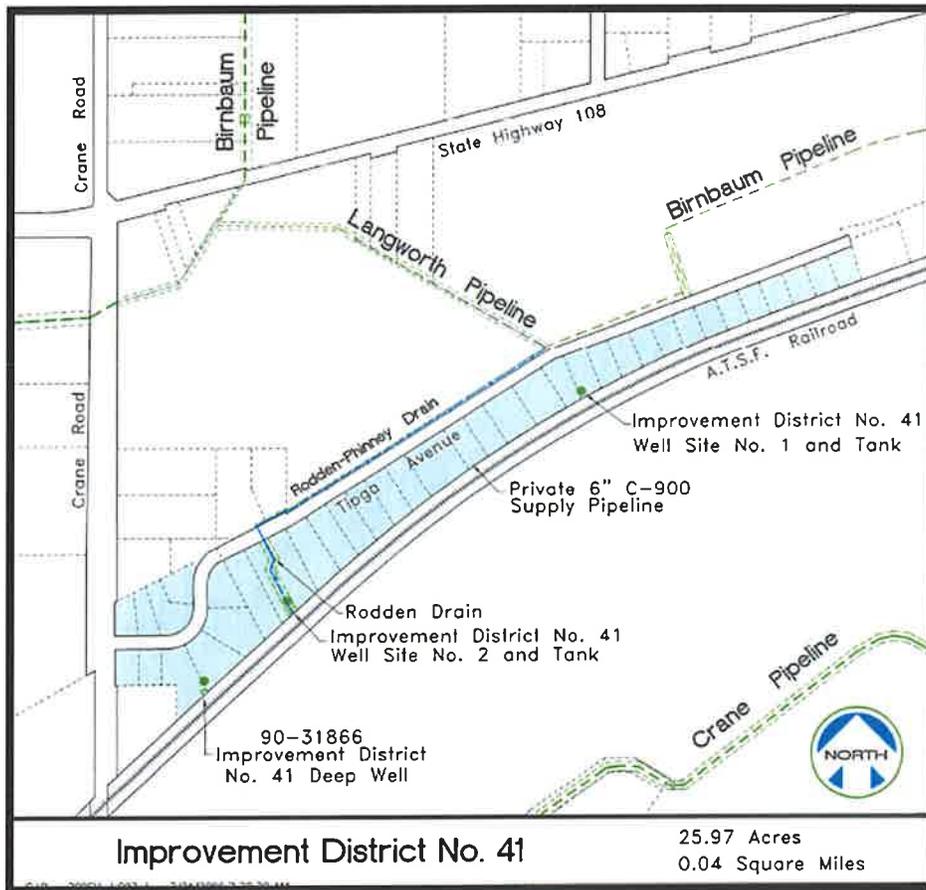
# Out of Boundary Service Application

## Attachment A

### 2. Please provide a description of the service agreement/contract.

The Out of Boundary Service Agreement consists of the City of Oakdale providing domestic water services to thirty-eight (38) residential parcels located within the Improvement District No. 41 (ID No. 41). On September 15, 1955, the Oakdale Irrigation District (OID) Board of Directors adopted the resolution approving the petition for the formation of Improvement District No. 41 within the OID known as the Mountain View Tract Domestic System pursuant to the provisions of Part 7, Division 11 of the Water Code of the State of California. As trustee, OID administers potable water services for 38 parcels located on Tioga Avenue within the Bridle Ridge Specific Plan area in unincorporated Stanislaus County. Properties within ID No. 41 are located on Tioga Avenue, which is located outside of the City limits, but within the City's Sphere of Influence. The Exhibit below (Location Map) illustrates the location of ID No. 41.

Location Map



Historically, ID No. 41 was developed and provided potable water service by two (2) domestic water wells that were constructed as part of the original development. After one of the two original wells had to be removed from service due to repetitive coliform issues (Well No. 1), a third well was drilled (Well No. 3) in 1990 to provide a redundant source of water supply. Unfortunately, in 2009, ID No. 41 was required to remove Well No. 3 from service as well due to high turbidity issues (i.e. sand filling the pipe line and storage tank). Currently, residences within ID No. 41 are served by only one (1) domestic water well, Well No. 2, which was constructed in 1966. With only one well in operation since 2009, temporary interruptions in water service to ID No. 41 have occurred and OID has had to issue “boil water notices” and the like on multiple occasions. The City and OID agree that the proposed extension of City water service will address the public health and safety concern of not having a reliable redundant source of water supply for residents within ID No. 41. Attached is a “chain of events” summary provided by OID to supplement this application package (Exhibit A).

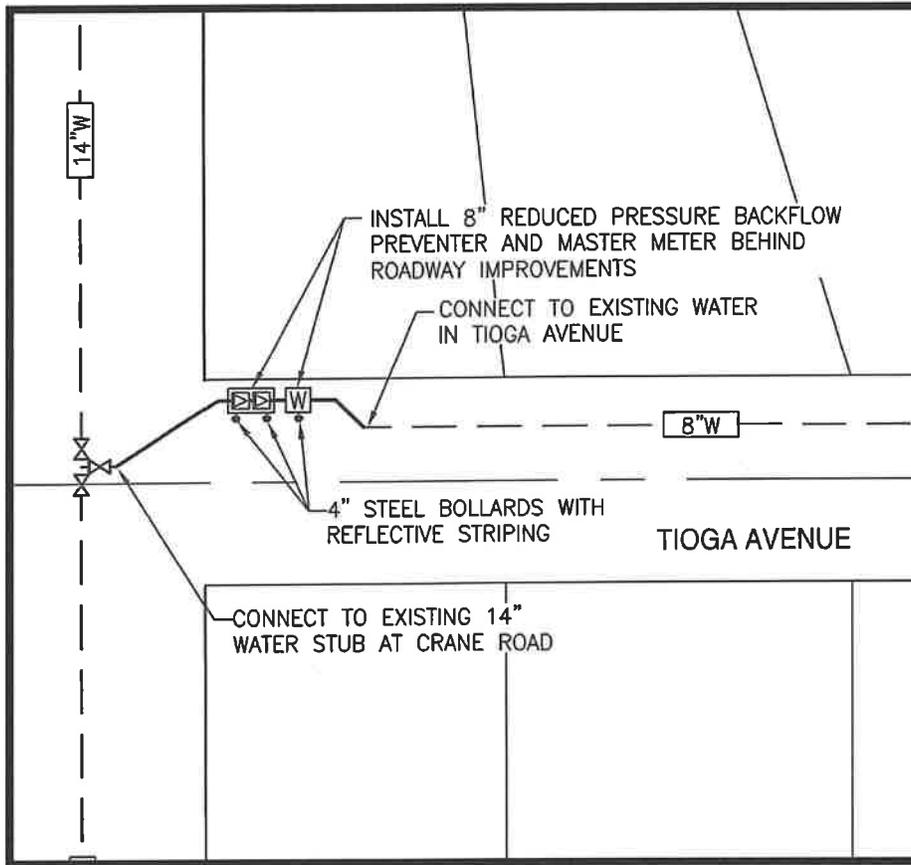
The Out of Boundary Service Application was approved by the OID Board of Directors on December 5, 2017, and by the Oakdale City Council on April 2, 2018. Attached is the Staff Report packet provided to the City Council for the April 2, 2018 meeting.

**8. Please provide a map showing existing facilities and proposed extensions and a detailed description of how services are to be extended to the property.**

The following improvements will be installed as part of this extension:

- Connect existing 8-inch water line located in Tioga Avenue to existing 14-inch water line located in Crane Road;
- Install 8-inch reduced pressure backflow preventer and master meter; and,
- Install 4-inch steel bollards with reflective striping.

The Exhibit below illustrates the improvements described above.



Based on a 2015 Engineer's Estimate prepared by MCR Engineering (City Engineer), the estimated cost of improvements is \$43,455.00.

OID, as trustee of ID No. 41, will be responsible for funding the design, engineering, and installation of these improvements. The ID No. 41 membership has agreed to assessments to allow OID to fund the improvements.

Details of the improvements and how they will be financed are included in the attached City Council Resolution No. 2018-047 (Exhibit B).



**IN THE CITY COUNCIL  
OF THE CITY OF OAKDALE  
STATE OF CALIFORNIA  
CITY COUNCIL RESOLUTION 2018-047**

**A RESOLUTION OF THE CITY OF OAKDALE CITY COUNCIL  
APPROVING AN OUT OF BOUNDARY SERVICE AGREEMENT BETWEEN THE CITY OF  
OAKDALE AND THE OAKDALE IRRIGATION DISTRICT FOR THE PROVISION OF  
DOMESTIC WATER SERVICES TO IMPROVEMENT DISTRICT 41 (TIOGA AVENUE)**

**THE CITY OF OAKDALE CITY COUNCIL DOES HEREBY RESOLVE THAT:**

**WHEREAS**, a request has been submitted by the Oakdale Irrigation District, Trustee for Improvement District No. 41, to enter into an Out of Boundary Service Agreement between the City of Oakdale and the Oakdale Irrigation District for the provision of providing domestic water service to the thirty-eight (38) parcels located within Improvement District No. 41; and,

**WHEREAS**, the Oakdale Irrigation District, acting as Trustee for Improvement District No. 41, has requested connecting to City water services; and,

**WHEREAS**, Improvement District No. 41 consists of thirty-eight (38) developed parcels located on Tioga Avenue, which is located outside of the City limits but within the City's Sphere of Influence; and,

**WHEREAS**, Under State law, permission to extend water service to Improvement District No. 41 must be obtained from the Stanislaus County Local Agency Formation Commission (LAFCO); and,

**WHEREAS**, on December 5, 2017, the Oakdale Irrigation District Board of Directors certified the vote of Improvement District No. 41, and executed the Out of Boundary Service Agreement; and,

**WHEREAS**, the City Council held a noticed public hearing on Monday, April 2, 2018 considered City staff's recommendation for approval, heard public testimony; and,

**NOW, THEREFORE, BE IT RESOLVED** by the CITY COUNCIL of the CITY OF OAKDALE that it finds as follows:

1. The proposed project is consistent with the 2030 General Plan and Municipal Code;
2. The Initial Study/Mitigated Negative Declaration prepared for the proposed project has identified potentially significant environmental effects;
3. Before the Initial Study/Mitigated Negative Declaration was released for public review, feasible mitigation measures were made by or agreed to by the applicant, which will avoid or mitigate the effects to a point where clearly no significant effect will occur;



**CITY OF OAKDALE**  
**City Council Resolution 2018-047**

4. There is no substantial evidence, in light of the whole record before the public agency, that the project, as revised, may have a significant effect on the environment (Public Resources Code Section 21064.5(2)); and,
5. The Initial Study/Mitigated Negative Declaration reflects the independent judgment of the lead agency.

**BE IT FURTHER RESOLVED** by the **CITY COUNCIL** of the **CITY OF OAKDALE** that it approves the Out of Boundary Service Agreement (Exhibit A) between the City of Oakdale and the Oakdale Irrigation District and authorizes staff to submit a formal Out of Boundary Service Application to Stanislaus LAFCO.

**BE IT FURTHER RESOLVED** that the project applicant shall indemnify, defend, and hold harmless the City of Oakdale, its agents, officers, and employees from any and all claims, actions, or proceedings against the City of Oakdale, its agents, officers, and employees to attack, set aside, void, or annul any approval by the City of Oakdale and its advisory agency, appeal board, or a legislative body concerning a general plan amendment and related files. The City of Oakdale shall promptly notify the applicant of any claim, action, or proceeding and shall cooperate fully in the defense. If the City fails to do so, the applicant shall not thereafter be responsible to defend, indemnify, or hold City harmless.

**THE FOREGOING RESOLUTION IS HEREBY ADOPTED THIS 2ND DAY OF APRIL 2018**, by the following vote:

AYES:	COUNCIL MEMBERS:	Bairos, Dunlop, McCarty and Paul	(4)
NOES:	COUNCIL MEMBERS:	None	(0)
ABSENT:	COUNCIL MEMBERS:	Murdoch	(1)
ABSTAINED:	COUNCIL MEMBERS:	None	(0)

SIGNED:

Pat Paul  
Pat Paul, Mayor

ATTEST:

Kathy Teixeira  
Kathy Teixeira, CMC  
City Clerk

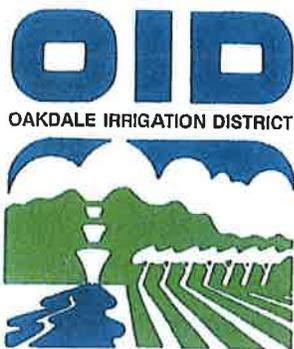


**CITY OF OAKDALE**  
**City Council Resolution 2018-047**

---

**Exhibit A**

**Out of Boundary Service Agreement  
Between the City of Oakdale and the Oakdale Irrigation District**



January 16, 2018

Mr. Mark Niskanen  
City Planner  
City of Oakdale  
280 North Third Avenue  
Oakdale, CA 95361

**Re: Improvement District No. 41 – Out-of-Area Agreement for Water**

Dear Mr. Niskanen:

Enclosed please find two originals of the Out-of-Area Agreement for Water which have been signed and notarized as you requested. Please sign both originals, keep one copy for your records and return one copy to our office for our records.

Please feel free to contact me with any questions (209) 840-5525.

Sincerely,

**OAKDALE IRRIGATION DISTRICT**

Eric C. Thorburn, P.E.  
Water Operations Manager

ECT;lfp

Enclosures

**RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:**

City of Oakdale  
280 North Third Avenue  
Oakdale, CA 95361  
Attn: City Clerk

(Exempt from recording fees; Gov. Code §§ 6103, 27383)

(Space above this line for Recorder's use)

**OUT-OF-AREA AGREEMENT FOR WATER SERVICE**

This **OUT-OF-AREA AGREEMENT FOR WATER SERVICE** ("Agreement") is made and executed this 9<sup>th</sup> day of April, 2018 by and between the **CITY OF OAKDALE**, a California municipal corporation ("City") and **OAKDALE IRRIGATION DISTRICT**, a California special district, as trustee for the ID 41 Properties (as that term is defined below), and its successors and assigns ("OID"). The City and OID may be referred to herein collectively as the "Parties" or individually as a "Party".

**RECITALS**

A. On September 15, 1955, the OID Board of Directors adopted the resolution approving the petition for the formation of Improvement District No. 41 within the OID known as the Mountain View Tract Domestic System pursuant to the provisions of Part 7, Division 11 of the Water Code of the State of California. As trustee, OID administers potable water services for 38 parcels located on Tioga Avenue within the Bridle Ridge Specific Plan area in unincorporated Stanislaus County (the "ID 41 Properties"), as shown on the site map attached hereto as **Exhibit A** ("Site Map").

B. Although the ID 41 Properties are served potable water by an existing well, City and OID, as trustee for the ID 41 Properties, desire to make investments in water infrastructure to serve the existing ID 41 Properties in accordance with all applicable water quality and treatment standards.

{CW019921.1}

OUT-OF-AREA AGREEMENT FOR WATER SERVICE  
City of Oakdale & Oakdale Irrigation District  
Page 1

C. The ID 41 Properties are located outside of the existing City limits, but within the City's existing sphere of influence. OID, as trustee for the ID 41 Properties, acknowledges that the ID 41 Properties may be annexed to the City in the future.

D. Pursuant to Government Code section 56133, the City may extend water service outside its jurisdictional boundary within its sphere of influence in anticipation of future annexation of the ID 41 Properties.

E. The provision of water service by the City to the ID 41 Properties will require OID to adopt rate increases to water service fees to the owners of the ID 41 Properties, subject to compliance with Article XIII D of the California Constitution (also known as Proposition 218).

F. The Parties desire to enter into this Agreement to provide water service to the ID 41 Properties, while acknowledging that this Agreement must ultimately be approved by the Stanislaus County Local Agency Formation Commission ("LAFCO") and the increased water service fees must ultimately be approved by the owners of the ID 41 Properties (hereafter "Prop 218 Approval").

**NOW, THEREFORE,** in consideration of the mutual covenants, promises and agreements herein contained, the Parties agree as follows:

### AGREEMENT

**1. Effective Date; Conditions Precedent.** This Agreement will be effective as of the date on which the Agreement has been executed by all Parties ("Effective Date"). The Parties acknowledge that approval of this Agreement by LAFCO and Prop 218 Approval shall be conditions precedent to any rights and obligations provided by this Agreement. No Party will be bound by this Agreement if LAFCO approval of this Agreement or Prop 218 Approval does not occur. If LAFCO conditionally approves this Agreement, such conditions shall be complied with as a condition precedent to any rights and obligations provided by this Agreement.

**2. Annexation.** OID, as trustee for the ID 41 Properties, agrees that the City may proceed with annexation of the ID 41 Properties at any time that City, in its sole discretion, deems proper. OID, as trustee for the ID 41 Properties, agrees on behalf of the ID 41 Properties to cooperate with and assist City in any such annexation proceedings and further covenants and agrees that they shall take no action to hinder, impede or delay such annexation proceedings nor prevent annexation from being completed.

{CW019921.1}

### **3. Water Service.**

**3.1. Term of Service.** City shall provide water service to the ID 41 Properties pursuant to this Agreement as if they were within the City's corporate boundaries, until (a) such time as the City annexes all of the ID 41 Properties in which case this Agreement shall automatically terminate in its entirety as of the date annexation is complete, (b) this Agreement is terminated by mutual written agreement of City and OID, or (c) this Agreement is terminated due to default by City or OID. In the event the City annexes some, but not all of the ID 41 Properties, it will continue to provide water services to those properties within Improvement District 41 that have not been annexed, and this Agreement shall be amended to cover only those ID 41 Properties not annexed to the City and to adjust the balance, if any, of unpaid water impact fees referred to in Section 4.3 hereof, monthly user charges referred to in Section 4.4 hereof, and the amount of the reserve deposit referred to in Section 4.5 hereof.

**3.2. Level of Service.** The City shall maintain the same level of service up to the point of connection at Tioga Avenue as the City maintains in its overall service area and in accordance with Federal, State and local laws, regulations and permits.

**3.3. Additional Service Connections.** City agrees to review and approve new or additional service connections to OID, as trustee for the ID 41 Properties, as long as the City's available water capacity is not exceeded. The City's concurrence shall be in the form of a "will serve" letter which states that the City has available water service capacity to accommodate the new or additional service connections. Such "will serve" letter will be granted if the City has available water capacity. City agrees that it will only base its decisions on whether to grant or deny applications for new water service connections on determinations of the City's adequate and available water capacity. The City shall not unreasonably withhold such concurrence if all applicable City ordinances, resolutions and procedures are complied with by OID, as trustee for the ID 41 Properties.

**3.4. Service Connections In Excess of Capacity.** If OID, as trustee for the ID 41 Properties, requests new or additional service connections to any of the ID 41 Properties pursuant to Section 3.3 hereof, City shall review and determine if system capacity can accommodate the new or additional proposed water demands. City may require OID, as trustee for the ID 41 Properties, to design and construct improvements to the water system if required to accommodate the increased demand. In the event that the request requires improvements to provide additional system capacity, City shall follow the infrastructure improvements set forth in accordance with development phasing of the Crane Crossing Specific Plan and any related development agreements and project entitlements.

{CW019921.1}

**3.5. Due Process.** City agrees to issue will serve letters to OID, as trustee for the ID 41 Properties, for new or additional service connections to any of the ID 41 Properties that may be requested pursuant to Section 3.3 hereof, based on standards that are related to the City's system and the City's ability to convey water to the ID 41 Properties. City agrees to provide a written determination if OID, as trustee for the ID 41 Properties, is denied a will serve letter, which will be based on stated facts and will contain findings supporting the conclusion. City agrees to provide such persons aggrieved by such a determination a right of appeal to the City Council or such officer as has been delegated the responsibility to hear such appeals.

**3.6. Access Easement.** OID, as trustee for the ID 41 Properties, agrees to obtain and secure an encroachment permit and all necessary easements from the County for the maintenance of City water lines to be installed along Crane Road and to the point of connection on Tioga Avenue.

#### **4. Water Connection, Fees and Costs.**

**4.1. Engineering, Design and Construction.** OID, as trustee for the ID 41 Properties, shall engineer, design, and construct the improvements and bear all costs to engineer and design the improvements that will accommodate connection of the City's water system to the ID 41 Properties in accordance with this Agreement, namely to connect the City's water system to the point of connection to Tioga Avenue under the City's existing standards, including pressure and bacteria testing. All plans must be submitted to the City Engineer for review and approval prior to construction. No work shall be initiated until the plans and specifications are approved by City. Regular inspections shall occur once construction has commenced. OID, as trustee for the ID 41 Properties, will be billed on a time basis for the City Engineer or his designee to review the plans and inspect the work. Preliminary engineer's estimates are attached hereto as **Exhibit B** ("Engineering, Design and Construction Costs"). OID, as trustee for the ID 41 Properties, and City acknowledge that the costs identified therein are estimates only and are subject to change based on existing field conditions.

**4.2. Sufficiency of Improvements.** OID, as trustee for the ID 41 Properties, is solely responsible for the adequacy of the facilities necessary to deliver sufficient water volumes and pressure to meet water demand from the connection point with City facilities. These improvements may include a booster pump, tanks or other facilities necessary to ensure adequate system operating and fire flow pressures and volumes.

**4.3. Water Impact Fee.** OID, as trustee for the ID 41 Properties, will be responsible for a water impact fee in the amount of \$2,438.00, for each of the ID 41 Properties. The water impact fee represents the contributive share of the cost to expand the City's existing

{CW019921.1}

water facilities, or construct new water facilities, to account for the new water demands of the ID 41 Properties on the City's system. The Water Impact Fee shall be paid prior to City Council acceptance of improvements.

**4.4. Monthly User Charges.** City will install one meter at the point of connection on Tioga Avenue. The cost of this meter shall be reimbursed to the City by OID, as trustee for ID41. City will bill OID, as trustee for the ID 41 Properties, according to the aggregate monthly user charges for all of the ID 41 Properties, in the same manner and at the same rate as properties within City limits, plus a total processing fee surcharge of \$380 per month. Water fees and charges shall be consistent with fees, charges and assessments to provide services to the overall service area of the City. OID, as trustee for the ID 41 Properties, will be responsible for any changes to City's water ordinances, regulations and rates. OID, as trustee for the ID 41 Properties, shall be solely responsible to conduct the necessary Proposition 218 Approval process or other legal proceedings necessary to ensure the adequacy of funds to pay the fees charged by City for water service to each of the ID 41 Properties.

**4.5. Termination of Water Service.** If for any reason, OID, as trustee for ID41, is unable to meet the financial requirements for water service payments as contemplated in this Agreement, the water service will be turned off and the Agreement will be terminated. Water service shall be reinstated if and when OID complies with the financial obligations defined in this Agreement.

**4.6. Operation and Maintenance.** City shall operate and maintain all facilities up to the point of connection on Crane Road. OID, as trustee for the ID 41 Properties, or the individual owners of the ID 41 Properties shall be responsible for maintaining all water lines from the point of connection on Crane Road to each of the ID 41 Properties. Annual tests and inspections conducted by the City for the City's backflow preventer installed in Crane Road shall be funded by OID and/or the property owners within ID41.

**4.7. Reimbursement for Processing Costs.** OID, as trustee for the ID 41 Properties, agrees to reimburse City for all costs incurred by City in processing this Agreement, including but not limited to the following: (a) all costs necessary or funds required for the submission and processing of this Agreement to LAFCO, including CEQA documentation, if any is required; (b) the cost of all third party consultant and legal counsel expenses of City. Such costs shall be paid within forty-five (45) days of presentation to OID, as trustee for the ID 41 Properties, or prior to any construction work being performed on the City's water system, whichever occurs sooner.

{CW019921.1}

5. **Attorney's Fees.** Should litigation be commenced between the Parties to this Agreement concerning this Agreement or the rights and duties of either in relation thereto, the prevailing Party in such litigation shall be entitled to receive reasonable attorney's fees and court costs from the losing Party.

6. **Indemnification.** OID, as trustee for the ID 41 Properties, shall defend, indemnify, save and hold harmless City and its directors, officers, agents and employees from and against any and all claims, costs, loss, liability or suits, including reasonable attorneys' fees, and including but not limited to allegations of death, bodily injury or property damage, arising out of or related to the operation, maintenance or replacement of the water distribution system by City on the ID 41 Properties, except and to the degree that any such claims, losses or liability are the result of gross negligence or willful misconduct of City, its directors, officers, agents or employees, or its contractors.

7. **Notice.** Any notice or other communication required or permitted hereunder shall be in writing, and shall conclusively be deemed to have been given upon the date it is (i) enclosed in a sealed envelope addressed to the Party to whom it is intended, and deposited in the United States Mail with adequate postage; (ii) delivered to the office of the intended Party; (iii) sent by facsimile or other telegraphic communication in the manner provided in this Section with confirmation by U.S. Mail sent no later than the following day, or (iv) sent through other commercially reasonable means, such as overnight delivery by a reputable courier company. The addresses of the respective parties for all notices shall be:

CITY: City of Oakdale  
Public Services Department  
455 South Fifth Avenue  
Oakdale, CA 95361  
Attn: Jeff Gravel, Public Services Director

And Churchwell White LLP  
1414 K Street, 3<sup>rd</sup> Floor  
Sacramento, CA 95814  
Attn: Douglas L. White, Esq.

OID: Oakdale Irrigation District  
1205 East F Street  
Oakdale, CA 95361  
Attn: Eric Thorburn, Water Operations Manager

{CW019921.1}

And  
Damrell Nelson Schrimp Pallios Pacher & Silva  
1601 I Street, Fifth Floor  
Modesto, CA 95354  
Attn: Matthew O. Pacher, Esq.

City or OID may designate a different address by written notice to the other Party, which shall be substituted for that specified above.

**8. General Provisions.**

**8.1. Entire Agreement.** This Agreement (including the Exhibits hereto) constitutes the entire understanding and agreement between City and OID, as trustee for the ID 41 Properties, relating to the construction, operation, maintenance and payment for water services to the ID 41 Properties.

**8.2. Waiver.** No waiver of any right or remedy by a Party with respect to any occurrence or event under this Agreement shall constitute a continuing waiver or be deemed a waiver of any right or remedy in respect to any other or subsequent occurrence or event.

**8.3. Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

**8.4. Severability.** If any term, provision, covenant, or condition set forth in this Agreement is held by the final judgment of a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions, covenants, and conditions shall continue in full force and effect to the extent that the basic intent of the Parties as expressed herein can be accomplished.

**8.5. Amendments.** All amendments to this Agreement shall be in writing and, if approved, must be signed by all Parties.

**8.6. Successors and Assigns.** This Agreement shall be for the benefit of OID, as trustee of the ID 41 Properties, and the City and shall run with the ID 41 Properties, and shall be binding upon the Parties hereto and on the heirs, executors, administrators, successors in interest, and assigns of the owners of the ID 41 Properties.

{CW019921.1}

8.7. **Captions.** The captions of the various Sections in this Agreement are for convenience only and do not, and shall not be deemed to, define, limit or construe the contents of such Sections.

8.8. **Governing Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. Venue for all legal proceedings related to this Agreement shall be in the Superior Court of California for Stanislaus County.

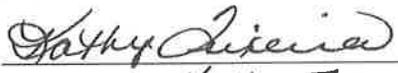
8.9. **No Third Party Beneficiaries.** Notwithstanding the Parties' recognition that this Agreement may provide aid or assistance to County residents, it is not the intention of the Parties that such individuals occupy the position of third-party beneficiaries under this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed and entered into this Agreement as of the Effective Date set forth above.

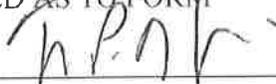
CITY OF OAKDALE, a California  
municipal corporation

  
Pat Paul, Mayor

ATTEST:

  
City Clerk, *Kathy Teixeira*

APPROVED AS TO FORM

By:   
City Attorney, *Tom P. Hallinan*

OAKDALE IRRIGATION DISTRICT, a  
California special district

  
Steve Knell, P.E., General Manager

{CW019921.1}

**CERTIFICATE OF ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of Stanislaus

On Jan 15, 2018 before me Carla Lillie, Notary Public,  
personally appeared Steve Knell

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Carla Lillie  
Signature (Seal)



**CERTIFICATE OF ACKNOWLEDGMENT**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of Stanislaus

On April 9, 2018 before me Kathy L. Teixeira, Notary Public,  
personally appeared Pat Paul

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Kathy L. Teixeira  
Signature (Seal)



**EXHIBIT A**

**Site Map**

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{CW019921.1}



**EXHIBIT B**

**Engineering, Design and Construction Costs**

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{CW019921.1}



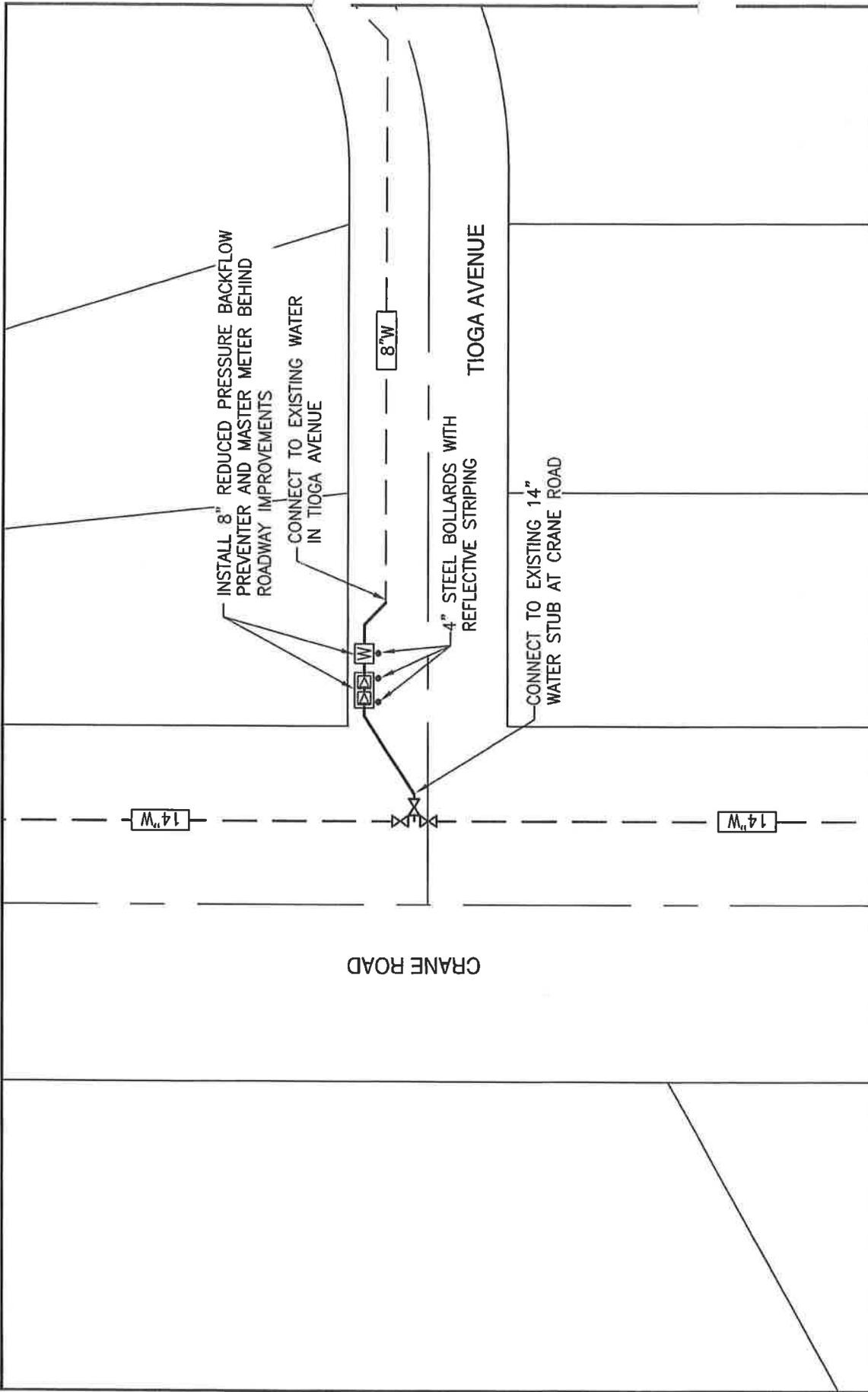
1242 DUPONT COURT • MANTECA, CALIFORNIA 95936 • TEL: 209.239.6229 • FAX: 209.239.8839

PRELIMINARY ENGINEER'S ESTIMATE  
**TIOGA AVENUE OUT OF BOUNDARY SERVICE**

Oakdale, California  
 3/3/2015

COSTS ARE BASED ON RECORD INFORMATION FOR THE PURPOSE OF ESTABLISHING FEES ASSOCIATED WITH THE OUT OF BOUNDARY SERVICE AGREEMENT AND ARE SUBJECT TO CHANGE BASED ON EXISTING FIELD CONDITIONS.

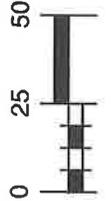
NO.	DESCRIPTION	QU.	UNIT	UNIT COST	TOTAL
<b>A. DESIGN COSTS</b>					
1.	BOUNDARY AND TOPOGRAPHIC SURVEY	1	LS	\$2,500.00	\$2,500.00
2.	DESIGN AND PLAN PREPARATION	1	LS	\$2,500.00	\$2,500.00
3.	PLAN APPROVAL PROCESS	1	LS	\$1,000.00	\$1,000.00
				<b>SUB-TOTAL</b>	<b>\$6,000.00</b>
<b>B. CONSTRUCTION COSTS</b>					
1.	MOBILIZATION	1	LS	\$3,000.00	\$3,000.00
2.	SAWCUT AND PAVEMENT REMOVAL	200	SF	\$2.00	\$400.00
3.	8" WATER	80	LF	\$40.00	\$3,200.00
4.	8" RP BACKFLOW DEVICE	1	EA	\$12,000.00	\$12,000.00
5.	8" MASTER METER	1	EA	\$6,000.00	\$6,000.00
6.	CONNECT TO EXISTING 14" WATER	1	EA	\$4,500.00	\$4,500.00
7.	CONNECT TO EXISTING 8" WATER	1	EA	\$3,000.00	\$3,000.00
8.	4" PROTECTIVE BOLLARDS	3	EA	\$250.00	\$750.00
9.	TRENCHPATCH (3" AC / 6" AB)	200	SF	\$6.00	\$1,200.00
				<b>SUB-TOTAL</b>	<b>\$34,050.00</b>
<b>C. INSPECTION</b>					
1.	TESTING AND INSPECTION	1	LS	\$3,405.00	\$3,405.00
				<b>SUB-TOTAL</b>	<b>\$3,405.00</b>
				<b>GRAND TOTAL</b>	<b>\$43,455.00</b>



**TIOGA AVENUE WATER CONNECTION**

DATE: MARCH, 2015

**TIOGA AVENUE OUT OF BOUNDARY SERVICE**  
 OAKDALE, CALIFORNIA



MCR ENGINEERING, INC.  
 1242 DUPONT COURT  
 MANTECA, CA 95336  
 TEL: (209) 239-6229  
 FAX: (209) 239-8839



**IN THE CITY COUNCIL  
OF THE CITY OF OAKDALE  
STATE OF CALIFORNIA  
CITY COUNCIL RESOLUTION 2018-048**

**A RESOLUTION OF THE CITY OF OAKDALE CITY COUNCIL  
APPROVING A NEGATIVE DECLARATION (SCH NO. 2015062016)  
FOR AN OUT OF BOUNDARY SERVICE AGREEMENT BETWEEN THE  
CITY OF OAKDALE AND THE OAKDALE IRRIGATION DISTRICT TO PROVIDE  
DOMESTIC WATER SERVICES TO IMPROVEMENT DISTRICT NO. 41 (TIOGA AVENUE)**

**THE CITY OF OAKDALE CITY COUNCIL DOES HEREBY RESOLVE THAT:**

**WHEREAS**, a request has been submitted by the Oakdale Irrigation District (1205 East F Street, Oakdale, CA 95361), on behalf of Property Owners located within Improvement District No. 41 (Tioga Avenue) for an Out of Boundary Service Agreement between the City of Oakdale and the Oakdale Irrigation District; and,

**WHEREAS**, the proposed project is located in the Rural Estate (RE) land use designation of the City's General Plan Land Use Map, and is zoned A-2-10 by the County of Stanislaus; and,

**WHEREAS**, the proposed project consists of an Out of Boundary Service Agreement and associated improvements to provide domestic water services to thirty-eight (38) parcels located on Tioga Avenue, known as Improvement District No. 41; and,

**WHEREAS**, an Initial Study (Exhibit A) was duly prepared in accordance with Section 15063 of the CEQA Guidelines, which concluded that the proposed rezoning is within the scope of the previously certified City of Oakdale 2030 General Plan and Final Environmental Impact Report, and that pursuant to Section 15168 of the CEQA Guidelines, a Negative Declaration tiered from the 2030 General Plan Final Environmental Impact Report is the appropriate level of environmental review; and,

**WHEREAS**, the City Council held a noticed public hearing on Monday, April 2, 2018, considered City staff's recommendation for approval, heard public testimony.

**NOW, THEREFORE, BE IT RESOLVED** that the **CITY COUNCIL** of the **CITY OF OAKDALE** hereby finds:

1. As per Sections 15182 and 15162 of the California Environmental Quality Act ("CEQA") Guidelines, this Project is within the scope of the projects covered by the 2030 General Plan Final Environmental Impact Report.
2. There are no substantial changes proposed in the project, which result in new significant environmental effects, or a substantial increase in the severity of previously identified significant effects and, therefore, no major revisions to the EIR are required.



**CITY OF OAKDALE**  
**City Council Resolution 2018-048**

3. No substantial changes have occurred with respect to the circumstances under which the project is undertaken which will result in new significant environmental effects or a substantial increase in the severity of previously identified significant effects and therefore, no major revisions to the EIR are required.
4. There is no new information of substantial importance that was not known and could not have been known with the exercise of reasonable diligence when the EIR was adopted.
5. In accordance with Section 15074 of the CEQA Guidelines, the City has prepared a Negative Declaration (SCH No. 2017102067), tiered from the City's 2030 General Plan Environmental Impact Report based on the analysis contained in the proposed project's Initial Study prepared in accordance with Section 15063 of the CEQA Guidelines.

**THE FOREGOING RESOLUTION IS HEREBY ADOPTED THIS 2ND DAY OF APRIL 2018, by the following vote:**

AYES:	COUNCIL MEMBERS:	Bairos, Dunlop, McCarty and Paul	(4)
NOES:	COUNCIL MEMBERS:	None	(0)
ABSENT:	COUNCIL MEMBERS:	Murdoch	(1)
ABSTAINED:	COUNCIL MEMBERS:	None	(0)

SIGNED:

Pat Paul  
Pat Paul, Mayor

ATTEST:

Kathy Teixeira  
Kathy Teixeira, CMC  
City Clerk



**CITY OF OAKDALE**  
**City Council Resolution 2018-\_\_\_\_\_**

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**EXHIBIT A**

**PUBLIC REVIEW INITIAL STUDY/NEGATIVE DECLARATION**

**Environmental Initial Study  
Negative Declaration**

**City of Oakdale, Stanislaus County, California  
Out of Boundary Service Agreement No. 2014-14  
Oakdale Irrigation District Improvement District No. 41**

**Lead Agency:**

**City of Oakdale  
Public Services Department  
455 South Fifth Avenue  
Oakdale, CA 95361**

**Project Proponent:**

**Oakdale Irrigation District  
1205 East F Street  
Oakdale, California 95361**

**June 2015**

I. PROJECT DESCRIPTION

A. Title: Out of Boundary Service Agreement No. 2014-14

B. Address or Location: Various Properties located on Tioga Avenue

C. Applicant: Oakdale Irrigation District, 1205 East F Street, Oakdale, CA 95361

D. City Contact Person:

Project Manager: Mark Niskanen, Senior Planner  
Department: City of Oakdale Public Services Department  
Phone Number: (209) 845-3641  
E-mail address: mniskanen@ci.oakdale.ca.us

E. Current General Plan Designation(s): Rural Estate (RE)

F. Current Zoning Classification(s): Stanislaus County Zoning:

G. Existing Conditions:

The proposed project site consists of thirty-eight (38) parcels located on Tioga Avenue, east of Crane Road. Primary access to the properties consists of Tioga Avenue, which is an improved roadway. The site is bounded by residential uses to the north, east, and south. Domestic water is provided via existing Well Sites 1 and 2, and a deep well located in the western portion of the project area. An eight (8) inch water line is currently located in Tioga Avenue.

Figure 1 provides an illustration of the proposed project's location.

I. Project Description:

The proposed project consists of an Out-of-Boundary Service agreement to provide potable water services to properties located within Oakdale Irrigation District Improvement District No. 41. Water service is proposed to be provided via the following improvements:

- Connecting to the existing fourteen (14) inch water line located in Crane Road via the extension of the existing 8-inch water line located in Tioga Avenue;
- Installation of an eight (8) inch reduced pressure backflow preventer and master meter behind roadway improvements; and,
- Installation of four (4) inch steel bollards with reflective striping.

The water improvements extended as part of the proposed project will service 38 water connections for properties located on Tioga Avenue.

**Project Setting:**

The surrounding land uses can be summarized as follows:

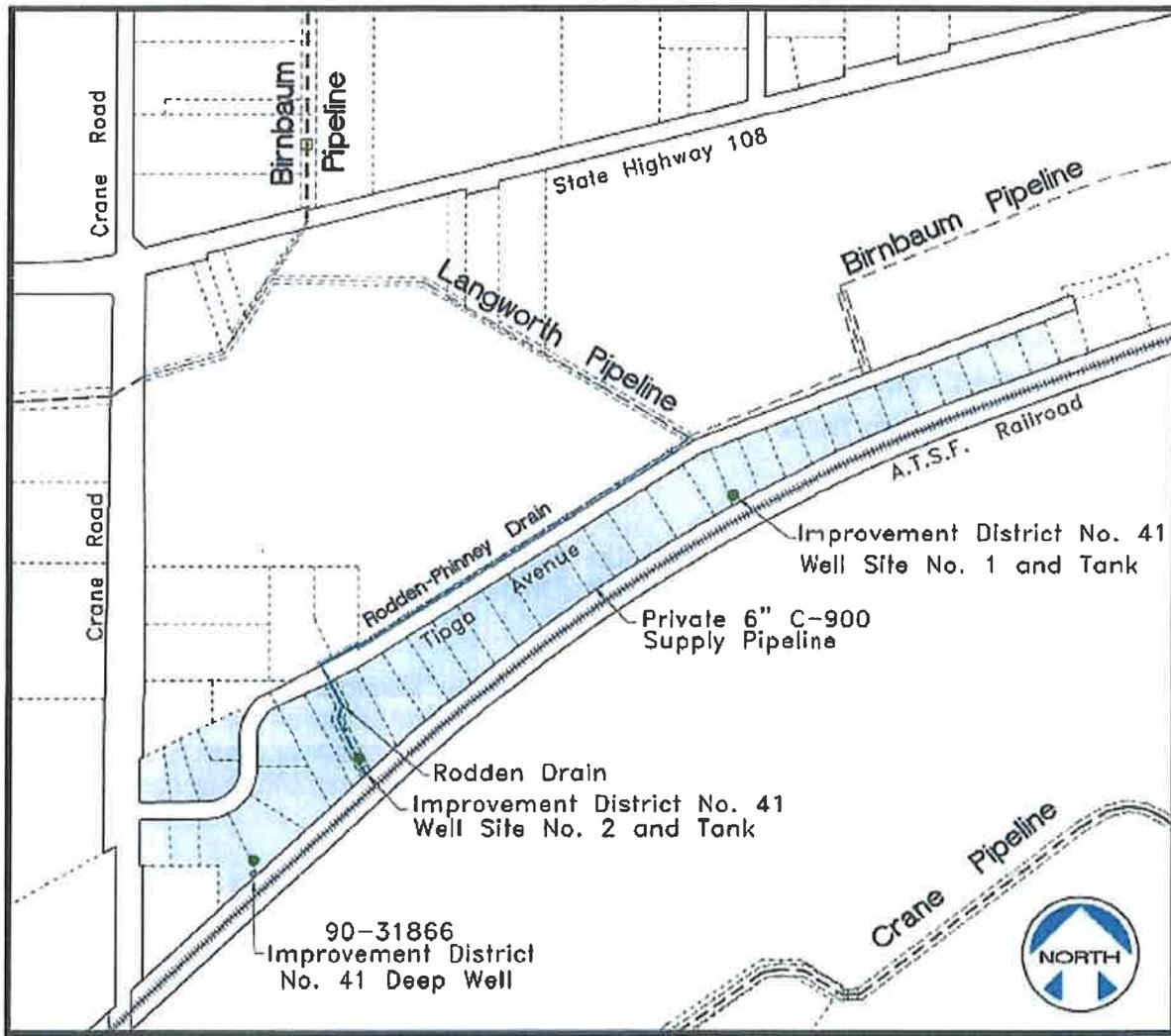
North: Bridle Ridge Specific Plan Area (residential land uses)  
South: A.T.S.F. Railroad and agricultural land uses  
East: Bridle Ridge Specific Plan Area (residential land uses)  
West: Crane Road and agricultural land uses

**J. Other Public Agencies Whose Approval is Required:**

Stanislaus Local Agency Formation Commission shall require the processing and approval of the Out-of-Boundary Service Agreement.

Stanislaus County – Encroachment Permit

Figure 1 – Area Map



## II. ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Aesthetics             | <input type="checkbox"/> Agriculture and Forestry Resources | <input type="checkbox"/> Air Quality                        |
| <input type="checkbox"/> Biological Resources   | <input type="checkbox"/> Cultural Resources                 | <input type="checkbox"/> Geology/Soils                      |
| <input type="checkbox"/> Climate Change         | <input type="checkbox"/> Hazards & Hazardous Materials      | <input type="checkbox"/> Hydrology/Water Quality            |
| <input type="checkbox"/> Land Use/Planning      | <input type="checkbox"/> Mineral Resources                  | <input type="checkbox"/> Noise                              |
| <input type="checkbox"/> Population/Housing     | <input type="checkbox"/> Public Services                    | <input type="checkbox"/> Recreation                         |
| <input type="checkbox"/> Transportation/Traffic | <input type="checkbox"/> Utilities/Service Systems          | <input type="checkbox"/> Mandatory Findings of Significance |

It is important to note that where feasible, the analysis contained in this Initial Study is tiered from the City's 2030 General Plan Environmental Impact Report (EIR), as adopted by the City Council on August 8, 2013.

In accordance with Section 15152 of the CEQA Guidelines, "*Tiering*" refers to using the analysis of general matters contained in a broader EIR (such as one prepared for a general plan or policy statement) with later EIR's and negative declarations on narrower projects; incorporating by reference the general discussions from the broader EIR; and concentrating the later EIR or negative declaration solely on the issues specific to the later project.

Where feasible in this Initial Study, the analysis contained in the City's General Plan EIR shall be referenced.

The City's General Plan and EIR is available for review at the City Public Services Department, 455 South Fifth Avenue, Oakdale, California 95361.

### III. DETERMINATION:

On the basis of this initial evaluation:

- I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have significant effect on the environment, because all potentially significant effect (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standard, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.



Signature

6/4/15

Date

Mark Niskanen, Senior Planner

#### IV. EVALUATION OF ENVIRONMENTAL IMPACTS:

##### I. AESTHETICS

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>I. AESTHETICS</b> –Would the project:				
a) Have a substantial adverse effect on a scenic vista?	[ ]	[ ]	[ ]	[ X ]
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	[ ]	[ ]	[ ]	[ X ]
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	[ ]	[ ]	[ ]	[ X ]
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	[ ]	[ ]	[ ]	[ X ]

##### Discussion:

(a – d) **No Impact.** The project area itself is not considered to be a scenic resource or scenic vista. The proposed water improvements will be installed underground and covered with street overlay. No structures are proposed as part of the project. Any construction or improvements resulting from the proposed project will be completed consistent with City standards and specifications. The proposed project does not include any lighting. Therefore, the proposed project will have no impact.

##### Mitigation Measures:

No mitigation measures are required.

## II. AGRICULTURAL RESOURCES

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<p><b>II. AGRICULTURAL AND FOREST RESOURCES:</b> In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the state's inventory of forest land, including the Forest and Range Assessment project; and forest carbon measurement methodology provided in the Forest Protocols adopted by the California Air Resources Board. Would the project:</p>				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	[ ]	[ ]	[ ]	[ X ]
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	[ ]	[ ]	[ ]	[ X ]
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined in Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?	[ ]	[ ]	[ ]	[ X ]
d) Result in the loss of forest land or conversion of forest land to non-forest use?	[ ]	[ ]	[ ]	[ X ]
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of farmland to non-agricultural use?	[ ]	[ ]	[ ]	[ X ]

### Discussion:

- (a) **No Impact.** Based on a review of the City's 2030 General Plan EIR, the proposed project is not located on a site designated as Prime Farmland, Unique Farmland, or Farmland of Statewide Importance. Therefore, the proposed project will have no impact.
- (b) **No Impact.** The project area consists of developed residential properties and is surrounded by urban development. The properties within OID District No. 41 are not under the provisions of a Williamson Act contract.
- (c) **No Impact.** The proposed project site and surrounding uses are defined or zoned as forest land or timberland.
- (d) **No Impact.** Refer to II-c, above. The proposed project site is not considered to be forest land.
- (e) **No Impact.** The proposed project will not result in the conversion of farmland. Therefore, the proposed project will have no impact.

**Mitigation Measures:**

No mitigation measures are required.

### III. AIR QUALITY

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>III. AIR QUALITY</b> – Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:				
a) Expose sensitive receptors to substantial pollutant concentrations?	[ ]	[ ]	[ X ]	[ ]
b) Produce more than 10 tons/year of ROG	[ ]	[ ]	[ X ]	[ ]
c) Produce more than 10 tons/year of NOx	[ ]	[ ]	[ X ]	[ ]
d) Exceed NAAQS or CAAQS for CO (9ppm 8-hour average; 20 ppm 1-hour average)?	[ ]	[ ]	[ X ]	[ ]
e) Not comply with the SJVAPCD's Regulation VIII regarding particulate matter emissions from construction activities?	[ ]	[ ]	[ X ]	[ ]

#### Discussion:

(a-e) **Less Than Significant Impact.** The proposed project is located within the San Joaquin Valley Air Basin which has been classified as "severe non-attainment" for ozone and particulate matter (PM-10) as defined by the Federal Clean Air Act. The San Joaquin Valley Air Pollution Control District (SJVAPCD) has been established by the State in an effort to control and minimize air pollution. As such, the District maintains permit authority over stationary sources of pollutants.

The primary source of air pollutants generated by the proposed project would be classified as generated by "mobile" sources. Mobile sources generally include dust from roads, farming, and automobile exhausts. Mobile sources are regulated by the Air Resources Board of the California EPA which sets emissions for vehicles and acts on issues regarding cleaner burning fuels and alternative fuel technologies.

All construction related contracts will require that all necessary Air District permits be obtained and best management practices related to air quality be used.

**IV. BIOLOGICAL RESOURCES/SENSITIVE WILDLIFE AND PLANT HABITAT**

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>IV. BIOLOGICAL RESOURCES</b> – Would the project:				
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	[ ]	[ ]	[ ]	[ X ]
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or US Fish and Wildlife Service?	[ ]	[ ]	[ ]	[ X ]
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	[ ]	[ ]	[ ]	[ X ]
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	[ ]	[ ]	[ ]	[ X ]
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	[ ]	[ ]	[ ]	[ X ]
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	[ ]	[ ]	[ ]	[ X ]

**Discussion:**

The City’s 2030 General Plan states that natural habitats within the City and surrounding area include perennial grasslands, riparian woodlands, oak woodlands, and a variety of wetlands including vernal pools, seasonal wetlands, freshwater marshes, ponds, streams, and rivers. Figure NR-1, located in the City’s 2030 General Plan, illustrates the location of these natural

habitats within the City and surrounding area. The proposed project is located within an area designated as "urban" and therefore, does not contain natural habitat.

- (a) **No Impact.** The proposed project consists of the installation of domestic water services in order to provide domestic water services to existing residential units located within OID District No. 41. The project does not include improvements, etc. within an area known to contain wildlife habitat.
- (b-d) **No Impact.** The proposed project is not adjacent to any natural waterways and does not support wetlands or riparian habitat. There are no wildlife corridors within the project area. The project is surrounded by existing urban development. Therefore, this project will not result in an impact.
- (e) **No impact.** The City of Oakdale has an adopted Tree Preservation Ordinance (Section 36-28 of the Municipal Code). However, the proposed project will not affect any trees located within the project area.
- (f) **No Impact.** The City of Oakdale does not have an adopted Habitat Conservation Plan. Therefore, the proposed project will have no impact.

**Mitigation Measures:**

No mitigation measures are required.

**V. CULTURAL RESOURCES/ARCHAEOLOGICAL OR HISTORICAL SITES**

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>V. CULTURAL RESOURCES</b> – Would the project:				
a) Cause a substantial adverse change in the significance of a historical resource as defined in Section 15064.5?	[ ]	[ ]	[X]	[ ]
b) Cause a substantial adverse change in the significance of an archeological resource pursuant to Section 15064.5?	[ ]	[ ]	[X]	[ ]
c) Directly or indirectly destroy a unique paleontological resource or site or unique geological feature?	[ ]	[ ]	[X]	[ ]
d) Disturb any human remains include those interred outside of formal cemeteries?	[ ]	[ ]	[X]	[ ]

**Discussion:**

- (a) **Less Than Significant Impact.** The City’s 2030 General Plan EIR notes that historical resources within the City include resources within the City’s downtown core, as well as undeveloped farming/ranching areas within the General Plan Planning Area (Refer to Page 4.2-16). Based on a review of the 2030 General Plan and EIR, the proposed project is not located in a site known to contain historic resources.
- (b-d) **Less Than Significant Impact.** It is not anticipated that the proposed project would result in impacts to archeological and paleontological resources beyond what has previously been considered in the 2030 General Plan EIR. The proposed project is located within an urban area, which has been previously developed for commercial uses. The 2030 General Plan does not identify the site as an area known to contain archeological or paleontological resources.

In addition, if human remains are discovered during project construction, the proposed project will comply with 2030 General Plan Implementation Policy NR-IP10.

Therefore, the proposed project will have a less than significant impact.

**Mitigation Measures:**

No mitigation measures are required.

## VI. GEOLOGY AND SOILS/LANDSLIDES AND SEISMIC ACTIVITY

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>VI. GEOLOGY AND SOILS -- Would the project:</b>				
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:	[ ]	[ ]	[ X ]	[ ]
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	[ ]	[ ]	[ X ]	[ ]
ii) Strong seismic ground shaking?	[ ]	[ ]	[ X ]	[ ]
iii) Seismic-related ground failure, including liquefaction?	[ ]	[ ]	[ X ]	[ ]
iv) Landslides?	[ ]	[ ]	[ X ]	[ ]
b) Result in substantial loss of topsoil resources?	[ ]	[ ]	[ X ]	[ ]
c) Be located on a geological unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result on-or off-site landslide, lateral spreading, subsidence, liquefaction or collapse.	[ ]	[ ]	[ X ]	[ ]
d) Be located on expansive soils creating substantial risks to life or property.	[ ]	[ ]	[ X ]	[ ]
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?	[ ]	[ ]	[ ]	[ X ]

### Discussion:

(a) ***Less Than Significant Impact.***

- i-iii According to the City's 2030 General Plan, there are no active faults within the project area, thus the potential for ground rupture is considered very low. In addition, the project area is not located within an area subject to special study under the Alquist-Priolo Earthquake Fault Zoning Act. There would be no impact related to fault rupture. However, the site could be subject to seismic activity from earthquake on nearby and regional faults. All improvements will be

constructed in accordance with City standards and specifications. Any impact would be less than significant.

iv. The project area is flat and does not contain any steep slopes or other features which could result in landslide or other mudflow hazards. It is not anticipated that landslides or mudflows would occur in this area; therefore no impact would occur.

(b) ***Less Than Significant Impact.*** It is not anticipated that development of the proposed project will result in a substantial loss of topsoil resources. As a Condition of Approval for the proposed project, the Project Proponent will be required to submit the following for review and approval by the City Engineer:

1. On-Site Civil Improvement Plans, including grading, drainage, and underground utilities;
2. Erosion Control Plan; and,
3. Storm Water Pollution Prevention Plan (SWPP).

Implementation of these conditions will allow the proposed project to comply with the City's 2030 General Plan (Policy NR-4.4). Therefore, the proposed project will have a less than significant impact.

(c-d) ***Less Than Significant Impact.*** Expansive soils, which swell when wet and shrink when dry, can cause structural damage to foundations and roads and are less suitable for development than non expansive soils. According to the Stanislaus County General Plan, expansive soils or soil settlement have not been identified as development constraints in Stanislaus County. In addition, the geotechnical report required by the California Building Code and as a Condition of Project Approval prior to issuance of a building permit would identify any potential soil constraints. Therefore, the proposed project will have a less than significant impact.

(e) ***No Impact.*** The proposed project does not include the installation of septic tanks or alternative wastewater disposal systems.

**Mitigation Measures:**

No mitigation measures are required.

## VII. GREENHOUSE GAS EMISSIONS

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>VII. GREENHOUSE GAS EMISSIONS –</b> Would the project:				
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	[ ]	[ ]	[X]	[ ]
b) Conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing the emissions of greenhouse gases?	[ ]	[ ]	[X]	[ ]

### Discussion:

- a) ***Less Than Significant Impact.*** The proposed project will not generate significant greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment. The proposed project primarily consists of the installation of domestic water infrastructure that will be located underground and covered with a street overlay.
- b) ***Less Than Significant Impact.*** In August 2013, the City of Oakdale adopted a Climate Action Plan, which is the City's guiding Policy document related to reducing the emissions of greenhouse gases. Based on a review of the City's Climate Action Plan, the proposed project will not conflict with policies that have been adopted for the purposes of reducing greenhouse gas emissions.

## VIII. HAZARDS AND HAZARDOUS MATERIALS

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>VIII. HAZARDS AND HAZARDOUS MATERIALS</b> – Would the project:				
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	[ ]	[ ]	[ X ]	[ ]
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	[ ]	[ ]	[ X ]	[ ]
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	[ ]	[ ]	[ X ]	[ ]
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	[ ]	[ ]	[ ]	[ X ]
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?	[ ]	[ ]	[ X ]	[ ]
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	[ ]	[ ]	[ X ]	[ ]
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	[ ]	[ ]	[ ]	[ X ]
h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	[ ]	[ ]	[ ]	[ X ]

### Discussion:

- (a, b) ***Less Than Significant Impact.*** The proposed project will not include the handling of hazardous materials.
- (c) ***Less Than Significant Impact.*** The proposed project includes the installation of domestic water improvements necessary to provide domestic water service to properties within OID District No. 41. These improvements will be designed and installed in accordance with City standards and specifications.
- (d) ***No Impact.*** The project area is not located on a list of hazardous materials site compiled pursuant to Government Code Section 65962.5. Therefore, the proposed project will have no impact.
- (e, f) ***Less Than Significant Impact.*** The project area is located approximately 4 miles west of the Oakdale Municipal Airport runway. Therefore potential hazards from aircraft would be less than significant.
- (g) ***No Impact.*** The proposed project would not interfere with an adopted emergency response plan or an emergency evacuation plan and would adhere to State and local regulation to ensure adequate emergency access to and from the project site. The project was reviewed by Fire Department and Police staff. For these reasons, no impact would occur.
- (h) ***No Impact.*** The proposed project is not located within the vicinity of wildlands. The site is in an urban area, substantially surrounded by urban development.

**Mitigation Measures:**

No mitigation measures are required.

**IX. HYDROLOGY/FLOODING AND WATER QUALITY**

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>IX. HYDROLOGY AND WATER QUALITY –</b> Would the project:				
a) Violate any water quality standards or waste discharge requirements?	[ ]	[ ]	[ X ]	[ ]
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	[ ]	[ ]	[ X ]	[ ]
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?	[ ]	[ ]	[ ]	[ X ]
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?	[ ]	[ ]	[ ]	[ X ]
e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	[ ]	[ ]	[ ]	[ X ]
f) Otherwise substantially degrade water quality?	[ ]	[ ]	[ ]	[ X ]
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	[ ]	[ ]	[ ]	[ X ]
h) Place within a 100-year flood hazard area	[ ]	[ ]	[ ]	[ X ]

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
structures which would impede or redirect flood flows?				
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	[ ]	[ ]	[ X ]	[ ]
j) Inundation by seiche, tsunami, or mudflow?	[ ]	[ ]	[ ]	[ X ]

**Discussion:**

- (a) **Less Than Significant Impact.** The proposed project consists of connecting the subject properties to the City of Oakdale domestic water system. The purpose of the proposed project is to improve the quality of the potable water being delivered to these properties. The proposed project will not violate any standards or regulations related to water quality. Therefore, the proposed project will have a less than significant impact.
- (b) **Less Than Significant Impact.** The proposed project will be provided potable water via connecting to the existing fourteen (14) inch water line located in Crane Road. A domestic water well located immediately east of the project area provides potable water for properties in the general vicinity, including the subject properties. Based on the City's evaluation, there is sufficient supply to provide potable water services to the subject properties. Therefore, the proposed project will have a less than significant impact.
- (c) **No Impact.** The proposed project does not involve the major alteration of land that may affect drainage patterns in the project area. Any construction activities conducted as part of the installation of improvements necessary to provide potable water services to the subject properties will be required to return the site conditions to its existing condition. Therefore, the proposed project will have no impact.
- (d,e) **No Impact.** Refer to the discussion above, under Item IX-c.
- (g,h) **No Impact.** The boundaries of the 100-year floodplain along the Stanislaus River have been identified on a Flood Insurance Rate Map published by the Federal Emergency Management Agency. The project site is located outside the floodplain for the Stanislaus River. Therefore, there would be no impact related to placement of structures in areas subject to 100-year flood hazard.
- (i) **Less Than Significant.** The proposed project is located in an area subject to potential flooding due to dam failure inundation from the Tulloch Reservoir and New Melones Reservoir. The Tulloch Reservoir is managed by the Oakdale Irrigation District and the New Melones Reservoir is managed by the U.S. Bureau of Reclamation. Both dams are monitored and inspected for structural integrity on a regular basis.

Typical events that could lead to dam failure or overtopping include: major flood inflows, earthquake, massive landslide, or slippage, piping or erosion of dam embankments. This type of flooding would be much greater than a 500-year storm event. Although the project could expose people or property to flood hazards from dam failure inundation, the length of time to inundation, combined with implementation of emergency response

measures appropriate to the potential hazard, would ensure the safety of future occupants.

- (j) ***No Impact.*** The project site is not located near a body of water substantial enough in size to result in seiche, tsunami or mudflow.

**Mitigation Measures:**

No mitigation measures required.

**X. LAND USE AND PLANNING**

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>X. LAND USE AND PLANNING</b> – Would the project:				
a) Physically divide an established community?	[ ]	[ ]	[ ]	[ X ]
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	[ ]	[ ]	[ ]	[ X ]
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?	[ ]	[ ]	[ ]	[ X ]

**Discussion:**

- (a,b) **No Impact.** The proposed project consists of installing domestic water improvements and connecting OID District No. 41 to the City of Oakdale’s domestic water system, and does not include any improvements that could potentially divide the properties located within this district. The proposed project does not conflict with the City’s 2030 General Plan or Bridle Ridge Specific Plan.
- (c) **No Impact.** The City of Oakdale does not have an adopted Habitat Conservation Plan or Natural Community Conservation Plan in this area. Therefore, the proposed project will have no impact.

**Mitigation Measures:**

No mitigation measures are required.

**XI. MINERAL RESOURCES**

	<b>Potentially Significant Impact</b>	<b>Less Than Significant with Mitigation Incorporated</b>	<b>Less Than Significant Impact</b>	<b>No Impact</b>
<b>XI. MINERAL RESOURCES --</b> Would the project:				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	[ ]	[ ]	[ ]	[ X ]
b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	[ ]	[ ]	[ ]	[ X ]

**Discussion:**

(a-b) **No Impact.** The proposed project area is not identified as a site known to contain mineral resources of statewide or local importance by the City’s 2030 General Plan and EIR.

**Mitigation Measures:**

No mitigation measures are required.

### XIII. NOISE

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XIII. NOISE</b> – Would the project result in:				
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	[ ]	[ ]	[ X ]	[ ]
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	[ ]	[ ]	[ X ]	[ ]
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	[ ]	[ ]	[ X ]	[ ]
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	[ ]	[ ]	[ X ]	[ ]
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?	[ ]	[ ]	[ X ]	[ ]
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	[ ]	[ ]	[ X ]	[ ]

#### Discussion:

- (a,b,c,d) **Less Than Significant.** The proposed project consists of providing domestic water services to existing residential properties located within OID District No. 41. During construction of the proposed project and its associated improvements, temporary construction noise will increase. Upon installation of the improvements, noise levels will revert back to existing levels. A standard condition will be incorporated into the proposed project that requires construction activities to comply with the City's Noise Element of the 2030 General Plan.
- (e) **Less Than Significant.** The nearest public use airport is located approximately four miles east of the site and it is not located within an airport land use plan area. The

project site would not be exposed to, or impacted by, excessive aircraft noise levels and there would be a less than significant impact.

- (f) ***Less Than Significant.*** The project site is not located within the vicinity of a private airstrip. The nearest private airstrip is located approximately four miles east of the site.

**XIV. POPULATION AND HOUSING**

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XIV. POPULATION AND HOUSING</b> -- Would the project:				
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	[ ]	[ ]	[ ]	[ X ]
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?	[ ]	[ ]	[ ]	[ X ]
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	[ ]	[ ]	[ ]	[ X ]

**Discussion:**

a-c) **No Impact.** The proposed project does not include any new residential development, and does not require the displacement of existing housing or a substantial number of people.

**Mitigation Measures:**

No mitigation measures are required.

**XV. PUBLIC SERVICES**

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XV. PUBLIC SERVICES</b>				
Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:				
a) Fire protection?	[ ]	[ ]	[ X ]	[ ]
b) Police protection?	[ ]	[ ]	[ X ]	[ ]
c) Schools?	[ ]	[ ]	[ X ]	[ ]
d) Parks?	[ ]	[ ]	[ X ]	[ ]
e) Other public facilities?	[ ]	[ ]	[ X ]	[ ]

**Discussion:**

- a-e) ***Less Than Significant Impact.*** The proposed project consists of the installation of domestic water improvements necessary to provide water services to existing properties located within OID District No. 41. The proposed project does not impact services related to fire and police protection, schools, parks, or other facilities as it does not include new development that could potentially necessitate the requirement for new public facilities and services.

**Mitigation Measures:**

No mitigation measures are required.

**XVI. RECREATION/PARKS AND OPEN SPACE**

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XVI. RECREATION</b>				
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	[ ]	[ ]	[ ]	[ X ]
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?	[ ]	[ ]	[ ]	[ X ]

**Discussion:**

- (a) **No Impact.** The proposed project will not increase the use of parks or other recreational facilities.
- (b) **No Impact.** The proposed project will not include or require the construction or expansion of recreational facilities beyond what was anticipated as part of the General Plan. The project is limited to the relocation of a veterinary hospital and will not impact recreational facilities.

**Mitigation Measures:**

No mitigation measures are required.

## XVII. TRAFFIC AND CIRCULATION

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XVII. TRAFFIC AND CIRCULATION</b> – Would the project:				
a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?	[ ]	[ ]	[ ]	[ X ]
b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?	[ ]	[ ]	[ ]	[ X ]
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	[ ]	[ ]	[ ]	[ X ]
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	[ ]	[ ]	[ ]	[ X ]
e) Result in inadequate emergency access?	[ ]	[ ]	[ ]	[ X ]
f) Result in inadequate parking capacity?	[ ]	[ ]	[ ]	[ X ]
g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?	[ ]	[ ]	[ ]	[ X ]

### Discussion:

- (a-b) **No Impact.** The proposed project does not include any development that would result in an increase to traffic. The proposed project includes the installation of improvements to allow the OID District No. 41 to connect to the City's existing water system.
- (c) **No Impact.** The project site is located approximately five miles west of the Oakdale Municipal Airport runway and is not within the airport approach surface area. The project will not have an impact on air traffic patterns or result in a safety risk.
- (d) **No Impact.** It is not anticipated that development of the proposed project would result in the creation of any hazardous roadway design or incompatible uses. No physical changes are proposed as part of the project.

- (e) **No Impact.** The proposed project would not affect existing emergency access or access to nearby uses. No physical changes are proposed as part of the project.
- (f) **No Impact.** The proposed project does not require any parking capacity.
- (g) **No Impact.** The project would not remove, block or otherwise interfere with existing bus turnouts or with existing pedestrian or bicycle paths and would not conflict with adopted alternative transportation policies, plans or programs.

**Mitigation Measures:**

No mitigation measures are required.

**XVIII. UTILITIES AND SERVICE SYSTEMS**

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XVIII. UTILITIES AND SERVICE SYSTEMS</b> – Would the project:				
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	[ ]	[ ]	[ ]	[ X ]
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	[ ]	[ ]	[ X ]	[ ]
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	[ ]	[ ]	[ ]	[ X ]
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	[ ]	[ ]	[ X ]	[ ]
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	[ ]	[ ]	[ ]	[ X ]
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	[ ]	[ ]	[ ]	[ X ]
g) Comply with federal, state, and local statutes and regulations related to solid waste?	[ ]	[ ]	[ ]	[ X ]

**Discussion:**

- (a) **No Impact.** The proposed project does not involve or require the design or installation of wastewater improvements. Properties within OID District No. 41 consist of private on-site septic systems, which will remain unaffected by the proposed project.
- (b) **Less Than Significant Impact.** The proposed project will include the construction of new facilities required to connect properties within OID District No. 41 to the City's existing potable water system. As noted earlier in this Initial Study, the proposed project consists of the following:

- Connecting to the existing fourteen (14) inch water line located in Crane Road via the extension of the existing 8-inch water line located in Tioga Avenue;
- Installation of an eight (8) inch reduced pressure backflow preventer and master meter behind roadway improvements; and,
- Installation of four (4) inch steel bollards with reflective striping.

The improvements above will allow for thirty-eight (38) additional connections to the City's existing water system. These additional connections will not require the City to construct additional off-site water facilities such as storage tanks or water wells.

- (c) ***Less Than Significant.*** There is no new construction including grading, building or paving of pervious services that would result in additional storm water. The proposed project area is already developed and the project is limited improvements located within existing roadways.
- (d) ***Less Than Significant.*** The water supply will be derived from the City's Water System which relies on a series of deep wells into the underground aquifer below Oakdale. The condition of this aquifer has adequate capacity to serve this site, as the City is situated adjacent to a large river (Stanislaus River), a tributary to the San Joaquin River. Adequate recharge occurs and the City has not found any limitations in locating and bringing new wells into production as the need arises.

The project site is located within the County's jurisdiction, and therefore, requires approval of an Out-of-Boundary Service agreement with the City to allow for the provision of domestic water services to properties within the project area.

As noted above, the project will allow for the extension of water improvements to provide potable water services to 38 residential units located on Tioga Avenue. This would be in addition to the existing 6,869 metered water connections currently served by the City, and represents a minor addition to the existing water demand for the City. The project can be served by the existing domestic water well located immediately east of the project area.

- (f, g) ***Less Than Significant.*** The project will not generate a significant amount of new solid waste. Solid waste generated in the City of Oakdale is collected by the Gilton Solid Waste Management of Modesto and transported to the Fink Road Landfill (FRL) located on Crows Landing Road. This Class II and III landfill is owned and operated by the County of Stanislaus, and serve Stanislaus County. No new effects on federal, state, and local statutes and regulations related to solid waste are anticipated.

**New Mitigation Measures:**

No new mitigation measures are required.

**XIX. MANDATORY FINDINGS OF SIGNIFICANCE**

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
<b>XIX. MANDATORY FINDINGS OF SIGNIFICANCE</b>				
a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	[ ]	[ ]	[ X ]	[ ]
b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?	[ ]	[ ]	[ X ]	[ ]
c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	[ ]	[ ]	[ X ]	[ ]

**Discussion:**

(a-c) **Less Than Significant Impact.** As contained in the analysis of this Initial Study, the proposed project consists of the installation of water improvements to allow the City of Oakdale to provide potable water services to thirty-eight (38) parcels located on Tioga Avenue. This portion of Tioga Avenue is located within the City's Sphere of Influence, but not within the existing City limits. The proposed project does not have the potential to degrade the quality of the environment or reduce the habitat of a fish or wildlife species. In addition, the proposed project is not considered to be cumulatively considerable and cause substantial adverse impacts on human beings. Therefore, the proposed project will have a less than significant impact.



Date: April 3, 2012

## BOIL WATER ORDER

### BOIL YOUR WATER BEFORE USING

**Failure to follow this advisory could result in stomach or intestinal illness.**

Due to the recent pump failure the Oakdale Irrigation District in conjunction with the Stanislaus County Department of Environmental Resources are advising the residents of Improvement District No. 41, located on Tioga Avenue, that they must use boiled tap water or bottled water for drinking and cooking purposes **until further notice**.

**DO NOT DRINK THE WATER WITHOUT BOILING IT FIRST.** Bring all water to a boil, **let it boil for one (1) minute**, and let it cool before using, or use bottled water. Boiled or bottled water should be used for drinking and food preparation until further notice. Boiling kills bacteria and other organisms in the water.

OID will inform you in writing when tests show you no longer need to boil your water. We anticipate resolving the problem within the next 5 to 10 working days.

For more information call:

OID's Water Utilities Supervisor: Bob Nielsen at the OID office, (209) 840-5510 during normal business hours or (209) 606-6582 after hours.

Please share this information with all the other people who drink this water, especially those who may not have received this notice.

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**EXHIBIT D**

**LAFCO 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

**EXECUTIVE OFFICER'S AGENDA REPORT  
MAY 23, 2018**

TO: LAFCO Commissioners

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

**SUBJECT: FINAL LAFCO BUDGET FOR FISCAL YEAR 2018-2019**

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**RECOMMENDATION**

Staff recommends that following the Executive Officer's report and public testimony regarding the Final LAFCO Budget that the Commission:

1. Adopt Resolution No. 2018-08, approving the Final Budget for Fiscal Year 2018-2019 as presented.
2. Direct Staff to transmit the adopted Final Budget to the Board of Supervisors, each City, each Independent Special District, and the County Auditor, in accordance with State law.
3. Request that the County Auditor apportion and collect the net operating expenses of the Final Budget from the County and nine cities in accordance with Government Code Sections 56381(b)(2) and 56381(c).

**DISCUSSION**

At the April 25, 2018 meeting, the Commission reviewed and approved the Proposed Budget for Fiscal Year (FY) 2018-2019. The Final Budget, as summarized in the table below, reflects this approval. No modifications are recommended at this time. The Final Budget includes operating expenses totaling \$493,919 and reflects a 9% increase as compared to the current year's budget. The increase is attributable to cost increases associated with retirement, health insurance, IT services, and funding for the Commission's biennial audit. Table 1, below, summarizes the Final Budget categories.

*Table 1: LAFCO Final Budget Summary*

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

A table depicting individual accounts for the Final Budget is attached to this report, along with a copy of the staff report for the Proposed Budget with includes a discussion highlighting individual accounts.

Reserve Funds

As part of the Proposed Budget, the Commission also approved designation of reserves. The Commission currently maintains a General Fund Reserve that is set at a minimum of 15% of LAFCO's total operating expenses annually. For Fiscal Year 2018-2019, the General Fund Reserve amounts to \$74,100. LAFCO also budgets for an Accrued Leave Fund based on cash-out liability that is calculated annually.

During the adoption of the current year's budget, the Commission directed Staff to also include a Long-Term Liability Reserve fund. This was in response to an accounting requirement for agencies to report the estimated unfunded portion of their pension liability on their balance sheets. As discussed during the Proposed Budget, this estimate can vary significantly from year to year based on investment returns and contribution rates. It can be viewed as an indicator for the overall health of the StanCERA retirement system and does not reflect actual amounts for LAFCO's employees.

Table 2, below, reflects the proposed reserve funds for Fiscal Year 2018-2019. As reserve funds are re-visited and designated annually, the Commission may choose to increase or decrease reserves in future years. Similarly, the Commission has the ability to apply its General Fund Reserve (15%) for specific purposes as needs arise.

*Table 2: Proposed Reserve Funds*

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

Agency Contributions

LAFCO is funded by contributions from the County and nine cities. By statute, the County is apportioned a half-share of the Commission's operational costs. The cities' share is calculated annually by the County Auditor and is relative to each city's total revenues, as published in the most recent State Controller reports.

Combined, the County and City of Modesto contribute about 79% of the Commission's budget, with the remainder split amongst the smaller cities. (Chart 1 on the following page provides a visual of the contributions). Fluctuations can occur from year to year amongst the cities, as their revenues increase or decrease. Cities with large increases in reported revenues (as compared to the other cities) may see their LAFCO contribution amount increase higher than other cities. Likewise, if a city has very low reported revenues, they may see their contribution amount decrease, even with an increase in LAFCO's budget (see Table 3 on the following page).

Chart 1: City/County Allocations (Estimated FY 2018-19)\*

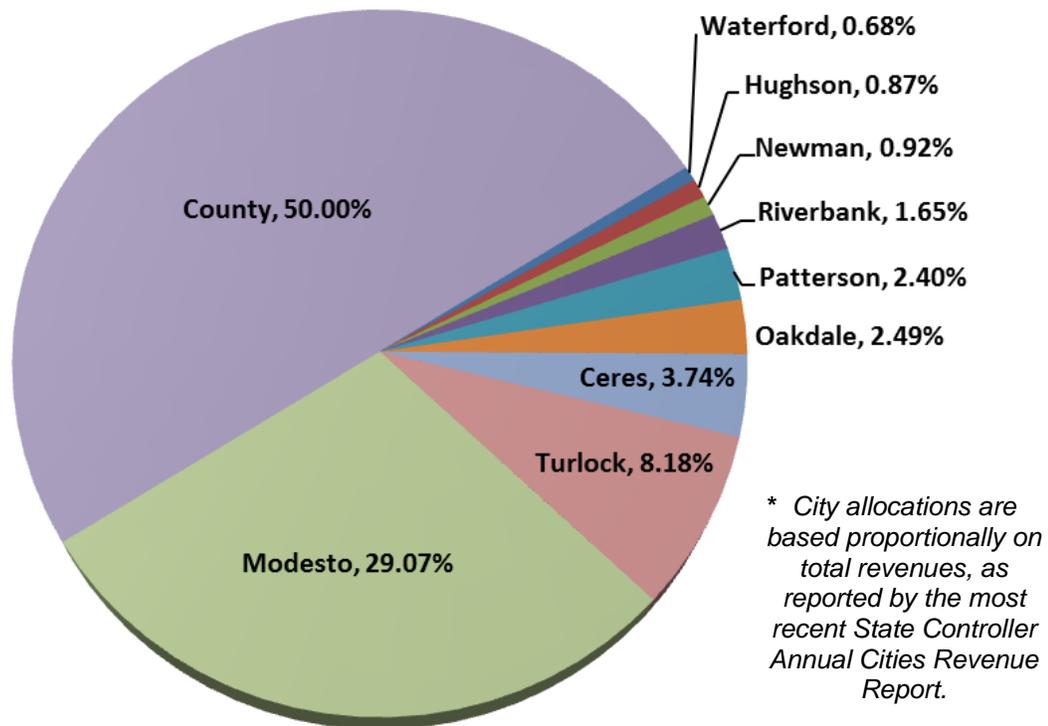


Table 3: Estimated Agency Contributions FY 2018-19\*

	Revenues	% of LAFCO Budget	Current FY 17-18	Proposed FY 18-19	Total Change	% Increase (Decrease)
Ceres	41,795,338	3.74%	14,438	17,055	2,475	17.14%
Hughson	9,769,909	0.87%	3,420	3,987	534	15.60%
Modesto	324,713,211	29.07%	120,807	132,505	10,587	8.76%
Newman	10,275,882	0.92%	3,204	4,193	954	29.77%
Oakdale	27,755,282	2.49%	11,287	11,326	(56)	-0.49%
Patterson	26,773,426	2.40%	9,254	10,925	1,579	17.07%
Riverbank	18,392,989	1.65%	5,708	7,506	2,256	43.48%
Turlock	91,368,796	8.18%	27,545	37,285	9,428	34.23%
Waterford	7,567,433	0.68%	2,046	3,088	1,016	49.66%
<b>All Cities</b>	<b>558,412,266</b>	<b>50%</b>	<b>197,188</b>	<b>225,960</b>	<b>28,772</b>	<b>14.59%</b>
<b>County Contribution</b>		<b>50%</b>	<b>197,188</b>	<b>225,960</b>	<b>28,772</b>	<b>14.59%</b>
<b>Total Agency Contributions</b>		<b>100%</b>	<b>\$ 394,375</b>	<b>\$ 451,919</b>	<b>\$ 57,544</b>	<b>14.59%</b>

\* Estimates are based on the most recent State Controller's Reports. Final amounts will be determined by the County Auditor following adoption of the Final Budget.

**CONCLUSION**

The Commission is required to adopt a Final Budget by June 15<sup>th</sup> annually. Following adoption of the Final Budget, a copy will be transmitted to the Board of Supervisors, each City, each Independent Special District, and to the County Auditor. The County Auditor will then allocate and charge LAFCO's net budget to all participating local agencies as outlined under Government Code Section 56381(b) and (c).

Approval of the Final 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: Draft LAFCO Resolution No. 2018-08  
- Final Budget Detail Fiscal Year 2018-2019

*Copy of the Proposed Budget Staff Report, dated April 25, 2018*

**STANISLAUS COUNTY LOCAL AGENCY  
FORMATION COMMISSION**

**RESOLUTION**

**DATE:** May 23, 2018

**NO.** 2018-08

**SUBJECT: Adoption of the Final 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**, the Commission conducted a public hearing on April 25, 2018 and approved a Proposed Budget for Fiscal Year 2018-2019, as submitted by the Executive Officer;

**WHEREAS**, the Commission considered the Final Budget for Fiscal Year 2018-2019 at a duly noticed public hearing on May 23, 2018;

**WHEREAS**, approval of the Final 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;

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

1. Finds that the Final Budget for Fiscal Year 2018-2019 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 Final Budget for Fiscal Year 2018-2019, with total operating expenses of \$493,919, as outlined in the attachment.

3. Directs Staff to transmit the adopted Final Budget for Fiscal Year 2018-2019 to the Board of Supervisors, each City, each Independent Special District, and the County Auditor, pursuant to Government Code Section 56381(a).
4. Requests that the County Auditor apportion and collect the net operating expenses of the Commission's Final Budget for Fiscal Year 2018-2019 in the amount of \$451,919 from the County and each of the nine cities no later than July 1, 2018 for the amount each entity owes in accordance with Government Code Sections 56381(b)(2) and 56381(c).
5. Authorizes the Executive Officer and the County Auditor to determine the method of collection if a city or the County does not remit its required payment within 60 days, as outlined in 56381(c).

**ATTEST:**

\_\_\_\_\_  
Sara Lytle-Pinhey  
Executive Officer

Attachment: Final Budget for Fiscal Year 2018-2019

**Stanislaus LAFCO**  
**FINAL BUDGET - FISCAL YEAR 2018-2019**

Account	FY 17-18 Legal Budget	FY 17-18 Estimated Year-End	FY 18-19 FINAL BUDGET	Increase or (Decrease)	% Change
<b>Salaries and Benefits</b>					
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%
<b>Total Salaries and Benefits</b>	<b>\$ 376,530</b>	<b>\$ 371,625</b>	<b>\$ 406,165</b>	<b>\$ 29,635</b>	<b>8%</b>
<b>Services and Supplies</b>					
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%
<b>Total Services and Supplies</b>	<b>\$ 74,345</b>	<b>\$ 63,132</b>	<b>\$ 85,754</b>	<b>\$ 11,409</b>	<b>15%</b>
<b>Other Charges</b>					
73024 Planning dept services	\$ 2,500	\$ 1,800	\$ 2,000	\$ (500)	-20%
<b>Total Other Charges</b>	<b>\$ 2,500</b>	<b>\$ 1,800</b>	<b>\$ 2,000</b>	<b>\$ (500)</b>	<b>-20%</b>
<b>TOTAL EXPENSES</b>	<b>\$ 453,375</b>	<b>\$ 436,557</b>	<b>\$ 493,919</b>	<b>\$ 40,544</b>	<b>9%</b>
<b>TOTAL REVENUES</b>					
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	-	-	-
<b>Use of Undesig. Fund Balance</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 30,000</b>	<b>\$ (20,000)</b>	<b>-40%</b>

**Stanislaus LAFCO**  
**FINAL BUDGET - FISCAL YEAR 2018-2019**  
**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>

**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**

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**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*

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

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

**EXECUTIVE OFFICER'S AGENDA REPORT**  
**APRIL 25, 2018**  
**PAGE 3**

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*

<b>Fund Balance July 1, 2017</b>		<b>\$ 348,953</b>	
<b>Revenues</b>	<b>Estimated Year-End</b>	<b>Budgeted FY 17-18</b>	<b>Difference</b>
City/County Contribution	\$ 394,375	\$ 394,375	\$ -
Application Revenue	27,555	9,000	(18,555)
Interest	4,400	-	(4,400)
<b>Total Revenues</b>	<b>\$ 426,330</b>	<b>\$ 403,375</b>	<b>\$ (22,955)</b>
<b>Expenses</b>	<b>Estimated Year-End</b>	<b>Budgeted FY 17-18</b>	<b>Difference</b>
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
<b>Total Expenses</b>	<b>\$ 436,557</b>	<b>\$ 453,375</b>	<b>\$ 16,818</b>
<b>Estimated Fund Balance June 30, 2018</b>		<b>\$ 338,726</b>	

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*

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

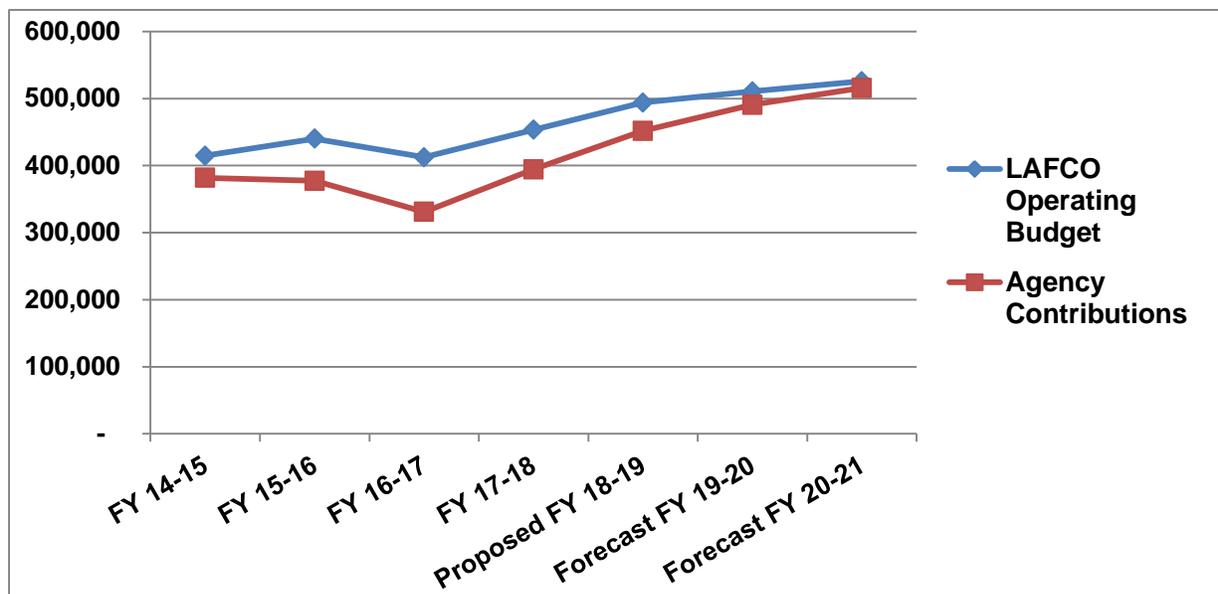
As the Commission has been depleting the remainder of its undesignated fund balance, agency contributions will continue to see a corresponding increase in their allocation amounts. For the current year, the Commission received higher than anticipated application revenues, as well as savings from lower 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
<b>Total Budget</b>	\$ 453,375	\$ 493,919	\$ 510,615
<b>Agency Contributions</b>	394,375	451,919	490,615
<b>Fund Balance Beg.</b>	348,953	338,726	296,726
<b>Drawdown</b> (Use of Fund Balance to Reduce Agency Contributions)	(50,000)	(30,000)	(10,000)
<b>Fund Balance End</b>	338,726	296,726	276,726
<b>Designated Reserves: 15% Reserve</b>	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
<b>Available Fund Balance to Offset Next FY Budget</b>	<b>\$ 162,926</b>	<b>\$ 64,926</b>	<b>\$ 15,134</b>

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
<b>Salaries and Benefits</b>					
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%
<b>Total Salaries and Benefits</b>	<b>\$ 376,530</b>	<b>\$ 371,625</b>	<b>\$ 406,165</b>	<b>\$ 29,635</b>	<b>8%</b>
<b>Services and Supplies</b>					
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%
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<b>Total Services and Supplies</b>	<b>\$ 74,345</b>	<b>\$ 63,132</b>	<b>\$ 85,754</b>	<b>\$ 11,409</b>	<b>15%</b>
<b>Other Charges</b>					
73024 Planning dept services	\$ 2,500	\$ 1,800	\$ 2,000	\$ (500)	-20%
<b>Total Other Charges</b>	<b>\$ 2,500</b>	<b>\$ 1,800</b>	<b>\$ 2,000</b>	<b>\$ (500)</b>	<b>-20%</b>
<b>TOTAL EXPENSES</b>	<b>\$ 453,375</b>	<b>\$ 436,557</b>	<b>\$ 493,919</b>	<b>\$ 40,544</b>	<b>9%</b>
<b>TOTAL REVENUES</b>					
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<b>Use of Undesig. Fund Balance</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 30,000</b>	<b>\$ (20,000)</b>	<b>-40%</b>

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

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<i>General Fund Reserve (15%)</i>		(74,100)
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<i>Long-Term Liability Reserve</i>		(75,000)