



**STANISLAUS LAFCO
LOCAL AGENCY FORMATION COMMISSION**

Sara Lytle-Pinhey, Executive Officer
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Chair Amy Bublak, City Member
Vice Chair Terry Withrow, County Member
Richard O'Brien, City Member
Vito Chiesa, County Member
Ken Lane, Public Member
Javier Lopez, Alternate City Member
Mani Grewal, Alternate County Member
Bill Berryhill, Alternate Public Member

**AGENDA
Wednesday, September 22, 2021
6:00 P.M.
Joint Chambers—Basement Level
1010 10th Street, Modesto, California 95354**

- Members of the Public may attend this meeting in person.
- You can also observe the live stream of the LAFCO meeting at:
<http://www.stancounty.com/sclive/>
- In addition, LAFCO meetings are broadcast live on local cable television. A list of cable channels is available at the following website:
<http://www.stancounty.com/planning/broadcasting.shtm>

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 comment on items that are not listed on the regular agenda. 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 July 28, 2021 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.

1. 2021 CALAFCO Quarterly – August 2021.

2. CALAFCO Annual Conference cancellation letter, September 7, 2021.

C. "In the News."

5. **DECLARATION OF CONFLICTS AND DISQUALIFICATIONS**

6. **CONSENT ITEM**

A. **PROPOSED LAFCO MEETING CALENDAR FOR 2022**
(Staff Recommendation: Accept the 2022 Meeting Calendar.)

B. **SELECTION OF AN INDEPENDENT AUDITOR FOR THE 3-YEAR AUDIT.**
(Staff Recommendation: Authorize the Executive Office to Execute a Professional Services Agreement with an independent auditor for completion of a 3-year audit for fiscal years 2019 to 2021.)

C. **MUNICIPAL SERVICE REVIEW NO. 2021-02 AND SPHERE OF INFLUENCE UPDATE NO. 2021-03 – FOR THE COUNTY SERVICE AREAS:** The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the County Service Areas. This item is exempt from the California Environmental Quality Act (CEQA) review pursuant to sections 15306 and 15061(b)(3). (Staff Recommendation: Approve the update and adopt Resolution No. 2021-14.)

7. **PUBLIC HEARING**

A. **OUT-OF-BOUNDARY SERVICE APPLICATION: PRICE FORD & HONDA (CITY OF TURLOCK – SEWER & WATER SERVICE):** The City of Turlock is requesting to extend sewer and water services outside its current City Limits to serve two car dealerships: the existing Price Ford and future Price Honda. The request will provide water for domestic, landscape irrigation and fire service uses and sanitary sewer service for the existing and future car dealerships. The site is located at 5200 & 5202 N. Golden State Boulevard. APNs: 045-053-038, -039. Pursuant to California Environmental Quality Act (CEQA), the Commission will consider the environmental determinations made by the County and City as part of this action. (Staff Recommendation: Adopt Resolution No. 2021-13, approving the application.)

8. **OTHER BUSINESS**

None.

9. **COMMISSIONER COMMENTS**

Commission Members may provide comments regarding LAFCO matters.

10. **ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON**

The Commission Chair may announce additional matters regarding LAFCO matters.

11. EXECUTIVE OFFICER'S REPORT

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

A. On the Horizon.

12. ADJOURNMENT

A. Set the next meeting date of the Commission for October 27, 2021.

B. Adjournment.

LAFCO Disclosure Requirements

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

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

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

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

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

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

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



STANISLAUS LOCAL AGENCY FORMATION COMMISSION

MINUTES

July 28, 2021

1. CALL TO ORDER

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

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

Commissioners Present: Amy Bublak, Chair, City Member
 Richard O'Brien, City Member
 Vito Chiesa, County Member
 Ken Lane, Public Member
 Bill Berryhill, Alternate Public Member
 Mani Grewal, Alternate County Member
 Javier Lopez, Alternate City Member

Commissioners Absent: Terry Withrow, Vice-Chair, County Member

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

2. PUBLIC COMMENT

Jami Aggers, a county resident; Barney Aggers, a county resident; and Dan Whetstone, a concerned citizen all spoke in opposition of the Riverbank River Walk Specific Plan. Fred Walton, a concerned citizen, also spoke regarding his concerns about the Riverbank River Walk Specific Plan.

3. APPROVAL OF MINUTES

- A. Minutes of the May 26, 2021 Meeting.

Motion by Commissioner Lane, seconded by Commissioner Grewal and carried with a 5-0 vote to approve the Minutes of the May 26, 2021 meeting by the following:

Ayes:	Commissioners: Bublak, Chiesa, Grewal, Lane and O'Brien
Noes:	Commissioners: None
Ineligible:	Commissioners: Berryhill and Lopez
Absent:	Commissioners: Withrow
Abstention:	Commissioners: None

4. CORRESPONDENCE

A. Specific Correspondence.

1. Email from Tamara B. Crim regarding the Riverbank River Walk Specific Plan dated July 27, 2021.

B. Informational Correspondence.

1. 2021 CALAFCO Achievement Award Nomination Packets.
2. 2021/2022 CALAFCO Board of Director Nomination Packets.
3. Response Letter to the City of Riverbank's Notice of Preparation of an Environmental Impact Report for the River Walk Specific Plan dated June 29, 2021.

C. "In the News."

5. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS

None.

6. CONSENT ITEM

- A. **LAFCO APPLICATION NO. 2021-04 – NORMA WAY CHANGE OF ORGANIZATION TO KEYES COMMUNITY SERVICES DISTRICT:** Request to annex approximately 9.77 acres into the Keyes Community Services District (Keyes CSD) to provide sewer and water services to a residential in the Keyes area north of Nunes Road and south of Norma Way near the Nunes Road and Washington Road intersection. APN 045-071-006. (Staff Recommendation: Adopt Resolution No. 2021-11, approving the application.)

Motion by Commissioner Chiesa, seconded by Commissioner Lane, and carried with a 5-0 vote to adopt Resolution No. 2021-11, approving the application, by the following vote:

Ayes:	Commissioners: Bublak, Chiesa, Grewal, Lane and O'Brien
Noes:	Commissioners: None
Ineligible:	Commissioners: Berryhill and Lopez
Absent:	Commissioners: Withrow
Abstention:	Commissioners: None

7. PUBLIC HEARINGS

- A. **LAFCO APPLICATION NO. 2021-05 CITY OF MODESTO FIRE SERVICE CONTRACT WITH THE CITY OF CERES.** A request to approve a fire services contract, pursuant to Government Code Section 56134, for the provision of fire services outside the City of Modesto's jurisdictional boundaries to the City of Ceres and its service areas, including the boundaries of the Modesto-Ceres Fire Protection Agency and the Ceres Fire Protection District. The contract is considered exempt from the California Environmental Quality Act pursuant to the General Rule, Section

15061(b)(3) as it can be seen with certainty that there will not be a significant impact to the environment. (Staff Recommendation: Adopt Resolution No. 2021-12 approving the application.)

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

Chair Bublak opened the item up for Public Comment at 6:23 p.m.

There was none.

Chair Bublak closed the Public Hearing at 6:23 p.m.

Motion by Commissioner O'Brien, seconded by Commissioner Grewal and carried with a 5-0 vote to adopt Resolution No. 2021-12, approving the application, by the following vote:

Ayes:	Commissioners: Bublak, Chiesa, Grewal Lane and O'Brien
Noes:	Commissioners: None
Ineligible:	Commissioners: Berryhill and Lopez
Absent:	Commissioners: Withrow
Abstention:	Commissioners: None

8. OTHER BUSINESS

None.

9. COMMISSIONER COMMENTS

None.

10. ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON

Chair Bublak allowed a representative of Central Valley Concerned Citizens to come up and speak in opposition of the Riverbank River Walk Specific Plan.

11. EXECUTIVE OFFICER'S REPORT

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

- For the September meeting Staff anticipates a County Service Area formation application and the MSR/SOI Update for the CSAs as well. The Commission will also be selecting an auditor for the 3-year audit.
- Staff will be attending a CALAFCO training regarding community services districts and fire districts.
- There are no applications at this time for the August meeting. Staff suggests cancelling the August meeting. The next meeting will be on September 22nd, 2021.

12. CLOSED SESSION – ANNUAL PERFORMANCE EVALUATION

Pursuant to Government Code Section 54957, a closed session will be held to consider the following item: Public Employee Performance Evaluation – Title: LAFCO Executive Officer

Robert J. Taro, Legal Counsel, announced the closed session and provided an opportunity for the public to comment. There were no comments and the Commission recessed to Closed Session at 6:29 p.m.

The Commission reconvened at 6:55 p.m. Counsel Taro stated there was no reportable action.

13. ADJOURNMENT

A. Chair Bublak adjourned the meeting at 6:55 p.m.

NOT YET APPROVED

Sara Lytle-Pinhey, Executive Officer

News from the Board of Directors

CALAFCO QUARTERLY

August 2021



A message from the Executive Director

Greetings from your CALAFCO Board of Directors and Executive Director. It's summer and a hot one it is.

As the drought continues, wildfires begin to rage, and we continue to deal with the pandemic, we hope everyone is staying healthy and safe

This Third Quarterly Report of 2021 will begin by highlighting the news in our CALAFCO family first, followed by Association updates. Happy reading!

LAFcos in the News

Congratulations on these retirements

We want to congratulate two long-time LAFCo leaders on their retirements. Their contributions to CALAFCO and to LAFcos statewide are far too numerous to list here. Needless to say, they both leave huge shoes to fill and will be greatly missed. We wish them both all the best in their retirement!



After a 33-year career in local government, **Don Lockhart**, Sacramento LAFCo Executive Officer, retired at the end of July. Don began his local government career in Calaveras, then after 12 years at the City of Sacramento (where he processed his first annexation), he joined the Sacramento LAFCo team in

2002. Don became the Executive Officer in 2017. Don also served as CALAFCO Deputy Executive Officer in 2008 and 2011.

Also calling it time to retire this month is Placer LAFCo Executive Officer **Kris Berry**. Her local government career began 36 years ago in Monterey County as a Planner, and after 17 years she joined the Monterey LAFCo team. She's been the Placer LAFCo EO for well over 16 years. Kris also served as CALAFCO Deputy Executive Officer in 2016-17.



Napa LAFCo moved offices



WE'VE MOVED!

Napa LAFCo recently moved offices. The new address is 1754 Second Street, Suite C, Napa, CA 94559. Executive Officer **Brendon Freeman** thanks **Kathy Mabry**, Commission

Secretary, who he says, "Did most of the heavy lifting in terms of finding the office and coordinating moving logistics".

Sacramento LAFCo Welcomes New Executive Officer

Sacramento LAFCo announced the hiring of **José Henríquez** as the new Executive Officer. Most recently, José was the Executive Officer of El Dorado LAFCo.

El Dorado LAFCo Announces Interim Executive Officer

Erica Sanchez has transitioned to the Interim EO position for El Dorado LAFCo, with the departure of José.



CALAFCO Educational Events

MARK YOUR CALENDARS FOR THESE UPCOMING CALAFCO EDUCATIONAL EVENTS!

CALAFCO 2021 ANNUAL CONFERENCE

Join us **October 6-8** at the **Hyatt Regency Newport Beach John Wayne Airport** for the 2021 Annual Conference. It's been so long since we've gathered in person and the time is finally here! All Conference details including info about the program, registration and hotel reservations can be found on the CALAFCO website at www.calafco.org.

Deadline to register for the Conference is September 17 and hotel reservation cutoff date is September 6.



CALAFCO UNIVERSITY



We are pleased to continue offering webinars at no cost to our members. During the month of August we are featuring a very special 4-part series on **Fire and EMS Agencies: Basics, Challenges and LAFcos' Role & Responsibility**. The first three sessions feature diverse and highly experienced panels that are focusing on the various service models and types of services offered by these unique agencies, how to conduct a thorough evaluation of services, and what's involved in changing contracts (\$56134). The final session will present three very different case studies from urban, suburban and rural LAFcos.

News from the Board of Directors

CALAFCO QUARTERLY

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Join us on September 1 for another session on *Forming a CSD*. Details for all CALAFCO University courses are on the CALAFCO website.

CALAFCO Board of Directors

CALAFCO BOARD ACTIONS

The Board met virtually on July 30 with a full agenda. Under the leadership of *Chair Mike Kelley*, the Board took a number of actions.



- ✓ **The FY 2020-21 final year-end budget was presented.** The Board received the year-end fiscal report which includes a net balance of \$69,986. For the first time, CALAFCO had to sustain itself solely on member dues as there was no Staff Workshop, Conference or CALAFCO U revenue. Savings were realized in many operational areas.
- ✓ **Updated Policies for Sections III and IV of the current CALAFCO Policies were adopted.** One of the goals for 2021 is to conduct a comprehensive review of CALAFCO Policies, considering two sections per quarter. This is the second of a three-phase update process. The updated policies can be found on the CALAFCO website.
- ✓ **Associate member survey was presented.** CALAFCO recently conducted a survey of our Associate members to get feedback on membership services provided and how we can enhance our partnership value with them. Staff will continue to gather information from our Associate members as we work towards revitalizing and enhancing that program.
- ✓ **The Board received the Legislative Committee report and began discussion on legislative priorities for 2022.** An update on current legislative matters was provided, followed by a discussion about potential legislative priorities for 2022. The Board considered the extension of service proposal it tabled for 2021 and committed to revisit for 2022, along with supporting moving forward the consolidated language of existing protest provisions and an Omnibus bill.

Last quarter we reported to you on the Board's approval of CALAFCO filing an amicus letter to the CA Supreme Court requesting they review the decision in the case of *San Luis Obispo Local Agency Formation Commission v. City of Pismo Beach*. The letter was filed and the Court denied the request to review the decision, and further denied the request to de-publish the decision. While the Board acknowledges this is an important and unfavorable decision for LAFcos, there is mixed sentiment amongst LAFcos as to the overall impact of this decision. As a result, there will be

discussion of the matter during the Annual Conference at the legal counsel roundtable and during a topical roundtable breakout session.

- ✓ **Several other reports were received.** Including Elections Committee, Awards Committee, a CALAFCO U update and an update on the Conference.

All Board meeting documents are on the CALAFCO website.

CALAFCO Administrative Update

A reminder to all our members that September 1 is the deadline to remit your CALAFCO dues for FY 2021-22. We are pleased to report that all Associate Members have been transitioned to a FY cycle rather than calendar year cycle and thank them for their patience during that transition.



CALAFCO Legislative Update



This is the first year in the two-year legislative cycle, and wow has it been a busy one so far for CALAFCO.

This year, 2,721 bills were introduced which is about the average number. However, complicating the legislative process this year is the fact the Legislature has compressed their hearing schedule due to a shortage of hearing rooms that allow for social distancing. This means there is not the normal timeframe to negotiate amendments before bills get heard in committee and legislators are being required to seriously prioritize their bills for passage. (Only 12 bills per author were allowed to move from their house of origin to the other house.)

The Legislature returns from summer recess on August 16 and there will be the last minute flurry of amendments and pushing bills through the pipeline. Looming deadlines include: August 27 - last day for fiscal committees to meet and push out bills; September 3 - last day to amend bills on the floor; and September 10 - last day for the Legislature to pass bills. The last day for the Governor to sign bills is October 10, 2021.

This year, more than in past years, CALAFCO has been called on to work with legislators, their staff, and stakeholders in crafting amendments to bills. CALAFCO staff has done a large amount of negotiation on current



and potential legislation, beginning last November and continuing today.

This year alone, four subcommittees were created to work on various bills, including the Caballero water authority bill (never introduced), AB 1195 (C. Garcia), SB 403 (Gonzalez) and SB 96 (Dahle). CALAFCO wishes to thank all the Legislative Committee and Advisory Committee volunteers, and also those who serve on these various subcommittees.

We are currently tracking 33 bills. Here are a few of the bills of importance we are tracking or have worked on:

- ✓ **AB 1581 (Assembly Local Government Committee Omnibus) CALAFCO Sponsor.** The annual Omnibus bill authored by the Assembly Local Government Committee (ALGC) and sponsored by CALAFCO was first introduced on March 9, 2021 and contained four proposals. Amended on April 19, the bill added two proposals originally approved by the Committee that required extended stakeholder review, and seven additional items that were a product of the Protest Working Group, eliminating obsolete special provisions. In total, the Omnibus bill this year contains thirteen (13) proposals. *The bill was signed into law by the Governor on June 28, 2021.*
- ✓ **AB 1195 (C. Garcia) CALAFCO Watch With Concerns.** Drinking water. Creates the So LA County Human Rights to Water Collaboration Act and gives the Water Board authority to appoint a Commissioner to oversee the Central Basin Municipal Water District. CALAFCO worked extensively with staff from both the author and Speaker's offices, as well as other stakeholders on crafting amendments that include a special pilot program for LA LAFCo. The bill passed the Assembly but given substantial pushback from stakeholders, it was *held over in the Senate as a two-year bill.*
- ✓ **SB 403 (Gonzalez) CALAFCO Neutral.** Drinking water consolidation. Authorizes the Water Board to order consolidation where a water system serving a disadvantaged community is an at-risk water system, as defined, or where a disadvantaged community is substantially reliant on at-risk domestic wells, as defined. All three of our requested amendments were accepted by the author and we removed our opposition as a result. After undergoing three rounds of amendments since introduction, the bill passed the Senate and is in the *Assembly Appropriations Suspense file.*
- ✓ **AB 897 (Mullin) CALAFCO Support.** Regional Climate Networks. The bill builds on existing programs through the Governor's Office of Planning and Research (OPR) by promoting regional collaboration in climate adaptation and resilience planning and providing guidance for regions to identify and prioritize projects necessary to respond to the climate vulnerabilities of their region. CALAFCO requested an amendment to explicitly state LAFCos are eligible entities for

participation in the regional climate networks, which was accepted. *The bill is now awaiting hearing in Senate Appropriations.*

All bills being tracked by CALAFCO can be found on the CALAFCO website inside the Legislation section of the site (log in with your member id first to access this section). CALAFCO's position on all bills is reflected there, and any letters issued by CALAFCO are posted. The CALAFCO Legislative Committee meets regularly and all meeting materials are located in the Legislation section of the CALAFCO website.

Watch for solicitation of legislative proposals for 2022 coming soon!



CALAFCO Associate Members' Corner



This section is dedicated to highlighting our Associate Members. The information below is provided to CALAFCO by the Associate member upon joining the Association. All Associate member information can be found in the CALAFCO Member Directory.

Economic & Planning Systems (EPS)

EPS is an urban economics consulting firm specializing in governance analysis; LAFCo special studies and service reviews; tax sharing; annexation; incorporation, and reorganization feasibility; fiscal analysis; public finance; demographic and regional forecasting. **EPS** has been an Associate member since June 2005. Learn more about **EPS** and their services at www.epsys.com, or contact **Ashleigh Kanat** at akanat@epsys.com.



News from the Board of Directors

CALAFCO QUARTERLY

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Goleta West Sanitary District

A Silver Associate Member since August 2011, **Goleta West Sanitary District** provides wastewater collection and treatment as well as street sweeping services. Formed in 1954, the district serves over 35,000 people. For more information, visit their website at www.goletawest.com, or email their General Manager **Mark Nation** at info@goletawest.com.



LACO Associates

LACO Associates has been a Silver Associate Member since February 2012. **LACO** provides integrated solutions for development, infrastructure and geo-environmental projects. Their services include planning, design, engineering and geo-environmental as well as CEQA compliance, GIS, MSRs and economic studies. For more information visit their website at www.lacoassociates.com, or email **Kevin Doble** at doblek@lacoassociates.com.

LACO

Griffith, Masuda & Hobbs

Griffith, Masuda & Hobbs has been a Silver Associate Member since March 2012. Founded in 1920, they specialize in water, energy, environmental and public law matters. They focus on serving public agencies and serve as general counsel or special water counsel to various agencies in the Central Valley. For more information, visit their website at www.calwaterlaw.com or email **David Hobbs** at dhobbs@calwaterlaw.com.

HdL Coren & Cone



HdL Coren & Cone has been a Silver Associate Member since July 2013. They assist local agencies by using property tax parcel data for developing specialized data reports, focused economic development strategies and revenue projections. HdLCC provides services to cities, counties and special districts in the state. For more information, visit them at www.hdlcompanies.com, or email **Paula Cone** at pcone@hdlccpropertytax.com.

Planwest Partners, Inc.

Planwest Partners Inc. has been a Silver Associate Member since August 2014. They provide contract LAFCo staffing services to multiple LAFCos. This includes preparing and conducting MSRs and SOI updates, public noticing, environmental documents, GIS, fiscal and economic studies, website management, application processing, facilitation and training. For more information, visit them at www.planwestpartners.com, or email **George Williamson** at georgew@planwestpartners.com.



CALAFCO wishes to thank all of our Associate Members for your ongoing support and partnership. We look forward to continuing to highlight you in future Quarterly Reports. Look for our next update to include short interviews featuring our Associate Members.

Did You Know??

Meeting Documents Online

Did you know that all **CALAFCO Board of Directors and Legislative Committee meeting documents are online?** Visit the Boards & Committees pages in the Members Section of the site. Board documents cover 2008 to present and Legislative Committee documents span 2007 to present.



CALAFCO Webinars & Courses Archived

Did you know that all **CALAFCO Webinar recordings are archived on the CALAFCO website and available at no cost for on-demand viewing?** Visit the CALAFCO website in the CALAFCO Webinars section (log in as a member first). There are now 30 CALAFCO U courses archived, and 8 webinars are archived and available for on-demand viewing.



IMPORTANT REMINDERS

Deadline to submit Achievement Award nominations is August 13, 2021 at 3:00 p.m.

Deadline to submit Board election nomination packets is September 7, 2021 at 5:00 p.m. and requests for absentee ballots must be received by September 7, 2021 at 5:00 p.m.

Mark Your Calendars For These Upcoming CALAFCO Events

- ❖ CALAFCO U webinar on Fire/EMS Agency series – 8/16, 8/23 and 8/26
- ❖ CALAFCO U webinar on Forming a CSD – 9/1
- ❖ CALAFCO Leg meeting – 9/10 (virtual)
- ❖ CALAFCO Annual Conference – 10/6 – 10/8 (Newport Beach)
- ❖ CALAFCO Board Meeting – 10/8 (Newport Beach)
- ❖ CALAFCO Leg meeting – 10/22 (location TBD)



The **CALAFCO 2021 Calendar of Events** can be found on the CALAFCO website.



September 7, 2021

Dear CALAFCO Membership:

We continue to live in challenging times, dealing with the myriad of disruptive changes thrust upon us and our agencies including navigating our way through the roller coaster ride of the pandemic, the drought, unprecedented heat waves, another record-setting wildfire season, and figuring out how to maintain or increase current services with less resources. We remain proud of you, our members and business partners, who continue to demonstrate courage, resilience and leadership in the face of all these challenges.

As we planned our Annual Conference in Newport Beach for October 6 – 8 this year, and time marched on, it became very clear with only five weeks until the Conference that our registration numbers were going to be at an all-time low, with less than half of our normal attendance. After hearing from many of you, we understand there is hesitancy to travel and gather in large numbers with the various strains of COVID-19 continuing to increase. We are also keenly aware that this year many of you have slashed training and travel in your budgets.

After careful thought and consideration, CALAFCO has decided to cancel this year's in-person Annual Conference which was scheduled for October 6 – 8 in Newport Beach.

The Board met in a special meeting on September 2, 2021 and after considering all the facts (the staff report is posted on the CALAFCO website in the Board of Directors meeting area), unanimously voted to cancel the in-person event this year. The Board of Directors and Executive Director believe CALAFCO has an ethical and corporate responsibility to our members, guests, speakers, and their families. This responsibility includes mitigating as much as possible the spread of the virus and being responsible in our decisions to aid in the containment and protect the health and safety of our members. It also means mitigating any significant financial loss CALAFCO may incur by holding the event.

In addition to our concern for your health and safety, the substantial reduction in attendance would require CALAFCO to withdraw Fund Reserves of over \$33,000 to cover the loss caused by such low registration numbers. At any time, especially in these challenging fiscal times, that is not a responsible financial practice, and we believe we must continue to practice fiscal responsibility as the trusted steward of the Association's finances.

CALAFCO's primary mission is education and providing educational opportunities for our members. The Annual Conference is our signature event and one of the best ways we do that. And, this year is CALAFCO's 50th anniversary. Not holding the event this year is another year away from you, our membership. And we miss you!

We thank those of you who registered or planned to register and attend the Conference. We thank all of you who chose to sponsor this year's Conference. We also thank all our speakers who were busy preparing and working on their presentations. As we take our mission seriously and the program being planned was a good one, we plan to bring as many of those educational and networking opportunities as possible to you in a virtual format.

So, what's next?

CONFERENCE 2021 & 2022

- Staff successfully negotiated moving the 2021 event with the Hyatt Regency Newport Beach John Wayne Airport to next year with no penalty fees, and no increase in the contracted room rate from this year. We will keep the same dates as we had scheduled for 2022 which is October 19 – 21, 2022. The contract for 2022 which was with Tenaya Lodge in Yosemite was successfully moved to 2024 without penalty. Check the CALAFCO website for locations and dates for the next several years.

- We will celebrate CALAFCO's 50th + 1 next year!
- We will work with each of you to refund all registration payments made online in their entirety without any penalties.
- Any registrations received in the mail with a check will be returned (most checks were held and not cashed).
- For any registration checks received that were deposited, a full refund will be issued.
- We will also work with all our sponsors to do the same.
- All hotel reservations at the Hyatt must be cancelled. You are responsible for cancelling your own reservations, and you are encouraged to do that ASAP to avoid any possible late cancellation fee or no-show charges because this was a detail left undone.

DELIVERY OF EDUCATION SESSIONS

- Staff is working to schedule planned sessions (with exception of topical roundtables and legislative update) over the course of the next several months (October through January).
- A full schedule will be published as soon as we have confirmation from all our speakers on this change.

ANNUAL BUSINESS MEETING – BOARD ELECTIONS – BOARD MEETING – ACHIEVEMENT AWARDS – REGIONAL ROUNDTABLES

- The annual business meeting will be held as planned on October 7, 2021 at 9:00 a.m. It will be held virtually. The announcement, agenda and packet for the business meeting will be published shortly.
- Board elections will be held by all electronic ballot, just as was done in 2020. Watch for details coming out this week. The election committee will meet virtually October 7, 2021 at 8:00 a.m. to count the votes and certify the election (just before the annual business meeting).
- The Board meeting scheduled for in person October 8 at 7:30 a.m. will be held on October 8 at 11:00 a.m. virtually. The meeting agenda and packet will be published towards the end of September.
- The Achievement Awards will be presented during the Annual Business meeting on October 7, 2021 at 9:00 a.m.
- Regional Roundtables are being scheduled for early December (all LAFCo meeting schedules were checked in this planning). Watch for them to be included in the master program schedule.

If you have any questions, please contact Executive Director Pamela Miller. You can reach her at pmiller@calafco.org.

On behalf of the Board, we thank you for your understanding, patience and support of the Association. We are proud to be of service to you, our members.

Yours sincerely,



Michael Kelley
Chair of the Board



Pamela Miller
Executive Director

CC: CALAFCO Board of Directors

CORRESPONDENCE – IN THE NEWS

Newspaper Articles

- The Modesto Bee, July 23, 2021, “New industrial building planned in north Modesto. It could employ hundreds of workers.”
- The Modesto Bee, July 28, 2021, “Ceres Oks \$1 million agreement for shopping center. Here are businesses in the works.”
- The Modesto Bee, August 3, 2021, “Does a state drought regulation threaten local water rights? MID, TID weigh in.”
- The Modesto Bee, August 4, 2021, “How the state’s new drought regulation will impact Stanislaus County waterways.”
- The Ceres Courier, August 4, 2021, “Modesto now runs Ceres Fire Department.”
- The Ceres Courier, August 4, 2021, “Ceres Gateway Center raring to go.”
- The Ceres Courier, August 4, 2021, “TID reports fourth-driest year in 90-year span.”
- Westside Index, August 5, 2021, “Harder secures federal funding for Del Puerto Canyon Reservoir.”
- Turlock Journal, August 24, 2021, “More Denair development on the way.”
- The Modesto Bee, August 30, 2021, “As Turlock Fire interim chief retires, is the city considering contract with Modesto?”
- Riverbank News, September 8, 2021, “Irrigation districts join in State Water Board lawsuit.”
- The Ceres Courier, September 8, 2021, “TID fears state orders will deprive farms.”
- Westside Index, September 9, 2021, “State Water Board order could impede 2022 irrigation season, groundwater recharging.”
- Turlock Journal, September 10, 2021, “Harder, U.S. Interior Secretary pledge local investments in water infrastructure.”

New industrial building planned in north Modesto. It could employ hundreds of workers

By Ken Carlson

A new development proposes a 300,000 square-foot industrial building that could employ hundreds of people on Kiernan Avenue north of Modesto.

The building, designed for light industry, is planned for the southeast corner of Tully Road and Kiernan. It will replace an almond orchard on the 17-acre site.

Jackrabbit Equipment Inc., which makes equipment for the tree nut industry, has been discussed as a main tenant for the Kiernan facility. The company would use the building for consolidating Jackrabbit's operations in Ripon and on Dakota Avenue in Modesto.

Chief Executive Officer Bob DeMont said Thursday that 90 employees would work at the new building initially, but the number could grow substantially as the company expands.

The Stanislaus County planning commission considered the project last week and recommended that county supervisors approve it. The project is set for the Board of Supervisors meeting Aug. 17.

According to a county staff report, Jackrabbit is expected to use half the facility, or 150,000 square feet. Libitzky Holdings of Emeryville, the applicant and developer, has not identified tenants for the other 150,000 square feet.

"We would love to be able to accommodate Jackrabbit," said Kevin Perkins, an associate principal for Libitzky, a real estate investment firm that owns properties in eight states.

"We are building 300,000 square feet of Class A space that should be highly in demand," Perkins said. "Modesto is in a real growth market and the location lends itself to being a prime industrial and distribution location for the state and western United States."

Libitzky operates the Modesto Industrial Park, which is next door to the Kiernan and Tully property. The new cross-dock building could be built and completed by the second quarter of 2022, Perkins said.

According to the plans, businesses leasing space could operate around the clock, 7 days a week, three shifts per day, with up to 250 workers on each shift. That estimate includes other prospective operations in addition to Jackrabbit.

County staff said Jackrabbit could occupy a larger portion or the entire building, but that has not been determined yet.

The site is designed with 486 parking spaces; an excess amount of parking was included in the plans for flexibility as business tenants are sought.

Companies using the industrial building are expected to serve about 25 customers daily. The center will generate an estimated 1,488 truck and car trips per day.

Libitzky applied to the county for approval because the site is in an unincorporated area outside the city limits.

Modesto's general plan designates the project location for business park development. For significant development projects inside a city's sphere of influence, the county has a policy of first getting preliminary approval from the respective city. The county may approve the project after the city signs off.

Steve Mitchell, planning manager for Modesto, said the city has been in discussions with the county and supported the application because it's an expansion of an industrial area. There are too many private properties between the city boundary and the Kiernan site for an annexation, he said.

One of the city's conditions for approval was extension of a line to the property and connection to city water service, but a sewer service connection is not available, Mitchell said.

"We are working with the county on a tax-sharing agreement," he added.

A PROJECT TO BRING JOBS TO STANISLAUS COUNTY

Dave Romano, representing the project, told county planners the development team talked with Modesto officials about the benefits of the Kiernan development.

Romano said the city has planned for this type of development on Kiernan Avenue. He said the city and county need to have a building on the market for employers that can bring jobs to the community.

"We need to be in the game," Romano said. "We found the perfect location to put this building."

DeMont said Jackrabbit has looked for a facility to consolidate operations during his eight years with the company.

He said there are not many mid-sized industrial facilities available in the 100,000 to 300,000 square-foot range. The Kiernan location also has access to Highway 99, which connects with other freeways leading to ports for shipping agricultural equipment to customers overseas.

"About 10 percent of our business is in Australia and we have a growing business in Portugal and Chile," DeMont said. The company would like to use the whole facility on Kiernan but it depends on fulfilling business plans, the CEO said.

After the county referred the project to Modesto, the city asked for a study to ensure truck traffic, coming off Kiernan, does not interfere with northbound motorists on Tully as they get into a turn lane for going west on Kiernan.

Modesto also wanted the project developed to city standards for landscaping, parking, fences and so forth, according to county staff.

SHOULD CITY SERVICES BE EXTENDED TO THE SITE?

Planning Commissioner Ken Buehner said he was concerned about possibly hundreds of employees flushing into a septic system and wanted a requirement for the building to connect with city wastewater service.

Extending a city sewer line a half mile to the site would require Local Agency Formation Commission approval and a city advisory vote.

Buehner was outvoted in a 6-1 planning commission decision that recommended approval of the development.

Some have characterized the project as leapfrog development. Helder Garcia, who owns a home northwest of the site, has told the county the projected traffic will create congestion.

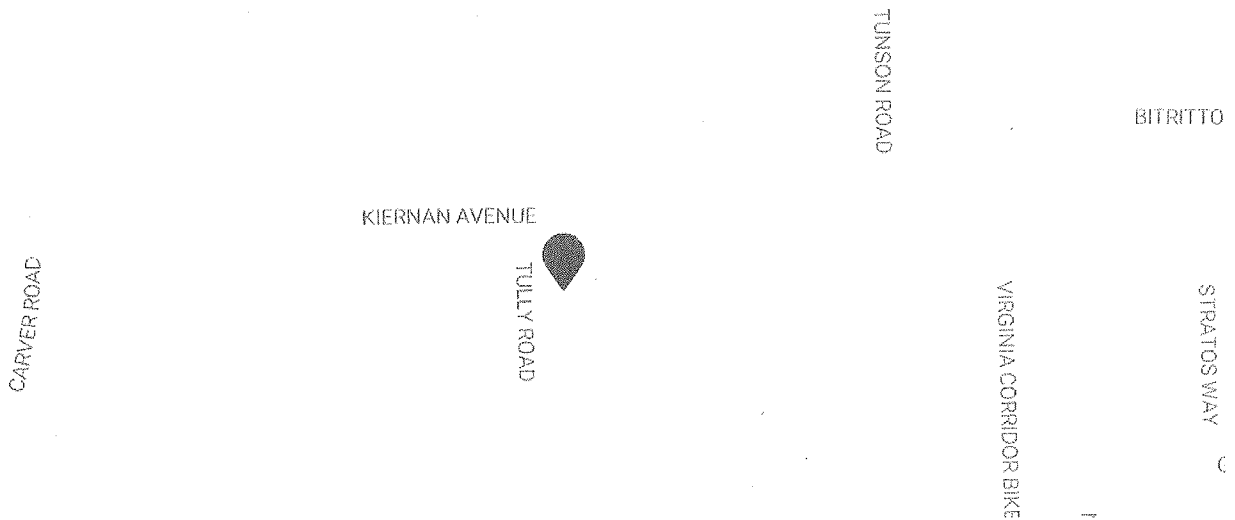
"There is a lot of land around Modesto and there are other places this could go," Garcia said. In addition, noise and glare from the lights will make it increasingly difficult to live near the industrial activity and 6-lane Kiernan Avenue, Garcia said at last week's hearing.

A traffic analysis concluded the impacts from vehicles will be less than significant, county staff said. The development plans call for outdoor lighting that reduces glare.

County Supervisor Mani Grewal said he expects the project will provide 200 good-paying jobs or more for the community. The actual number of employees will depend on the needs of Jackrabbit or other business tenants that use the facility.

"If it comes to a vote of the Board of Supervisors, I would be supportive of it. I am always supportive of economic development when it's infill and when it provides good-paying jobs," Grewal said.

A new development proposes a 300,000 square-foot industrial building that could employ hundreds of people on Kiernan Avenue north of Modesto.



Ceres OKs \$1 million agreement for shopping center. Here are businesses in the works.

By Kristin Lam

Construction of the Ceres Gateway Center along Highway 99 may begin in the next few months after the City Council on Monday approved a \$1 million agreement to build the shopping area.

The improvement agreement for the 13.5-acre project includes road work for entrances at Service and Mitchell roads, clearing the way for In-N-Out Burger and other future businesses.

The developer Ceres Gateway Center LLC can start construction as soon as it hires a contractor, so City Manager Tom Westbrook said in an email that he expects initiation before the end of 2021. The developer planned spaces for nine retail buildings, a hotel and a convenience store with a gas station and car wash. In-N-Out, the only announced business in the center, is processing construction documents for a restaurant, Westbrook said.

“When this project is fully developed, it will bring a significant amount of sales tax revenue in addition to eventual property tax revenue to the city,” Westbrook said during the meeting. “This is really putting themselves in position to sell properties so that they can deliver lots so that they can build the projects.”

Given the current high demand for public and private construction, Westbrook did not give an estimated completion date. Ceres approved an earlier version of the Gateway Center in May 2008, but project permits expired four years later, after the recession, per a staff report. The planning commission approved the developer’s new version of the project in February 2020, meeting minutes show.

Ceres Gateway Center LLC agreed to pay for the \$1 million construction improvements, including installing a traffic signal at the main entrance to the shopping area on Service Road, building sidewalks, adding street lighting and extending utility systems. The council on Monday unanimously approved the improvement agreement and final project map.

CERES GATEWAY CENTER 2ND PHASE EXPECTED

The improvement agreement covers the first construction phase outlined in the developer’s plans. The proposed second phase will focus on hotel and retail development, as well as add parking and landscaping, per a staff report.

A 64,000-square-foot hotel with 80 rooms can be built on the designated space. Initially in 2008, the developer planned for two three-story hotels in the Gateway Center.

No start date for the second improvement phase has been projected. Construction estimates approved Monday do not include the approved 85-foot pylon sign for the shopping area.

The new Walmart Supercenter under construction is not part of the Gateway Center. Located on the northwest corner of the Service and Mitchell Road intersection, Walmart is part of the 26-acre Mitchell Ranch shopping center project. The City Council approved Mitchell Ranch in 2011.

Does a state drought regulation threaten local water rights? MID, TID weigh in

By Ken Carloson

The Modesto and Turlock irrigation districts don't expect an impact this year from an emergency drought regulation that could stop farmers from diverting water from the state's major rivers.

But they are concerned about precedent-setting and whether a state agency's proposed drought orders will shrink the availability of water for Northern San Joaquin Valley farmers in 2022.

The State Water Resources Control Board is considering the extraordinary drought regulation at a meeting Tuesday in Sacramento that's expected to spur many hours of debate. The 9 a.m. meeting is being held remotely due to COVID-19 restrictions.

"Our concerns are less about this year and more about the potential precedent of such a state action," said Michael Frantz, a TID board member.

The water districts and Valley political leaders have mobilized to urge the state water board to reconsider the emergency curtailments or amend the proposal.

Gov. Gavin Newsom's second drought proclamation, on May 10, directed the state water board to consider curtailment of water diversions because of the serious drought conditions and threat to California's water supply.

The SWRCB's executive director told the Sacramento Bee that regulators are trying to protect drinking water supplies and endangered fish in the Sacramento and San Joaquin river watersheds.

Many farmers in the San Joaquin Valley are already faced with drastic cuts to their contracts for water allocations from the Central Valley Project and State Water Project.

In a joint statement last week, the MID and TID said it's unlikely the drought regulation will affect water deliveries the remainder of this year based on the understanding the state orders to stop diversions won't apply to water already diverted into storage. The two districts are owners of Don Pedro Reservoir.

District officials are concerned an order to stop diversions from the Tuolumne River could substantially reduce water supplies for agriculture in 2022 and beyond, depending on when the order is lifted.

AUTHORITY GIVEN TO DEPUTY DIRECTOR

According to the proposed regulation, the deputy director of the State Water Resources Control Board will have authority to stop diversions from rivers based on a methodology developed for the Sacramento-San Joaquin River delta.

An agenda report for Tuesday's meeting says the curtailment orders could be issued when water is needed to control salinity in the delta, protect drinking water supplies and minimize impacts on fish and wildlife. Rivers flowing into the delta supply the water needs of two-thirds of California residents, give life to industry and irrigate millions of acres of farmland, the state water board says.

The state agency says most reservoirs in the state are at historic lows, "creating significant concerns for salinity control, municipal water supplies, temperature management and other environmental needs this year and going into next year."

The water board's deputy director would allow diversions to resume when the water outlook improves "or is projected to increase due to precipitation and runoff events or due to reductions in demand," the proposed regulation states. The deputy director will consider evidence such as water supply forecasts of

IN THE NEWS – The Modesto Bee, August 3, 2021 (Continued Page 2)

the state Department of Water Resources and other sources in lifting orders that forbid diversions from a river.

Frantz said the irrigation districts question whether it's legal to give so much authority to the deputy director over the state board's water rights division.

Other groups representing public water agencies want to see language making it clear the emergency curtailments do not apply to water currently in storage and also want more certainty on the process of resuming diversions.

Water diversions from the Tuolumne are the life blood of the agricultural industry in Stanislaus County, which contributes \$7 billion annually to the local economy.

Some farmers affected by the proposed regulation have water rights dating back before 1914.

ASSEMBLYMAN TAKES ISSUE WITH PROPOSAL

"In no other industry would the destruction of billions of dollars in economic productivity and thousands of jobs by a state regulator be tolerated," Assemblyman Adam Gray, D-Merced, said in a recent news release.

Gray said the state water board is using inaccurate water forecasting in trying to justify the new drought regulation. His press release said state modeling miscalculated the amount of Sierra runoff this year by 800,000 acre feet.

With the proposed regulation, Gray said, people living in rural areas like his Assembly district will bear the economic and social burden of the drought.

Steve Knell, general manager of Oakdale Irrigation District, said the state water board had six years since the last drought to prepare for another dry spell.

"That preparation didn't occur," Knell said. "It is because of this lack of preparation that the state water board is now declaring an emergency."

Knell said water districts were given three days to respond to the draft regulation.

The San Joaquin Tributaries Authority, representing MID, TID and the Oakdale district, is contesting the proposed regulation in written comments, saying its provisions are unlawful and outside the authority of the state board.

The SJTA said the methodology for curtailing water rights is flawed.

Frantz said the TID has a track record for managing limited water supplies in drought years and ensuring water is reserved for the needs of fish.

"We have been good stewards and the watershed is well managed," he said. "We started preparing for a multiyear drought last year."

How the state's new drought regulation will impact Stanislaus County waterways

By Ken Carlson

A state board approved a drought regulation Tuesday that puts irrigation districts in Stanislaus County in a precarious position of trusting a state agency they have battled with in the recent past.

Faced with a worsening drought emergency, the State Water Resources Control Board will move ahead with curtailment orders to stop some diversions from rivers and deal with severe water shortages.

"It takes over local management of our (water storage) systems and asks local managers to trust the state water board to run their systems," said Attorney Valerie Kincaid, representing the San Joaquin Tributaries Authority, which includes the Modesto, Turlock and Oakdale irrigation districts.

"This seems awfully fast. My suggestion to build trust is to slow this process down and hear from us some more. You have to listen to the stakeholders in this process," Kincaid said.

The water board approved the regulations in a 5-0 vote Tuesday after spending almost seven hours on the item.

Three years ago, the state board pushed a controversial plan for a sharp increase in environmental flows on the Tuolumne, Stanislaus and Merced rivers. In August 2018, about 1,500 people from Stanislaus and Merced counties attended a boisterous rally in Sacramento to protest the "water grab", which some predicted would decimate the local economy.

Lawsuits followed and the issue is not settled yet.

The same water board, which oversees water rights in California, could issue orders in mid-August to stop certain diversions on rivers flowing into the Sacramento-San Joaquin River delta to protect drinking water supplies or save endangered fish amid the worst drought since 1977.

The water board action was supported by a panel of top directors over the state Department of Water Resources, Bureau of Reclamation and California Department of Food and Agriculture.

Local irrigation districts are now faced with ceding control to a water board deputy director, who will have authority to stop diversions on rivers like the Tuolumne and then decide when to lift the orders.

In other words, if the state agency temporarily halts diversions at Don Pedro dam as a drought measure, its deputy director will decide when MID and TID can start refilling the reservoir again.

Joaquin Esquivel, chairman of the state board, thanked Kincaid for raising the trust issue, though he disagreed with a number of points raised by the San Joaquin Tributaries Authority.

"We need to build trust and it is a two-way process," Esquivel said.

Modesto Irrigation District didn't have an immediate comment following the state board decision. The regulation will proceed to a five-day comment period. The first containment orders to stop diversions will be issued Aug. 16-19.

The orders may be issued if data shows that water is not available for a particular use in this time of extreme imbalance between water demands and supply.

The containment orders could play more of a role in drought management next year if dry conditions persist in the fall and the drought intensifies in 2022. Most demand for irrigation water has passed this year.

No immediate impacts are anticipated for city of Modesto water customers who receive treated water from MID.

WHY THE REGULATION IS NEEDED

The state board clarified some issues regarding the proposed regulation unveiled July 23.

The orders to curtail diversions don't apply to water previously placed in storage. Don Pedro will continue generating hydropower in the coming months as water is released for customer deliveries and environmental benefits, MID spokeswoman Melissa Williams said by email.

The state board also clarified that by Oct. 1, the deputy director will assess whether to allow diversions to resume or continue with a curtailment order. Storms or increased river flows in the fall would allow a dam operator to begin storing water for next year.

Local irrigation districts said they could see the impacts of a curtailment order in 2022. Hypothetically, a curtailment order imposed in August could keep Don Pedro's operators from refilling the reservoir this fall if the state board does not lift the order.

The state board said curtailment orders may be lifted when river flows increase or are projected to increase, with the intent of regaining reservoir storage.

The state is open to cooperative agreements among water rights holders as an alternative to curtailment orders.

According to presentations at the meeting, the state action is needed to keep salinity levels from rising in the delta, to protect drinking water supplies for cities and avoid drawing down reservoir storage that's already critically low.

Esquivel said illegal diversions are depleting storage supplies.

A chart displayed during the meeting painted a dire picture after two dry years. The water supply in the San Joaquin River watershed is 6 percent of demand for 229,000 acre feet of water. The Sacramento River watershed can meet about a third of demand for 803,000 acre feet of water.

The state agency said reservoirs are near record low storage, including the ones that maintain salinity in the delta and supply drinking water to two-thirds of the state.

Shasta, Oroville and Folsom dams are holding about one third of historic average storage. Staff noted that the 1976-77 drought was more severe but drinking water and other demands for delta water were less at that time.

IN THE NEWS – The Ceres Courier, August 4, 2021

Modesto now runs Ceres Fire Department

◦ Service levels to increase as costs go down

By Jeff Beiger

Modesto Fire Department officially took over the Ceres Fire Department during a Tuesday morning ribbon cutting ceremony at the Third Street station.

The Ceres City Council voted 3-1 on June 14 to contract with the city of Modesto for fire service. Councilwoman Linda Ryno cast the lone vote against the contract. The move came after the Ceres Professional Firefighters Local 3636 voted to support the merger.

Modesto Fire Chief Allen Ernst said he is excited about personnel from the two agencies mutually serving Ceres and called the contract "an example of government at its best ... it's putting the best resources together, combining those resources, and providing the best public safety to the communities that we serve."

Ceres will not lose its identity as all Ceres stations and engines will remain as Ceres property with the Ceres name. Outgoing Interim Ceres Fire Chief Mike Botto likened the contract not as a divorce but a marriage.

Modesto Mayor Sue Zwahlen, a former emergency room nurse, spoke at the short event and said she's always known all public safety members working together to provide the best services to the public.

"I truly feel like this is a great partnership," said Zwahlen. "It's very natural to me since that's what I've spent the last four years doing is working together with all emergency medical services in our county and I appreciate all of your work, and your efforts and respect everything that you do on a daily basis to care for me, for my family members and everyone in our community."

Ceres Mayor Javier Lopez expressed his thanks to all who made the transition happen.

Ceres City Councilman Bret Silveira said the contract is designed to provide the best fire and first-responder service to the residents of Ceres.

"Our firefighters here in Ceres are awesome," said Silveira. "The firefighters in Modesto are awesome and to blend them altogether to come to this point is just a fantastic thing for our community."

Ceres City Manager Tom Westbrook commented that the regional fire model will be invaluable in the future to all the cities in the county.

Interim Ceres Fire Chief Mike Botto in June conveyed to the council that the department was overworked, short-staffed and unable to keep up with growing volume of calls for service. He said the contract with Modesto will provide a greater depth of field in personnel and allow more firefighters to be able to provide advanced life support services as ambulance response times have been delayed.

Ceres Fire Battalion Chief Jeff Serpa, said Ceres "is basically getting the best level of service for less because we're not duplicating services, we're not having multiple fire chiefs ... plus getting extra people."

The city of Ceres stands to save \$507,000 in the first year which Botto said can be used to pay off equipment debt. He said over the initial five-year term of the agreement Ceres should realize a savings of \$1,170,583.

In contracting with Modesto, Ceres now will have a fire prevention division with a fire marshal, inspectors and support staff "to provide an aggressive life safety program to this community," Botto said.

IN THE NEWS – The Ceres Courier August 4, 2021 (continued)

He also said the city of Modesto offers:

- An operations chief overseeing and directing field response resources, exploring and implanting new strategies and tactics.
- Adding fire prevention and public education programs.
- An EMS program manager to raise the level of service of firefighter to that of paramedic/advance life support.
- Another 40-hour work week battalion chief overseeing and managing special operations of water and technical rescues.
- Special operations like water rescue.
- Staffing the specialized Ceres Quint fire engine with four firefighters, increasing the number of on-duty firefighters in Ceres.

Ernst, who also oversees the Oakdale contract, said he considers the change to be a partnership, not a takeover of the department.

"I truly believe this is a fire system that we are partnering in," said Chief Ernst. "This isn't the city of Modesto taking over. This is a partnership that has the system in mind."

Ernst noted that Modesto can help Ceres deal with a lack of paramedic/firefighters and the delayed response times among ambulance providers by having first-responders who can offer advance life support.

IN THE NEWS – The Ceres Courier, August 4, 2021

Ceres Gateway Center raring to go

Offsite improvements to begin soon on Mitchell

By Jeff Beiger

Development of the Mitchell Ranch Shopping Center at Service and Mitchell roads was stymied for 14 years because of a myriad of anti-Walmart lawsuit roadblocks. But with nothing standing in its way, the neighboring Ceres Gateway Center is ready to get underway after approval came last year.

On Monday, July 26 the Ceres City Council approved the off-site improvements required before work on the site itself can take place. The council also approved the shopping center's final map on the triangle-shaped property bordered by Highway 99, Service Road and Mitchell Road.

The developer is funding the cost of public improvements, such as a new traffic signal, engineering, inspection, fees and incidental expenses that are expected to cost \$1.048 million. In the rare event that the work is not completed a letter of credit has been secured by the Ceres Gateway Center.

In-N-Out Burger, Chipotle, Panda Express and Circle K are among the businesses interested in the Ceres Gateway Center commercial project approved by the Planning Commission in February 2020. Genesis Family Enterprises won approval of a final map to subdivide the 13.65-acre site into eight parcels for the construction of nine commercial buildings totaling 53,863 square feet, a convenience store with a gas station and carwash and an 85-foot high freestanding pylon sign.

The second phase of the project is planned to include a 64,000-square-foot hotel with 80 rooms and three junior anchors that could accommodate businesses sized equivalent to a Pier 1 Imports or TJ Maxx.

"When this project is fully developed it'll bring a significant amount of sales tax revenue in addition to eventual property tax revenue to the city," said City Manager Tom Westbrook.

He said last week's action allows the developer to sell properties and deliver lots to build the projects. Westbrook noted that In-N-Out has submitted development plans and construction documents. The chain has been looking at locating in Ceres for some time and didn't have an opportunity to be near the freeway until the Gateway Center developed.

In 2008 the city first approved the Gateway project as proposed by Ralph Ogden. The project stalled when the economy hit the skids that year and expired in 2012 after extensions were granted. The center was redesigned and brought back by Ogden's son, Daniel. The original project included plans for two hotels.

The seven parcels in the first phase are:

- 1.2 acres for a 3,974-square-foot building to accommodate an In-N-Out Burger restaurant with a drive-thru and 42 parking spaces.
- 0.91 acres for a 4,529-square-foot restaurant with a drive-thru operation and 46 parking stalls.
- 1.11 acres reserved for a 2,418-square-foot eatery with a drive-thru operation and 42 parking spaces.
- 1.69 acres for an 11,142-square-foot building with a drive-thru to accommodate retail/restaurant/coffee shop uses and 76 parking spaces.
- A .65-acre parcel for a 2,600-square-foot building to accommodate a restaurant with a drive-thru and 29 parking spaces.

IN THE NEWS – The Ceres Courier August 4, 2021 (continued)

- A .67-acre site for a 2,500-square-foot Chipotle restaurant with a drive-thru operation and 27 parking spaces.
- 1.6 acres for a 6,449-square-foot Circle K convenience store, gas pumps, carwash, and 43 parking spaces.

The project is proposed in two phases with the first phase consisting of the on- and off-site improvements including curb, gutter, sidewalk, and landscaping, parking and landscape, signage, and water, sewer, and storm drainage infrastructure, a 306-stall parking lot to serve the new retailers on proposed Parcels 1-7 and the buildings.

In 2020 project developer David Zylstra mentioned vast changes in the retail world brought about by Amazon and internet shopping which have “forced retailers to get better at both doing their brick and mortar presentation as well as online.”

He said the buildings in the project have a significant number of drive-thru lanes for retailers, and because of smartphone apps with customers pre-ordering. A number of fast-food providers are moving toward drive-up lanes, including Chipotle, Panera Bread and Jamba Juice. Since the pandemic, there has been ever greater reliance on drive-up lanes.

Westbrook explained that there will be a relocated signal light on Mitchell Road to align Roeding Road with the entrance to the center. Temporary signals will be placed farther south on Mitchell Road to regulate the traffic at the on- and off-ramps of Highway 99. He explained that the temporary signals are a requirement of the Mitchell Ranch Shopping Center with its anchor of Walmart Supercenter at the northwest corner of Mitchell and Service roads.

Westbrook said the center has “fairly robust landscaping” to obscure vehicles in the cues of the drive-thru lanes visible from the freeway, Mitchell and Service roads as well as the future Service Road overpass with its diverging diamond design.

IN THE NEWS – The Ceres Courier, August 4, 2021

TID reports fourth-driest year in 90-year span

• About half rainfall recorded

By Angelina Martin

With less than a month left in the precipitation year and little rainfall to show for it, Turlock Irrigation District and customers are experiencing the fourth-driest year on record.

According to TID hydrologist Olivia Cramer, the Tuolumne River Watershed has received just 18.23 inches of precipitation since Sept. 1, or just about half of the historical average. The TID precipitation year, which is different from the water year, runs from Sept. 1 through Aug. 31 and will come to an end next month. The water year runs from Oct. 1 through Sept. 30.

This year's 18.23 inches of rainfall come as the region experiences a second-straight year of drought conditions and puts 2020-21 in the record books as TID's fourth-driest precipitation year on record. The three driest years on record in order are 1977 (10.90 inches), 1976 (17.46 inches) and 2015 (17.50 inches).

According to Cramer, the data for dry years goes back 90 years. Recent rainfall brought just .01 inches of rainfall recently, and July is a month that historically sees an average of just .16 inches. Cramer explained that although storms are expected to hit California this weekend, they won't impact the dry conditions locally.

"Overall most of it's occurring on those Eastern Sierras...Most of this is thunderstorm activity so a lot of those scattered storms, and often those aren't usually captured by our precipitation station network," Cramer said.

The lack of water comes as the area also experiences higher-than-normal temperatures. The normal temperature for this time of year is about 94 degrees, Cramer said, but the forecasts show that weather will run in the high 90s for some time.

While Don Pedro still has sufficient storage for local farmers to utilize, the State Water Resources Control Board on Friday, July 23 announced an order which could cut off thousands of water rights holders from the Sacramento-San Joaquin Delta watershed. The emergency curtailment was alluded to in June when the Board sent notices of water unavailability to all Delta water rights holders, and the draft emergency regulation is set to be considered during the Board's Aug. 3 meeting.

"Due to severe drought in the West, the water supply in many parts of California, including the Delta watershed, is not enough to meet demands," said Erik Ekdahl, deputy director of the Division of Water Rights, following the June warning. "We do not come to this decision easily. We are asking people to reduce their water use, and we recognize this can create hardships. However, it's imperative that we manage the water we still have carefully as we prepare for months, perhaps even years, of drought conditions."

California has experienced an unprecedented loss of runoff this spring as water was either absorbed by parched soils or evaporated amid unusually warm temperatures before reaching streams and reservoirs. High temperatures also prompted water users to use water earlier and in greater volumes than in previous critically dry years.

These developments resulted in the unexpected loss of nearly 800,000 acre-feet of water, enough to supply more than a million households for a year and nearly the entire capacity of Folsom Reservoir. In response, on May 10, Gov. Gavin Newsom issued a drought proclamation that now covers 41 of 58 counties, including Stanislaus County, and encompasses 30 percent of the state's population.

IN THE NEWS – The Ceres Courier August 4, 2021 (continued)

Newsom has also asked California residents to cut back water use by 15 percent as over a third of the state experiences the highest level of drought.

Current U.S. Drought Monitor Conditions for California: Current



U.S. Drought Monitor for CA

(D0) Abnormally Dry	(D1) Moderate Drought	(D2) Severe Drought	(D3) Extreme Drought	(D4) Exceptional Drought
100.0%	100.0%	95.1%	88.6%	46.5%

Source(s): NDMC, NOAA, USDA
Updates Weekly - 07/27/21

[Drought.gov](https://drought.gov)

Harder secures federal funding for Del Puerto Canyon Reservoir

The Del Puerto Canyon Reservoir project will likely move forward with federal funding thanks to advocacy from Rep. Josh Harder, who recently announced he helped secure a historic \$65 million in recommended funding levels for Central Valley water storage.

Harder urged Secretary of the Interior Deb Haaland to recommend that the Water Infrastructure Improvements for the Nation Act include \$15 million for Del Puerto Canyon Reservoir and \$50 million for the Los Vaqueros Reservoir Expansion. The two water storage projects are being planned as California experiences a second-straight year of drought and represent one of the Valley's largest investments in storage in a generation.

"The last major federal surface water storage project built in our state was in 1979. Since then, we've doubled our population statewide and done things like invented the internet and ended the Cold War. It's time our water storage system was made to keep up with the times," Harder said. "Securing \$65 million for Central Valley water means more jobs for our workers, more crops for our farmers, and more water for our families. This is a huge investment in the future of our community and I'm proud we could make it happen."

The proposed Del Puerto Canyon Reservoir would be located in Del Puerto Canyon in the Coast Range foothills west of Patterson and south of the Sacramento-San Joaquin Delta, just west of I-5. The project will deliver water from the Delta-Mendota Canal into the new reservoir, where it will be stored and released on a carefully managed basis. The reservoir would allow water to be delivered into storage during wetter periods until it is needed in drier periods for irrigation, groundwater recharge, or wildlife beneficial uses.

The last major Central Valley reservoir was New Melones, which was completed in 1979 when California had 24.2 million residents. Oroville, the last major State Water Project reservoir with 3.5 million acre feet of capacity, was finished in 1969 when the state had 19.9 million residents. California today has 39.3 million residents.

The Del Puerto Canyon Reservoir projects stands as the district's first new surface storage in 50 years. Harder last year secured \$1.5 million and \$7.84 million for the Del Puerto and Los Vaqueros projects, respectively.

The previous \$1.5 million in funding for Del Puerto Canyon Reservoir was used to conduct feasibility studies for the project; last October, the Del Puerto Water District Board of Directors certified a final Environmental Impact Report on the controversial project. While the canyon is a treasure trove of historical and cultural resources for many community members, it would serve as an invaluable water source for local farmers who are south of the Delta.

The project will expand off-stream water storage up to 85,000 acre-feet for DPWD, ensuring growers have access to more water during dry years.

More Denair development on the way Supervisors approve commercial, residential projects

By Angelina Martin

The Stanislaus County Board of Supervisors last week unanimously approved development projects in Denair which will bring more housing and a new business to town.

At their Aug. 17 meeting, the Board voted to approve a housing project at 4800 Kersey Rd. in Denair between North Gratton Road and Story Road as well as a landscaping and concrete supply/delivery service at the southeast corner of East Monte Vista Avenue and North Santa Fe Avenue.

The housing project will bring up to 20 new dwellings to Denair, while Gonzales Ready-Mix and Landscaping Supply will develop the eastern gateway to the town while providing the community with a place to purchase concrete and more.

The Gonzales Ready-Mix and Landscaping Supply project was originally intended to first be considered by the county planning commission in January of this year, but after concerns were raised by residents, the applicant was allowed more time in order to have a noise assessment prepared.

In early correspondence, two Denair residents raised concerns with potential noise, as well as traffic and groundwater contamination. Following the findings of the noise assessment, the applicant amended the hours of operation so that the concrete delivery service will begin at 7 a.m. rather than 6 a.m.

As the parcel is a gateway into Denair, county staff worked with the applicant to enhance the fencing and landscape screening along the road frontages, to better screen the materials storage area and concrete equipment. Instead of the originally proposed chain link fencing, the applicant will be installing wrought iron fencing along the road frontages, and landscaping will include screening trees and decorative shrubs.

While some still expressed concern over the commercial use of the property so close to residential zones, community members like James Shehan, owner of Denair business Grandma's Treasures, believes the business would be a great asset to the community and suggested a concrete sound barrier on the E. Monte Vista side as a buffer between the project site and neighboring residential area.

"...I think that it's always the responsibility of people to be responsive to the concerns in the community, and it seems to me that this applicant has done that, so I'll be in support of it," Supervisor Vito Chiesa said.

As Turlock Fire interim chief retires, is the city considering contract with Modesto?

By Kristin Lam

Turlock Interim Fire Chief Gary Carlson plans to retire next month and the city intends to replace him with the same administrator who oversaw Ceres contracting Modesto for fire services, the firefighter's union said.

The hiring of Michael Botto will come after the City Council budgeted a feasibility study to examine the costs of Modesto running fire operations in Turlock, said Chad Hackett, the firefighter's union president.

Turlock announced Carlson's retirement in a press release Thursday, but Interim City Manager Sarah Eddy on Friday said the city has not made a final decision to fill the position. The feasibility study will determine if Turlock can provide the same or better fire services at a lower cost by sharing resources, Eddy said in an email.

The council in June allocated \$25,000 of Measure A sales tax revenue for a fire feasibility study, but budget documents did not describe a purpose. Previous Acting City Manager Gary Hampton told the fire union the city plans to conduct such a study this fiscal year, Hackett said.

Meanwhile, Hackett said the retirement of the 24-year department veteran marks a loss for the entire city. Carlson has served as interim chief since Turlock fired Robert Talloni in June 2019 and before then had worked as operations chief since June 2016. During the COVID-19 pandemic Carlson also has served as the city's incident commander coordinating Turlock's emergency response.

"We are losing a huge asset and the fire department specifically will feel this really for the next couple years because there is no succession planning that has been taking place in the fire department," Hackett said. "So, even if we bring in an outside chief, there's no one up there to help that new chief get off to a good start."

Carlson, 51, told The Bee he decided not to seek the permanent fire chief position earlier this summer. He told the city he would be happy to serve until they found a candidate, he added. His retirement is effective Sept. 14.

"It's been an absolute honor to be part of the Turlock Fire Department and to be the chief for the past couple years," Carlson said. "I feel like Turlock has the most professional and most caring fire department that I've ever been a part of."

The council cut the fire department's budget for the 2019-20 and 2020-21 fiscal years, so Carlson said it has been challenging to maintain staffing levels with fewer people. Cuts also reduced the number of administrative chiefs from four to two in 2019, he said.

TURLOCK INTERIM CHIEF CONFIRMS CONTRACT STUDY MORE

Carlson confirmed the city plans to do a fire feasibility study for a Modesto fire services contract similar to the one Ceres started earlier this month. He expects the new interim chief will conduct the study, Carlson said.

Modesto provides all fire protection services for Ceres under the contract, but Ceres continues to own its fire trucks and stations. Modesto also hired Ceres firefighters. Supporters said the contract makes Ceres residents safer with better services available faster at a lower cost.

For Ceres, the process of researching, approving and implementing a contract took about five months. Botto, the interim fire chief at the time, gave the council a public presentation in March about the state of its fire department. The council directed him to research contract options, leading to a vote on the Modesto service agreement in June.

Carlson's retirement announcement comes a week after three Turlock firefighters gave notice that they are leaving for other agencies, Hackett said. Altogether the department has lost 10 firefighters in the past two years, Hackett said.

"Gary will truly be missed not just by those of us in city government, but by the entire Turlock community," Eddy said in the press release. "His easy manner was a real asset during the pandemic as he instilled calm in those around him."

IRRIGATION DISTRICTS JOIN IN STATE WATER BOARD LAWSUIT

The Oakdale and South San Joaquin Irrigation Districts have joined in a lawsuit challenging the State Water Resources Control Board's authority to prevent the two water agencies from diverting and storing Stanislaus River runoff in Donnell's, Beardsley, New Melones and Tulloch Reservoirs.

The state water board, in an emergency drought order issued Aug. 20, declared that OID, SSJID and 4,500 other water rights holders in California must immediately stop diverting water due to unprecedented drought conditions. Both Districts have the ability to use water previously stored behind those reservoirs and anticipate no immediate impacts to its agricultural and municipal customers.

The order also affects the Turlock and Modesto Irrigation Districts and the City and County of San Francisco, which have historic water rights to the Tuolumne River and store water behind Don Pedro Dam.

Together, the four water agencies and San Francisco form what is known as the San Joaquin Tributaries Association. The SJTA filed the lawsuit against the water board Thursday morning, Sept. 2 in Fresno Superior Court.

The state's curtailment order is open-ended – meaning there is no specific date indicated when the irrigation districts may again begin storing water in reservoirs. The water board said the curtailments are necessary to keep salt water from building up in the Delta, to protect fish and to maintain drinking water supplies for cities.

The lawsuit contends the state violated the Districts' due process rights and could impact the historic water rights held by SJTA members by not specifying when the curtailment order ends.

"Concerns about next year's water are developing now; we want to make sure we're in a good position," said Peter Rietkerk, SSJID's general manager. "No one knows – and the state won't say – how and when the decision will be made to lift the order."

California is suffering from a second straight year of drought, which is affecting water supplies across the state. OID and SSJID customers fared better than most this year because of the Districts' investments in efficient water management practices; farmers received full allocations, unlike those in some other areas. But because of the state's curtailment order, there is no telling what may happen next year if rain and snowfall are well below average for a third year in a row.

"It's really about next irrigation season," said Steve Knell, OID's general manager. "We want to put ourselves in the best position so that whatever rain comes, we can capture it, store it and make it available. It all comes down to how much rain and snow. If we're looking at another dry year, similar to this year, there may have to be cutbacks."

Knell said runoff in the Stanislaus River watershed this year was about 350,000 acre-feet – well below the historic average of about 1 million acre-feet into New Melones Reservoir, making 2021 the third-driest year on record going back nearly 100 years ago. The problem is compounded by the fact that 2020 was the ninth-driest year ever recorded. No two back-to-back years in any previous drought have been drier, he said. New Melones, managed by the federal Bureau of Reclamation, is the state's fourth-largest reservoir, with a capacity of 2.4 million acre-feet. As of Sept. 2, it held about 899,000 acre-feet – about 37 percent of total capacity and only 65 percent of what it typically has in early September. The Districts remain gravely concerned, officials said, over the way the Bureau has managed New Melones water this summer. From late June through mid-August, the Bureau increased flows in the Stanislaus River from 350 cubic feet per second to 1,500 cfs. The extra water ended up in the Delta and then the ocean. It was intended to make up for what was not being released at Shasta and Oroville Reservoirs because state and federal water officials said they wanted to retain cold water in those two lakes to release this fall to help protect spawning salmon on the Sacramento River and its tributaries.

IN THE NEWS – Riverbank News, September 08, 2021 (Continued Page 2)

“This year, the Stanislaus River has been a lifeline to the rest of the state,” Rietkerk said. “But for an already oversubscribed river system, how can the Stanislaus sustain our Districts, the communities we serve and the needs of the rest of the state? Our Districts and our partners in the SJTA often have no other recourse other than to file these lawsuits and fight for our communities.”

The South San Joaquin Irrigation District was established in 1909 and is located in Manteca. It provides agricultural irrigation water to about 55,000 acres in Escalon, Ripon and Manteca. In 2005, the district expanded into providing domestic water service to selected cities within its territory. The Oakdale Irrigation District was created in 1909 and provides agricultural water to about 62,000 acres in northeastern Stanislaus County and southeastern San Joaquin County. OID and SSJID hold senior water rights on the Stanislaus River. For more than 100 years, the Districts have delivered surface water to farms in San Joaquin and Stanislaus counties, and for SSJID, thousands of homes in San Joaquin County. The Districts are committed to sensible water policies, innovative irrigation techniques, prudent conservation practices, and important investments in biological studies of the river and fish habitat.

IN THE NEWS – The Ceres Courier, September 8, 2021

TID fears state orders will deprive farms

By Pawan Naidu

The California State Water Resources Board issued curtailment orders to 45 water rights holders in the Sacramento and San Joaquin Delta, including the Turlock Irrigation District. These orders could cause water shortages in the coming years if they stay in place for an extended period of time.

The curtailment order instructs local agencies to immediately stop diverting flows to rivers. The Turlock Irrigation District, along with the Modesto Irrigation District, owns and operates Don Pedro Reservoir that is a collection site from the Tuolumne River and main source of irrigation water.

The current water year will be coming to a close on Oct. 1, and there is enough water stored for the rest of the year, according to TID. Also on Oct. 1, the state water board will rereview the curtailment and determine whether to lift it or not.

"There's not really much water coming down anymore, so what's going to be stored from this really dry year is already stored," said TID Communications Specialist Brandon McMillan. "So, while they're calling for a seizure of diversions, at least for TID, it really doesn't impact us this year. We will be able to meet all of the demands of our farmers this year. However, this could have a significant impact in 2022 and beyond if the curtailments aren't lifted."

These are the first curtailment orders Turlock has faced. The State Water Board issued these same orders during the last drought in 2015. Those orders were challenged legally and the state lost those curtailment orders. According to McMillan, TID is potentially going to file a petition for reconsideration to the State Water Board regarding these orders and "have not ruled out seeking an injunctive relief." TID is also looking to file a legal challenge with other agencies as a joint powers group called the San Joaquin Tributaries Authority.

The State Water Board has stated its goals for the curtailment are to: Protect drinking water supplies, prevent salinity intrusion in the Delta, and to minimize impacts on the fisheries and the environment.

"TID's position is that the Tuolumne River doesn't need these curtailment orders because TID is meeting these goals based on our operations," said McMillan.

According to McMillan, TID believes that local entities are best equipped to manage water related issues pertaining to their own communities.

"We are locally owned; we have a five-member board who are locally elected officials. We have local control here. Because we have that local control, we were able to make good, smart and proactive decisions. The board was essentially able to save water and help us get through a multiyear drought. Within that we are still meeting our requirements, or going beyond them, for instream environmental flows. We're still making all the releases we're required to for the environment and we already set the water aside to make the releases for next year," he said.

Don Pedro is currently at a low level right now and water, rain and snow is needed to refill the reservoir.

"So much of the economy in our area is based on agriculture. Whether it's the farmers or the food processor, like Blue Diamond, therefore so much of the area revolves on TID having ag and revolves around TID having water. We need to be able to refill Don Pedro, to refill Don Pedro we need to be able to store water and we can't store water if the curtailment orders aren't allowing water to run," said McMillan. "If we go into a third year of the drought, where the first two years have already been drier than the last drought, that puts us in a really tough spot to help our farmers."

IN THE NEWS – The Ceres Courier September 8, 2021 (continued)

The curtailment could also have an effect on the area's groundwater resources, which is the only source of drinking water for Ceres, Hughson, Keyes and Turlock residents.

"TID is the biggest recharger for groundwater in the area, McMillan said. "Even bigger than rain is irrigation, so when farmers flood irrigated fields, that flood irrigation soaks down the aquifer and recharges it. If we can't use that to recharge the sub basin and recharge the groundwater, then that could be a really big issue."

Ceres and Turlock are jointly building a surface water plant to use comingled ground water and treated Tuolumne River water.

State Water Board order could impede 2022 irrigation season, groundwater recharging

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IN THE NEWS – Turlock Journal, September 10, 2021

Harder, U.S. Interior Secretary pledge local investments in water infrastructure

By Pawan Naidu

Representative Josh Harder, D-Turlock, was joined by Secretary of Interior Deb Haaland to discuss the drought and water conservation this week. Harder and Haaland both pledged to find solutions to help the Central Valley navigate through the drought.

"The department recognizes the hardships that the drought has presented to all of our communities, including the communities in the Central Valley," Haaland said. "And Interior is committed to working with you, Representative Harder, and of course, every single one of your colleagues to make it through this water year and to find a sustainable path forward."

Harder stressed the importance of developing short-term and long-term strategies to help mitigate current and future water crisis.

"That means we need to start building. In the last 50 years, the population in California has doubled, but we have not built a single new water storage project. We need more. We need to make sure that we're bringing new investments to our water portfolio," said Harder.

Harder is pushing hard to get a bipartisan infrastructure bill passed which could provide \$8.3 billion for western water storage. The Interior Department's proposed 2022 budget includes \$15 million toward building Del Puerto Reservoir in Patterson, which will be the first big water infrastructure project in the Central Valley in over 50 years.

"We've got more than \$8 billion for western water storage in this infrastructure project, with over a billion dollars specifically for projects like Del Puerto, in addition to the money that we've already talked about," said Harder. "This would be more money that we've spent federally on water since the Hoover Dam. It's actually five times more than we've spent in history. The level of investment that our community needs is not just for this drought, but for anything coming down the pike."

Del Puerto Reservoir could be built by 2028, which would add 82,000 acre-feet of storage for the area. This could prove vitally necessary during dry years where the region receives little to no rain.

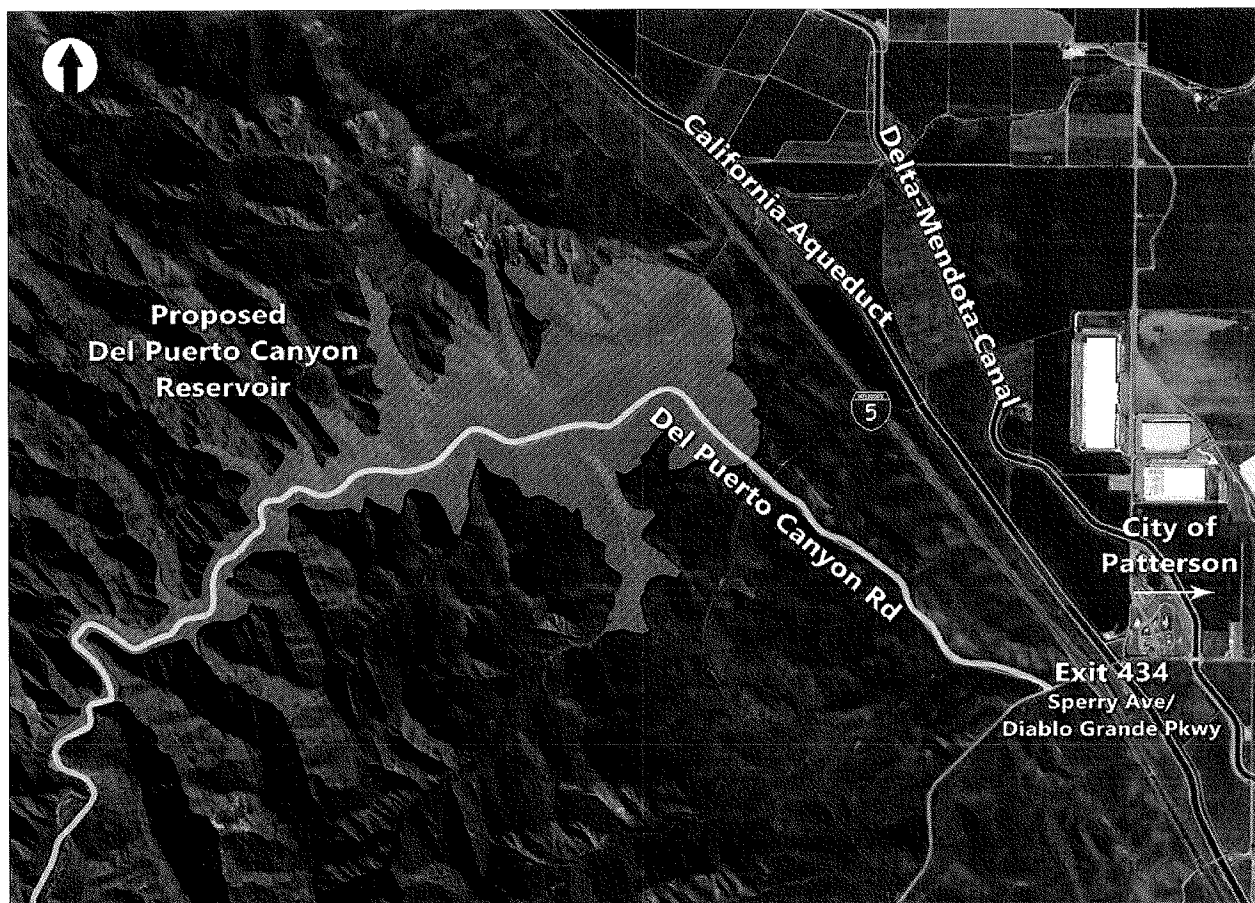
Haaland said she is working closely with state and federal agencies to identify projects that are needed to combat California's dry climate.

"I know how much climate change has impacted our communities and continues to do so for extended fire seasons to intense drought and water shortages, and I know how important the Central Valley is to these discussions, drought doesn't just impact one community, it affects all of us," she said.

Harder pointed out that Stanislaus County already has a major water recycling system. Farmers in the Del Puerto Water District use the effluent from sewage plants serving Modesto, Ceres and Turlock.

"Obviously, the best thing that we can do is get more use out of the water that we already have," Harder said.

The infrastructure bill will be voted on by the House no later than Sept. 27.



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www.stanislauslafco.org

MEMORANDUM

DATE: September 22, 2021
TO: LAFCO Commissioners
FROM: Jennifer Vieira, Commission Clerk
SUBJECT: **Proposed LAFCO Meeting Calendar for 2022**

RECOMMENDATION

Staff recommends that the Commission accept the proposed 2022 LAFCO Meeting Calendar

BACKGROUND

Each year, the Commission considers the following year's regular meeting calendar. The Commission's regular meetings occur on the fourth Wednesday of each month, with the exception of the November and December meetings that are combined due to the holidays and held on the first Wednesday in December. The calendar includes holidays and CALAFCO educational opportunities (staff workshop and annual conference) for the Commission's information.

Attachment: Proposed LAFCO 2022 Meeting Calendar

LAFCO CALENDAR FOR 2022

REGULAR MEETING TIME: 6:00 P.M.

JANUARY							FEBRUARY							MARCH							APRIL						
Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa
						1			1	2	3	4	5			1	2	3	4	5						1	2
2	3	4	5	6	7	8	6	7	8	9	10	11	12	6	7	8	9	10	11	12	3	4	5	6	7	8	9
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23	24	25	26	27	28	29	27	28						27	28	29	30	31			24	25	26	27	28	29	30
30	31																										

MAY							JUNE							JULY							AUGUST						
Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa
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29	30	31					26	27	28	29	30			24	25	26	27	28	29	30	28	29	30	31			
														31													

SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER						
Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa
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							30	31																			



LAFCO MEETINGS – REGULAR TIME: 6:00 P.M.

(4TH WEDNESDAY OF EVERY MONTH, WITH THE EXCEPTION OF NOVEMBER & DECEMBER, WHICH ARE COMBINED AND HELD ON THE 1ST WEDNESDAY IN DECEMBER)



HOLIDAYS



CALAFCO STAFF WORKSHOP – NEWPORT BEACH (March 23-25, 2022)

CALAFCO ANNUAL CONFERENCE – NEWPORT BEACH (October 19-21, 2022)

* MARCH'S REGULARLY SCHEDULED MEETING IS TENTATIVE, AS THE CALAFCO STAFF WORKSHOP OVERLAPS THE MEETING DATE.

TO: LAFCO Commissioners

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

SUBJECT: Selection of an Independent Auditor for the 3-Year Audit

RECOMMENDATION

Authorize the Executive Officer to execute a Professional Services Agreement with Cropper Accountancy Corporation for completion of the Commission's 3-year audit covering fiscal years ending 2019, 2020, and 2021.

DISCUSSION

In anticipation of the Commission's 3-year audit, Staff circulated a Request for Quotes to several financial audit companies. Two quotes were received as outlined below. Each of these firms is highly qualified and has experience auditing local governments and special districts.

Firm	Quote
Cropper Accountancy Corporation	\$12,000
Robert A. Hawks, Jr., CPA	\$13,000-15,000

Budget Appropriation & Selection

The current year's budget included approval of funding for auditing services in the amount of \$12,000. This estimate was determined based on the previous audit costs as well as a survey of other LAFCOs. Cropper Accountancy Corporation provided a quote within the budgeted amount.

Although two quotes were received for this year's audit, Staff did receive additional responses from firms that may be interested in future audits. Staff will retain the list of interested audit firms, as well as those listed above, for use in future requests for quotes.

CONCLUSION

LAFCO audits are not required by law; however, an independent financial review provides accountability and transparency for LAFCO's operations. Upon approval by the Commission, Staff will begin working immediately with Cropper Accountancy Corporation to provide needed financial documents for completion of the 3-year audit.

*Attachments: Proposal for Independent Audit Services – Cropper Accountancy Corporation
Draft Professional Services Agreement*

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PROPOSAL TO SERVE



Proposal for Financial Audit Services

June 30, 2019 – 2021

CROPPER ACCOUNTANCY CORPORATION

Certified Public Accountants

2700 Ygnacio Valley Road, Suite 270

Walnut Creek, CA 94598

August 15, 2021

PRIMARY CONTACT:

John Cropper, Shareholder

Phone: (925) 932-3860

Fax: (925) 476-9930

john@cropperaccountancy.com

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Exhibit B - Fee Proposal	

Jennifer Vieira, Commission Clerk
1010 Tenth Street 3rd Floor
Modesto, CA 95354

Dear Ms. Vieira:

We are pleased to submit our proposal to audit, examine, and prepare The Stanislaus Local Agency Formation Commission financial statements for the fiscal years ending June 30, 2019, and 2020 and 2021.

We are excited about the prospect of working with you! We want to be your public accounting firm and are confident in our ability to provide quality service at competitive rates.

In this proposal we describe in detail why we believe Cropper Accountancy Corporation is the selection of choice. Those distinguishing reasons are highlighted as follows:

- **Unique and value-added staffing model.** We do not employ inexperienced staff to perform our audits; a client service partner and senior staff will together perform all audit fieldwork in order to gain a detailed understanding of the Commission, build strong working relationships with management, and ensure that all audit risks are properly addressed. In subsequent years, the client service partner will *continue* to “roll up their sleeves” performing the work requiring greater expertise and giving personal attention that other firms do not provide. We believe this staffing model is most efficient and value-added.
- **Extensive governmental and special district audit expertise and experience.** We have extensive expertise and experience with governmental audits, which require compliance with Yellow Book standards and, as applicable, Single Audit requirements.
- **Agile technology implementation.** In the past year, COVID-19 has inevitably changed the way that most businesses operate. Fortunately, our firm was prepared. We had previously implemented cloud-based technology that allowed us to make a smooth transition to a remote and digital audit. The key piece to our success during the pandemic has been the use of Suralink – an automated document exchange and request list management solution that is built specifically for auditors, by auditors.

We acknowledge that we understand the requirements of your Request for Proposal and commit to performing the work within the stated time period. Our proposal is a firm and revocable offer for ninety days.

I look forward to hearing from you.

Sincerely,



John Cropper, CPA, CGFM, CGMA
President & Managing Shareholder
August 15, 2021

1. INTRODUCTION

Cropper Accountancy Corporation is a highly respected public accounting and consulting firm in Walnut Creek, California, serving clients and growing within the greater Bay Area since 1980. We are a firm purposefully less leveraged than other firms, in order to provide more personal and *continuous service by highly qualified, experienced personnel*. All nine members of our team have extensive governmental experience. With our high level of partner involvement, you will receive the highest degree of service. You will feel the difference working with Cropper Accountancy Corporation; questions are answered, direction is provided, and response time is quick.

As a member firm of the American Institute of Certified Public Accountants, we adhere to rigorous quality control standards in our accounting and auditing practice. We are required to submit to a review of our practice by our peers, and are proud of our peer review results. *The most recent peer review was performed in 2019, and included a review of at least one government engagement and at least one single audit report. We are happy to share that we received the highest rating of “pass.”* During the past three years, we have had no desk or field reviews. There has never been any disciplinary action taken or pending against the firm with state regulatory bodies or professional organizations.

2. LICENSE TO PRACTICE

Cropper Accountancy Corporation and all principals and assigned key audit members who will provide services to the Commission are licensed to practice as Certified Public Accountants in the State of California.

3. INDEPENDENCE

Cropper Accountancy Corporation and all related personnel are independent of LAFCO as defined by generally accepted auditing standards and the U.S. General Accounting Office’s *Government Auditing Standards*. For the past five years, our firm has had no professional relationship with the Commission which would constitute a conflict of interest relative to performing the proposed services.

4. FIRM QUALIFICATIONS AND EXPERIENCE

We believe the most important factor to ensure a quality audit and client satisfaction is the knowledge and experience of the audit professionals. Such knowledge and experience coupled with expertise in the required professional standards unique to a particular industry results in the most effective and efficient audit – as well as a higher level of client satisfaction. No audit methodology, no training course, and no computer software can ever replace solid professional judgment born of years of experience.

All of our firm’s personnel have extensive experience in servicing governmental organizations. We have the resources to properly staff the engagement to ensure effective and efficient service and to help with any needs as they arise throughout the year, not just during the audit.

Continuity of personnel is an important strength of our firm, which contributes to a more efficient audit process and less client disruption. You will be served primarily by the following members of our firm: John Cropper, managing shareholder, Katy Perry, manager and Muhktar Barna, staff accountant. Although unlikely, we retain the right to change these personnel if they leave the firm or are promoted. Changes for any other reason must be approved by the Commission.

5. PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

John Cropper, CPA, CGFM, CGMA – Engagement Principal and Primary Contact

John is one of the founders and is president of Cropper Accountancy Corporation. He has been practicing public accounting since 1990. John specializes in audits of governmental entities, including cities, special districts, HUDs, housing authorities, and single audits.

John began his career at Deloitte before moving on to become the partner-in-charge of the Walnut Creek office of Caporicci, Cropper & Larson, LLP. He worked as the partner-in-charge of the governmental practice at Armanino LLP before leaving to form Cropper Accountancy Corporation. In 2002, John founded the firm to provide hands-on expertise for his clients.

John is a member of the American Institute of Certified Public Accountants (AICPA), the California Society of Certified Public Accountants (CalCPA), Association of Government Accountants (AGA) and the California State Board of Accountancy. He is a Certified Government Financial Manager (CGFM), and a Chartered Global Management Accountant (CGMA). He formerly served on a Measure A advisory committee, and as the Treasurer of a Contra Costa County PAC Committee. John is a former member of the CalCPA state GASB committee. John is currently serving on the CalCPA Governmental Planning Committee.

Katy Perry - Manager

Katy graduated from Brigham Young University with a Bachelors in Science degree in 2005. She began practicing accounting in 2007 and has served as a manager on many government audits, including several special districts. She has been working as the acting finance director for a sanitary district for the last two years. Katy is a member of the California Society of CPAs, and has completed multiple governmental continuing professional education classes. Our clients appreciate Katy's great customer service and high level of responsiveness.

Mukhtar Barna - Staff Accountant

Mukhtar graduated from Pune University India with a Bachelor's in Business Administration in 2009 and in 2014 from Tulane University New Orleans with a Master's in Finance. Mukhtar is also the recipient of several scholarships including: the Fulbright, DAAD ("Deutscher Akademischer Austauschdienst", German Academic Exchange Service) and ICCR (Indian Council for Cultural Relations). He speaks seven languages. He has eight years of work experience with Washington DC based USAID Project implementing partners in Afghanistan. In 2019, He moved to the United States from Afghanistan with his wife and four kids.

6. CONTINUING EDUCATION

Each member of our firm is enrolled in a CPE program with the California Society of CPAs. Our peer review requires a total of 80 hours and a minimum of 24 hours of governmental CPE every two years.

John Cropper

8/22/2020	Audit Training	4.0
5/18/2020	An Auditor's Responsibilities for Fraud in the Government Environment	11.5
5/05/2020	Governmental Accounting and Auditing Virtual Conference	9.0
4/15/2020	Accountants Liability: Positioning Your Firm For Success	4.0
2/18/2020	Risk Assessment Deep Dive: How to Avoid Common Missteps	3.5
9/25/2019	Small Business and Broker Dealer Auditor Forum	11.4
9/09/2019	Auditing Broker Dealer Revenue	4.0
7/10/2019	Becoming an AICPA Peer Review Team	8.0
7/09/2019	Auditing Standards a Comprehensive Review	16
50/7/2019	Governmental Accounting and Auditing Conference	8.5
7/10/2018	Financial Statement Risks	8.0
6/28/2018	Documentation Requirements Design and Reviewing Techniques	8.0
6/26/2018	Peer Review Update	2.0
5/08/2018	Governmental Accounting and Auditing Conference	9.0
3/28/2018	Accounting Laws, Ethics, Taxes and Financial Reporting	4.0
3/14/2018	Accounting and Auditing Update	7.5
30/2/2018	Avoiding Problems in Conducting Single Audits	8.0
1/26/2018	GASB Basic Financial Statements for State and Local Governments	8.0
1/10/2018	Federal Tax Update	8.0

Katy Perry

12/09/2020	Multifamily Governmental Housing Conference	16
08/21/2020	Audit Training	4.0
05/05/2020	Governmental and Auditing Virtual Conference	9.0
04/17/2020	Accountant's Liability: Positioning Your Firm For Success	4.0
02/06/2020	Microsoft Excel: Working with Formulas and Functions	4.0
07/22/2019	Revenue: Topic 606 Webcast	8.0
06/18/2019	AHACPA PHA Conference 2019	16
05/07/2019	Governmental Accounting and Auditing	8.5
12/11/2018	Single Audits: A Case Study Approach	8.0
05/08/2018	Governmental Accounting and Auditing	9.0
03/02/2018	Avoiding Problems in Conducting Single Audits	8.0

Muhktar Barna

08/22/2020	Audit Training	4.0
04/24/2020	Accountants Liability: Positioning Your Firm for Success	4.0
03/14/2020	Risk Assessment Deep Dive: How to Avoid Common Missteps	3.5
02/15/2020	New Lease Accounting	2.0
10/31/2019	Effective Workpaper Techniques	8.0
10/07/2019	Planning the Audit	4.0
10/07/2019	Performing the Audit	4.0

7. SIMILAR ENGAGEMENTS AND CLIENT REFERENCES

<u>Engagement</u>	<u>Scope of Work</u>	<u>Hours</u>	<u>Partner</u>
Fairview Fire Protection District General Manager - Michael Preston (510) 386-2151 mike.preston@fairviewfiredistrict.org	Financial Audit Years Served 2006 - Present	80	John Cropper
West Stanislaus County Fire Protection District Accounting Manager - Tracy Taylor (209) 895-8130 ttaylor@ci.patterson.ca.us	Financial Audit Years Served 2019 - Present	80	John Cropper
Western Hills Water District Office/Accounting Manager - Ashley Wilkins (209) 895-9493 awilkins@whwdist.com	Financial Audit Years Served 2002 - Present	150	John Cropper
Oro Loma Sanitary District Finance Director - Arlene Wong (510) 276-4700 arlene@oroloma.org District Manager- Jason Warner jwarner@oroloma.org	Financial Audit/Single Audit/CAFR Years Served 2010-14, 2020-21	250	John Cropper
Las Gallinas Valley Sanitary District District Manager - Mike Prinz (415) 472-1734 mprinz@lgvsd.org Finance Manager - Dale McDonald (415) 472-1734 dmcdonald@lgvsd.org - new in 2020	Financial Audit/Single Audit/CAFR Years Served 2015 - Present	250	John Cropper
Central Marin Sanitation Agency Administrative Services Manager Ken Spray (415) 459-1455 ext 129 kspray@cmsa.us	Financial Audit with CAFR Years Served 2018 - Present	250	John Cropper

We are proud of our long-standing client relationships, even in the governmental industry that routinely rotates auditors. Frankly, our clients love working with us. We currently serve over 40 clients in the governmental industry.

8. WORK PLAN – ESTIMATED AUDIT HOURS AND TENTATIVE SCHEDULE

<u>Date</u>	<u>Work to be Performed</u>	<u>Time Estimate (Hours)</u>	<u>Staff Level</u>
September 2021	<ul style="list-style-type: none"> Prepare client acceptance 	1	John Cropper
September 2021	<ul style="list-style-type: none"> Review predecessor audit workpapers Planning activities (audit plan, scheduler request, and other planning documents as required by professional standards). Preliminary conference with designated Commission officials to plan timing of audit work 	12	John Cropper Katy Perry, Manager
October 2021	<u>Interim Fieldwork/On-Site If Available</u> <ul style="list-style-type: none"> Risk assessment and mitigating internal controls including fraud protocols (cash receipts, cash disbursements, payroll fixed assets, financial reporting) Commission board minutes review Prepare preliminary drafts of all required reports for discussion with Commission management Progress conferences on results of interim audit procedures and significant observations. Coordinate final audit procedures, dates, and client-prepared schedules. 	30	John Cropper Katy Perry, Manager Mukhtar Ahmad, Staff
November 2021	<u>Final Fieldwork Procedures/On-Site If Available</u> <ul style="list-style-type: none"> Entrance conference with Commission staff to coordinate fieldwork procedures Final audit procedures performed on all Commission funds and entities including the Retirement Plan and OPEB Trust. Report preparation and technical review Delivery of drafts of required reports and draft management letter Commission review Exit conference Draft financial statements delivered 	60 14	John Cropper Katy Perry, Manager Mukhtar Barna, Staff
December 2021	<ul style="list-style-type: none"> Final financial statements delivered 	1	
December 2021	<ul style="list-style-type: none"> Presentation of financial statements, management letter to the Commission 	4	John Cropper

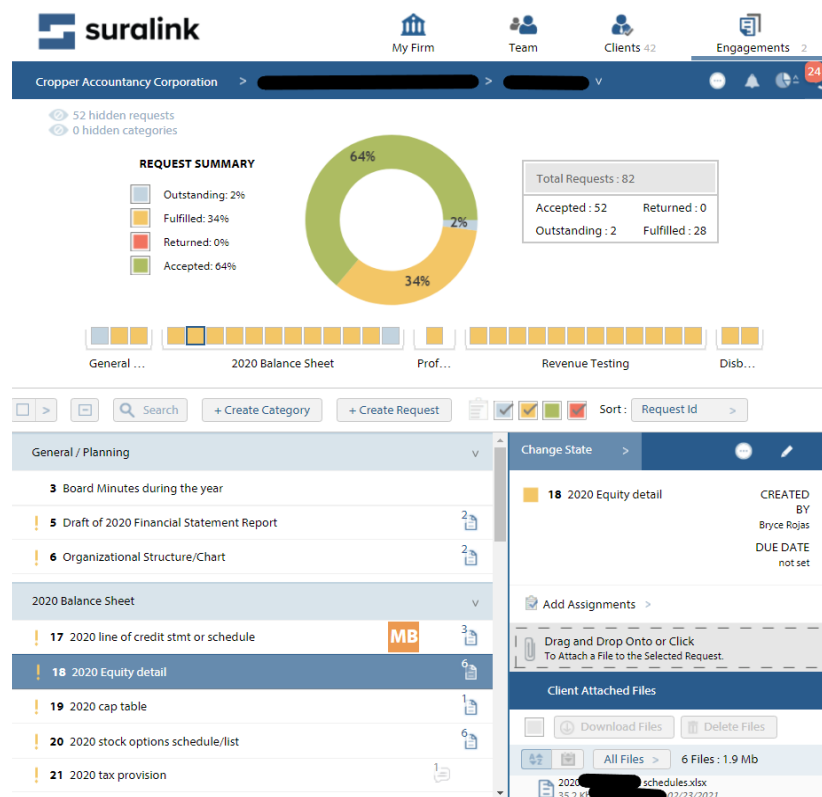
9. TECHNOLOGY IMPLEMENTATION

Suralink

A key piece to our success during the shift in the American workplace over the past year has been the use of **Suralink – an automated document exchange and request list management solution** that is built specifically for auditors, by auditors. For one audit engagement, the client may need to exchange dozens or even hundreds of documents with their auditors. Suralink is an interface that allows both the auditor and the client to easily see the status of each document, when it was submitted, if it is accurate and appropriate, and if it needs to be modified. We (the auditors) create our request list, and then you (the client) can drag and drop each requested document into the Suralink request. Suralink is secure and is cloud-based, so you can upload documents from anywhere, at any time, with just an internet connection. These are some of the key features of Suralink:

- 1) Dynamic request list management: All audit requests are in one place, updated in real time, and accessible by everyone working on the engagement.
- 2) Assignments: Distribute workload to the appropriate staff members.
- 3) Any file size or type: From your average word or excel file, to large back-up files, any file type and size can be uploaded successfully.
- 4) Engagement timelines: A timeline of engagement provides a clear audit trail and accountability of all activity in the system, while instant notifications keep you up to date.

The image below gives a clear portrait of how Suralink can help immensely with audit tracking. It provides an at-a-glance view of the audit status.



Thomson Reuters AdvanceFlow and Checkpoint Engage

We use **Checkpoint Engage**, the only fully integrated preparation and audit solution built by Thomson Reuters' developers, data scientists, innovation labs and robust application ecosystem. Leveraging a truly web native environment ensures staff access and collaboration from anywhere, anytime and completely eliminates version control worries.

Thomson Reuters **AdvanceFlow** is the first cloud-based audit engagement software that combines the convenience of the cloud with enterprise-level processing power. Engagements, workpapers, and colleagues are available in real time, whether we are in our office, at the Commission or anywhere else. It's a new level of convenience — backed by the auditing tools and trial balance power to handle the most complex clients and the most data-heavy jobs.

10. SPECIFIC AUDIT APPROACH

This section describes Cropper Accountancy Corporation's general audit engagement approach and the techniques we employ in servicing organizations such as the Commission. We will tailor the general approach outlined in this section based on information we gather throughout the audit process - your organization's unique risks, strategies, challenges, policies, and practices - as we audit and analyze the financial position of the Commission.

Our firm has a strong record of completing audits on time, proceeding through the work plan in an organized and efficient manner, and working with Commission staff in a reasonable and harmonious relationship. We are a leader in the area of technology adoption to increase the efficiency of our audits. We prepare our work papers using a cloud based audit software package, which seamlessly integrates with standard Microsoft Office products. From planning to the report phase, any adjustments booked into the software will flow seamlessly into your financial statements. As seen in section 9 of this proposal, we use Suralink to reduce paper waste and for more efficient tracking of the exchange of documents between client and auditor. Our peer reviewer recently commented that we operate as a model local CPA firm in our audit practices and procedures.

In accordance with professional standards, our audit work relies heavily on risk assessment and analytical procedures to design effective audit procedures. Our wealth of experience with districts allows us to recognize relationships among the financial statement amounts rather than simply test a sample of the large volume of transactions. That is why we staff our engagements with partners and senior personnel. We expect to spend approximately 40% of our time on planning and interim fieldwork, 50% of our time on year-end fieldwork, and the remaining 10% of our time on finalizing the audit, meetings and reporting issues.

Our audit procedures consist of inquiries, observations, recalculation, reperformance, and other analyses of the Commission's significant systems and internal controls that produce your financial statements. Based on our understanding of the Commission's internal control and financial processes, we focus our efforts primarily on efficient and cost-effective audit techniques that are truly tailored to your practices and systems. One of the techniques used may involve random sampling. Sample sizes are based on risk assessment, planning materiality, and population size (both dollar amount and number of items in the population).

All qualified public accounting firms will follow generally accepted auditing standards and *Governmental Auditing Standards* when auditing the Commission. We believe that the standard audit approach can be improved upon in a number of ways including, but not limited to, the following:

- Investing approximately 40% of total audit time in planning and interim audit procedures
- Changing the audit approach each year to respond to changes in your business
- Communicating clearly and early and often throughout the entire process, appropriate to each level of management and governance
- Proactively exploring with you and our team ways to improve the audit so that there is constant improvement
- Providing insightful recommendations to management that are constructive and reflective of industry best practices

Our engagement approach can ordinarily be summarized into three phases: planning, fieldwork, and reporting/concluding procedures.

I. PLANNING

Our previous experience with other districts provides us with a sound foundation from which to plan our audit procedures. Through an entrance conference the Commission will have an opportunity to meet new team members.

The planning phase of the engagement will lay the foundation for the direction of our audit and is key to cost-effective completion. We invest in the planning phase knowing that the remaining phases will then flow smoothly and reduce the likelihood of any “surprises” in later phases. Our planning will focus on developing a more detailed understanding of the Commission's operations, identifying significant issues and new pronouncements that may be applicable, and designing efficient audit procedures. Specifically, we will:

1. *Obtain an understanding of the legal and fiscal environment by reviewing:*
 - a. Existing cash flow projections and operating and capital improvement budgets.
 - b. Debt and lease agreements.
 - c. Key statistics and trends.
 - d. Economic environment, especially locally.
 - e. Current operations (internally produced financial statements).
 - f. Prior year audit reports.
 - g. Additional documentation and reports available from the internal audit staff.
 - h. Key risks.
2. *Meet with Commission management to discuss the following:*
 - a. New significant transactions or anticipated transactions.
 - b. Coordination of procedures and timing.
 - c. Initial observations or areas of emphasis.
 - d. Reporting requirements.
 - e. Implications of new accounting pronouncements, if any.

- f. Fraud protocols and risk assessments.
 - g. Any other areas of concern to management.
3. *Perform analytical reviews of financial data to identify other areas that might require significant attention.*

Based on our understanding of the Commission's operating environment, analytical reviews, and the other planning procedures, we will highlight areas to be emphasized during our interim and final audit work. We will then define the engagement objectives, concentrating on the identified areas of concern and areas we know are significant to management and to the financial statements as a whole.

II. FIELDWORK PROCEDURES

The fieldwork phase of the engagement includes completion of all audit procedures to be performed. We will divide our efforts into two distinct segments: interim audit procedures and final audit procedures.

Interim Audit Procedures:

Interim audit procedures lay the foundation for an efficient and effective audit. We will strive to perform a significant portion of our procedures at interim to allow a more efficient completion of the audit. Specifically, at interim we will document the Commission's financial reporting and other process risks, related controls, and any compliance requirements. If control reliance appears appropriate, we will typically make a risk-based random sample of selections within each financial process and test the key controls we will rely upon. In certain circumstances compliance supplements, which guide our compliance testing, will dictate a larger sample size. We also test controls over compliance with federal laws, regulations, and grant agreements, if any, during this phase. The identification and testing of risks and internal controls is subjective and critical to a quality audit.

During interim we will also review Board minutes, debt agreements, retirement plan assets and liabilities, significant transactions, and prepare confirmations to be sent on selected balance sheet accounts. We are open to exploring all audit areas that can be effectively and efficiently audited at an interim date.

Final Audit Procedures:

During our final fieldwork procedures we will complete our test work of the Commission's financial statement balances. Significant asset and liability accounts will be verified and tested through a combination of detailed vouching procedures and analytical techniques. We will perform analyses of various revenue and expenditure accounts through comparisons to budgets, ratios, and prior year amounts. Significant variances noted will be investigated further. We will also complete our evaluation of internal control and compliance objectives.

Commencing during the interim phase and continuing throughout final audit procedures, we will be preparing drafts of the financial statements, our auditors' report and management letter (detailing our observations and recommendations concerning internal accounting control and other matters). Both the financial statements and the management letter will be reviewed in detail with you and your staff as they are being drafted. We encourage you to provide us with feedback with respect to our management letter comments so that we may incorporate your comments into our letter.

Sampling Techniques Employed:

We use a combination of statistical and non-statistical sampling techniques. Most samples will be selected based upon our judgment, utilizing our experience and knowledge of financial trends and patterns. If it is subsequently determined that statistical sampling can enhance the efficiency of our audit procedures, we will revise our preliminary plan to incorporate the use of these techniques. We are very experienced in the use of various statistical sampling techniques (i.e. monetary unit sampling), and will utilize those techniques through specialized software when appropriate.

III. CONCLUDING/REPORTING PROCEDURES

At the conclusion of our audit, we will meet with financial management and other staff, as appropriate, to discuss the results of the audit. We will also provide periodic progress reports to management during the audit. Our cloud-based document exchange service, Suralink, will show the status of any requests made by the audit team (outstanding, fulfilled, accepted, or returned), and can be set up to send you reminder emails as often as twice a day, at your discretion. This allows management to immediately track and understand audit progress on a daily basis.

Any suspected fraudulent or illegal acts will be brought to the attention of management or the Board, as appropriate, immediately. We will also provide a presentation to the Board of Directors on the audit process and findings when the final report is presented to them.

As part of our examination, we will make a study and evaluation of the Commission's system of internal accounting control to the extent we consider necessary to plan our audit as required by generally accepted auditing standards. Under these standards, the purpose of such evaluation is to establish a basis for reliance on the system of internal accounting control in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements, and to assist the auditors in planning and performing their examination of the financial statements.

The areas audited will be subject to review of procedures and policies in order to determine the effectiveness of existing accounting and operational systems and controls. We will make recommendations for revision or modifications where necessary. Our recommendations will be based on the concept that the cost of a system of internal accounting controls should not exceed the benefits derived.

Management Letters:

Letters to management on internal controls and recommendations ("management letters") are one of our principal means of communicating with our clients relative to the results of our annual audits and reviews. The overriding goal of our letters is to assist management in reaching its internal control objectives and to provide suggestions and other guidance on operational matters. Comments will touch on safeguarding of assets, strengthening cash flow, improving operational efficiency, and establishing and maintaining reliable financial records. The management letter will be reviewed in detail with you and your staff to verify its factual accuracy before being issued in final form.

EXHIBIT A

Peer Review 2019

REPORT ON FIRM'S SYSTEM OF QUALITY CONTROL

August 30, 2019

To the Stockholders of
Cropper Accountancy Corporation
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Cropper Accountancy Corporation (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included an engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; audits of employee benefit plans, an audit of a broker-dealer, and an examination of a service organization, SOC 2 engagement.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Cropper Accountancy Corporation applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Cropper Accountancy Corporation has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "Watson Coon Ryan, LLC". The script is cursive and fluid.

Watson Coon Ryan, LLC

EXHIBIT B

Fee Proposal

LOCAL AGENCY FORMATION COMMISSION

Fee Proposal By Deliverable

	Fiscal Year Ending June 30		
	2019	2020	2021
Financial Statement Audit	\$ 4,000	\$ 4,000	\$ 4,000
Total	\$ 4,000	\$ 4,000	\$ 4,000
MAXIMUM PRICE*	\$ 4,000	\$ 4,000	\$ 4,000

*The above pricing does not include a single audit. Should a single audit be required, the additional fee will be negotiable based on the number of federal programs.

LOCAL AGENCY FORMATION COMMISSION

Fee Proposal By Staff

			Fiscal Year Ending June 30		
	Hours	Rate	2019	2020	2021
Partner	18	\$ 200	\$ 1,200	\$ 1,200	\$ 1,200
Manager	32	\$ 120	1,280	1,280	1,280
Staff accountant	32	\$ 80	853	853	853
Administrative Staff	40	\$ 50	667	667	667
Total	122		\$ 4,000	\$ 4,000	\$ 4,000
MAXIMUM PRICE*			\$ 4,000	\$ 4,000	\$ 4,000

*The above pricing does not include a single audit. Should a single audit be required, the additional fee will be negotiable based on the number of federal programs.

Note

The same hourly fees listed above shall apply should the Commission require additional services

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AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement for Professional Services is made and entered into by and between the Stanislaus County Local Agency Formation Commission ("LAFCO") and Cropper Accountancy Corporation ("Consultant"), as of September 22, 2021 (the "Agreement").

Introduction

WHEREAS, LAFCO has a need for financial audit services;

WHEREAS, the Consultant is specially trained, experienced and competent to perform and has agreed to provide such services; and

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions hereinafter contained, the parties hereby agree as follows:

Terms and Conditions

1. Scope of Work

1.1 The Consultant shall furnish to LAFCO upon execution of this Agreement or receipt of LAFCO's written authorization to proceed, those services and work set forth in **Exhibits A (Scope of Work) and Exhibit B (Audit Engagement Letter)**, which are attached hereto and, by this reference, made a part hereof.

1.2 All documents, drawings and written work product prepared or produced by the Consultant under this Agreement, including without limitation electronic data files, are the property of the Consultant; provided, however, LAFCO shall have the right to reproduce, publish and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Consultant may copyright the same, except that, as to any work which is copyrighted by the Consultant, LAFCO reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so. LAFCO shall defend, indemnify and hold harmless the Consultant and its officers, employees, agents, representatives, subcontractors and consultants from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, arising out of or resulting from LAFCO's reuse of the documents and drawings prepared by the Consultant under this Agreement.

1.3 Services and work provided by the Consultant under this Agreement will be performed in a timely manner in accordance with a schedule of work set forth in Exhibits A and B. If there is no schedule, the hours and times for completion of said services and work are to be set by the Consultant; provided, however, that such schedule is subject to review by and concurrence of LAFCO.

1.4 The Consultant shall provide services and work under this Agreement consistent with the requirements and standards established by applicable federal, state, County and LAFCO laws, ordinances, regulations and resolutions. The Consultant represents and warrants that it will perform its work in accordance with generally accepted industry standards and practices for the profession or professions that are used in performance of this Agreement and that are in effect at the time of performance of this Agreement. Except for that representation and any representations made or contained in any proposal submitted by the Consultant and any reports or opinions prepared or issued as part of the work performed by the Consultant under this Agreement, Consultant makes no

other warranties, either express or implied, as part of this Agreement.

1.5 If the Consultant deems it appropriate to employ a consultant, expert or investigator in connection with the performance of the services under this Agreement, the Consultant will so advise LAFCO and seek LAFCO's prior approval of such employment. Any consultant, expert or investigator employed by the Consultant will be the agent of the Consultant not LAFCO.

2. Consideration

2.1 The Consultant shall be compensated on either a time and materials basis, as provided in Exhibit A attached hereto.

2.2 Except as expressly provided in this Agreement, Consultant shall not be entitled to nor receive from LAFCO any additional consideration, compensation, salary, wages or other type of remuneration for services rendered under this Agreement, including, but not limited to, meals, lodging, transportation, drawings, renderings or mockups. Specifically, Consultant shall not be entitled by virtue of this Agreement to consideration in the form of overtime, health insurance benefits, retirement benefits, disability retirement benefits, sick leave, vacation time, paid holidays or other paid leaves of absence of any type or kind whatsoever.

2.3 The Consultant shall provide LAFCO with a monthly or a quarterly statement, as services warrant, of fees earned and costs incurred for services provided during the billing period, which LAFCO shall pay in full within 30 days of the date each invoice is approved by LAFCO. The statement will generally describe the services performed, the applicable rate or rates, the basis for the calculation of fees, and a reasonable itemization of costs. All invoices for services provided shall be forwarded in the same manner and to the same person and address that is provided for service of notices herein.

2.4 LAFCO will not withhold any Federal or State income taxes or Social Security tax from any payments made by LAFCO to Consultant under the terms and conditions of this Agreement. Payment of all taxes and other assessments on such sums is the sole responsibility of Consultant. LAFCO has no responsibility or liability for payment of Consultant's taxes or assessments.

3. Term

3.1 The term of this Agreement shall be from the date of this Agreement until completion of the agreed upon services unless sooner terminated as provided below or unless some other method or time of termination is listed in Exhibit A.

3.2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party, at that party's option, may terminate this Agreement by giving written notification to the other party.

3.3 LAFCO may terminate this agreement upon 30 days prior written notice. Termination of this Agreement shall not affect LAFCO's obligation to pay for all fees earned and reasonable costs necessarily incurred by the Consultant as provided in Paragraph 2 herein, subject to any applicable setoffs.

3.4 This Agreement shall terminate automatically on the occurrence of (a) bankruptcy or insolvency of either party, or (b) sale of Consultant's business.

4. Required Licenses, Certificates and Permits

Any licenses, certificates or permits required by the federal, state, county or municipal governments for Consultant to provide the services and work described in Exhibit A must be procured by Consultant and be valid at the time Consultant enters into this Agreement. Further, during the term of this Agreement, Consultant must maintain such licenses, certificates and permits in full force and effect. Licenses, certificates and permits may include but are not limited to driver's licenses, professional licenses or certificates and business licenses. Such licenses, certificates and permits will be procured and maintained in force by Consultant at no expense to LAFCO.

5. Office Space, Supplies, Equipment, Etc.

Unless otherwise provided in this Agreement, Consultant shall provide such office space, supplies, equipment, vehicles, reference materials and telephone service as is necessary for Consultant to provide the services under this Agreement. The Consultant—not LAFCO—has the sole responsibility for payment of the costs and expenses incurred by Consultant in providing and maintaining such items.

6. Insurance

6.1 Consultant shall take out, and maintain during the life of this Agreement, insurance policies with coverage at least as broad as follows:

6.1.1 General Liability. Commercial general liability insurance covering bodily injury, personal injury, property damage, products and completed operations with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to any act or omission by Consultant under this Agreement or the general aggregate limit shall be twice the required occurrence limit.

6.1.2 Professional Liability Insurance. Professional errors and omissions (malpractice) liability insurance with limits of no less than One Million Dollars (\$1,000,000) aggregate. Such professional liability insurance shall be continued for a period of no less than one year following completion of the Consultant's work under this Agreement.

6.1.3 Automobile Liability Insurance. If the Consultant or the Consultant's officers, employees, agents or representatives utilize a motor vehicle in performing any of the work or services under this Agreement, owned/non-owned automobile liability insurance providing combined single limits covering bodily injury and property damage liability with limits of no less than One Million Dollars (\$1,000,000) per incident or occurrence.

6.1.4 Workers' Compensation Insurance. Workers' Compensation insurance as required by the California Labor Code. In signing this contract, the Consultant certifies under section 1861 of the Labor Code that the Consultant is aware of the provisions of section 3700 of the Labor Code which requires every employer to be insured against liability for workmen's compensation or to undertake self-insurance in accordance with the provisions of that code, and that the Consultant will comply with such provisions before commencing the performance of the work of this Agreement.

6.2 Any deductibles, self-insured retentions or named insureds must be declared in writing and approved by LAFCO. At the option of LAFCO, either: (a) the insurer shall reduce or eliminate such deductibles, self-insured retentions or named insureds, or (b) the Consultant shall provide a bond, cash, letter of credit, guaranty or other security satisfactory to LAFCO guaranteeing payment of the self-insured retention or deductible and payment of any and all costs, losses, related

investigations, claim administration and defense expenses. LAFCO, in its sole discretion, may waive the requirement to reduce or eliminate deductibles or self-insured retentions, in which case, the Consultant agrees that it will be responsible for and pay any self-insured retention or deductible and will pay any and all costs, losses, related investigations, claim administration and defense expenses related to or arising out of the Consultant's defense and indemnification obligations as set forth in this Agreement.

6.3 The Consultant shall include LAFCO, its Officers, Directors, Officials, Agents, Employees and volunteers as Additional Insureds under the General Liability and Auto policy and shall supply specific endorsements for same. The Additional Insured endorsement under the General Liability policy will be the Additional Insured – Owners, Lessees or Contractors – Scheduled Person or Organization ISO Form CG2010 with the current applicable revision date. The Additional Insured endorsement under the Auto Liability will be “where required by written contract”. All Insurance policies will include a Waiver of Subrogation in favor of LAFCO.

6.4 The Consultant's insurance coverage shall be primary insurance regarding LAFCO and LAFCO's officers, officials and employees. Any insurance or self-insurance maintained by LAFCO or LAFCO's officers, officials and employees shall be excess of Consultant's insurance and shall not contribute with Consultant's insurance. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to LAFCO, its officers, directors, officials, agents, employees and volunteers. Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. Any available insurance proceeds in excess of the specified minimum limits required by this Agreement shall be available to LAFCO for defense and damages. The indemnity and insurance sections are stand alone and not dependent on each other for coverage limits.

6.5 Any failure to comply with reporting provisions of the policies shall not affect coverage provided to LAFCO or its officers, officials, employees or volunteers.

6.6 The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

6.7 Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party except after thirty (30) days' prior written notice has been given to LAFCO. The Consultant shall promptly notify, or cause the insurance carrier to promptly notify, LAFCO of any change in the insurance policy or policies required under this Agreement, including, without limitation, any reduction in coverage or in limits of the required policy or policies.

6.8 Insurance shall be placed with California admitted insurers (licensed to do business in California) with a current rating by Best's Key Rating Guide acceptable to LAFCO; provided, however, that if no California admitted insurance company provides the required insurance, it is acceptable to provide the required insurance through a United States domiciled carrier that meets the required Best's rating and that is listed on the current List of Eligible Surplus Line Insurers maintained by the California Department of Insurance. A Best's rating of at least A-:VII shall be acceptable to LAFCO; lesser ratings must be approved in writing by LAFCO.

6.9 Consultant shall require that all of its subcontractors are subject to the insurance and indemnity requirements stated herein, or shall include all subcontractors as additional insureds under its insurance policies.

6.10 At least ten (10) days prior to the date the Consultant begins performance of its obligations under this Agreement, Consultant shall furnish LAFCO with certificates of insurance, and

with original endorsements, showing coverage required by this Agreement, including, without limitation, those that verify coverage for subcontractors of the Consultant. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements shall be received and, in LAFCO's sole and absolute discretion, approved by LAFCO. LAFCO reserves the right to require complete copies of all required insurance policies and endorsements, at any time.

6.11 The limits of insurance described herein shall not limit the liability of the Consultant and Consultant's officers, employees, agents, representatives or subcontractors.

7. Defense and Indemnification

7.1 To the fullest extent permitted by law, Consultant shall indemnify, hold harmless and defend LAFCO and its agents, officers and employees from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorneys' fees, arising out of, resulting from, or in connection with the performance of this Agreement by the Consultant or Consultant's officers, employees, agents, representatives or subcontractors and resulting in or attributable to personal injury, death, or damage or destruction to tangible or intangible property, including the loss of use. Notwithstanding the foregoing, Consultant's obligation to indemnify LAFCO and its agents, officers and employees for any judgment, decree or arbitration award shall extend only to the percentage of negligence or responsibility of the Consultant in contributing to such claim, damage, loss and expense.

7.2 Consultant's obligation to defend, indemnify and hold LAFCO and its agents, officers and employees harmless under the provisions of this paragraph is not limited to or restricted by any requirement in this Agreement for Consultant to procure and maintain a policy of insurance.

7.3 To the fullest extent permitted by law, LAFCO shall indemnify, hold harmless and defend the Consultant and its officers, employees, agents, representatives or subcontractors from and against all claims, damages, losses, judgments, liabilities, expenses and other costs, including litigation costs and attorney's fees, arising out of or resulting from the negligence or wrongful acts of LAFCO and its officers or employees.

7.4 Subject to the limitations in 42 United States Code section 9607(e), and unless otherwise provided in a Scope of Services approved by the parties:

(a) Consultant shall not be responsible for liability caused by the presence or release of hazardous substances or contaminants at the site, unless the release results from the negligence of Consultant or its subcontractors;

(b) No provision of this Agreement shall be interpreted to permit or obligate Consultant to assume the status of "generator," "owner," "operator," "arranger," or "transporter" under state or federal law; and

(c) At no time, shall title to hazardous substances, solid wastes, petroleum contaminated soils or other regulated substances pass to Consultant.

8. Status of Consultant

8.1 All acts of Consultant and its officers, employees, agents, representatives, subcontractors and all others acting on behalf of Consultant relating to the performance of this Agreement, shall be performed as independent contractors and not as agents, officers or employees of LAFCO. Consultant, by virtue of this Agreement, has no authority to bind or incur any obligation

on behalf of LAFCO. Except as expressly provided in Exhibit A, Consultant has no authority or responsibility to exercise any rights or power vested in LAFCO. No agent, officer or employee of LAFCO is to be considered an employee of Consultant. It is understood by both Consultant and LAFCO that this Agreement shall not be construed or considered under any circumstances to create an employer-employee relationship or a joint venture.

8.2 At all times during the term of this Agreement, the Consultant and its officers, employees, agents, representatives or subcontractors are, and shall represent and conduct themselves as, independent contractors and not employees of LAFCO.

8.3 Consultant shall determine the method, details and means of performing the work and services to be provided by Consultant under this Agreement. Consultant shall be responsible to LAFCO only for the requirements and results specified in this Agreement and, except as expressly provided in this Agreement, shall not be subjected to LAFCO's control with respect to the physical action or activities of Consultant in fulfillment of this Agreement. Consultant has control over the manner and means of performing the services under this Agreement. If necessary, Consultant has the responsibility for employing other persons or firms to assist Consultant in fulfilling the terms and obligations under this Agreement.

8.4 Consultant is permitted to provide services to others during the same period service is provided to LAFCO under this Agreement; provided, however, such services do not conflict directly or indirectly with the performance of the Consultant's obligations under this Agreement.

8.5 If in the performance of this Agreement any third persons are employed by Consultant, such persons shall be entirely and exclusively under the direction, supervision and control of Consultant. All terms of employment including hours, wages, working conditions, discipline, hiring and discharging or any other term of employment or requirements of law shall be determined by the Consultant.

8.6 It is understood and agreed that as an independent contractor and not an employee of LAFCO, the Consultant and the Consultant's officers, employees, agents, representatives or subcontractors do not have any entitlement as a LAFCO employee, and, except as expressly provided for in any Scope of Services made a part hereof, do not have the right to act on behalf of LAFCO in any capacity whatsoever as an agent, or to bind LAFCO to any obligation whatsoever.

8.7 It is further understood and agreed that Consultant must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Consultant's assigned personnel under the terms and conditions of this Agreement.

8.8 As an independent contractor, Consultant hereby indemnifies and holds LAFCO harmless from any and all claims that may be made against LAFCO based upon any contention by any third party that an employer-employee relationship exists by reason of this Agreement.

9. Records and Audit

9.1 Consultant shall prepare and maintain all writings, documents and records prepared or compiled in connection with the performance of this Agreement for a minimum of five (5) years from the termination or completion of this Agreement. This includes any handwriting, typewriting, printing, photostatic, photographing and every other means of recording upon any tangible thing, any form of communication or representation including letters, words, pictures, sounds or symbols or any combination thereof.

9.2 Any authorized representative of LAFCO shall have access to any writings as defined

above for the purposes of making audit, evaluation, examination, excerpts and transcripts during the period such records are to be maintained by Consultant. Further, LAFCO has the right at all reasonable times to audit, inspect or otherwise evaluate the work performed or being performed under this Agreement.

10. Confidentiality

The Consultant agrees to keep confidential all information obtained or learned during the course of furnishing services under this Agreement and to not disclose or reveal such information for any purpose not directly connected with the matter for which services are provided.

11. Nondiscrimination

11.1. During the performance of this Agreement, Consultant and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any Federal, State or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religious creed, color, national origin, ancestry, physical or mental disability, medical condition, genetic information, pregnancy related condition, marital status, gender/sex, sexual orientation, gender identity, gender expression, age (over 40), political affiliation or belief, or military and veteran status. Consultant and its officers, employees, agents, representatives or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation LAFCO's non-discrimination policy; the Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulations or the Code of Federal Regulations.

11.2 Consultant shall include the non-discrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

11.3 Consultant shall provide a system by which recipients of service shall have the opportunity to express and have considered their views, grievances, and complaints regarding Consultant's delivery of services.

12. Assignment

This is an agreement for the services of Consultant. LAFCO has relied upon the skills, knowledge, experience and training of Consultant and the Consultant's firm, associates and employees as an inducement to enter into this Agreement. Consultant shall not assign or subcontract this Agreement without the express written consent of LAFCO. Further, Consultant shall not assign any monies due or to become due under this Agreement without the prior written consent of LAFCO.

13. Waiver of Default

Waiver of any default by either party to this Agreement shall not be deemed to be waiver of any subsequent default. Waiver or breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach, and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided below.

14. Notice

Any notice, communication, amendment, addition or deletion to this Agreement, including

change of address of either party during the term of this Agreement, which Consultant or LAFCO shall be required or may desire to make shall be in writing and may be personally served or, alternatively, sent by prepaid first-class mail to the respective parties as follows:

To LAFCO:

Stanislaus LAFCO, Executive Officer
1010 10th Street, Third Floor
Modesto, CA 95353

To Consultant:

Cropper Accountancy Corporation
2700 Ygnacio Valley Rd, Ste. 270
Walnut Creek, CA 94598

15. Conflicts

Consultant agrees that it has no interest and shall not acquire any interest direct or indirect which would conflict in any manner or degree with the performance of the work and services under this Agreement.

16. Severability

If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or county statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

17. Amendment

This Agreement may be modified, amended, changed, added to or subtracted from by the mutual consent of the parties hereto if such amendment or change is in written form and executed with the same formalities as this Agreement and attached to the original Agreement to maintain continuity.

18. Entire Agreement

This Agreement supersedes any and all other agreements, either oral or in writing, between any of the parties herein with respect to the subject matter hereof and contains all the agreements between the parties with respect to such matter. Each party acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement or promise not contained in this Agreement shall be valid or binding.

19. Advice of Attorney

Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

20. Construction

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

21. Governing Law and Venue

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

IN WITNESS WHEREOF, the parties or their duly authorized representatives have executed this Agreement on the day and year first hereinabove written.

**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

Cropper Accountancy Corporation

By: _____
Sara Lytle-Pinhey, Executive Officer

By: _____
John Cropper "Consultant"

APPROVED AS TO FORM:

By: _____
Robert J. Taro, LAFCO Legal Counsel

EXHIBIT A

A. SCOPE OF WORK

The Consultant shall provide services under this Agreement as follows:

1. Audit LAFCO in each fiscal year, focusing on the fiscal years' respective funds. Each audit shall be conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller of the United States. LAFCO's General Purpose Financial Statements (GPFS) shall be prepared by the audit firm. The GPFS will be in full compliance with GASB #34. The audit firm will render its auditor's report on the basic financial statements, which will include both Government-Wide Financial Statements and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of LAFCO.
2. Express an opinion on the financial statements as to whether they present fairly, in all material respects, the financial position of LAFCO and the changes in financial position and cash flows in conformity with generally accepted accounting principles (GAAP), and issue an independent auditors' report stating this opinion.
4. The successful proposer shall issue a separate "management letter" that includes recommendations, if any, for improvements in internal control that are considered to be significant deficiencies or material weaknesses. LAFCO staff will provide cooperation and assistance during the audit by providing information, analysis, documentation, schedules and explanations. LAFCO staff will prepare the MD&A. All other information and financial statements are the responsibility of the audit firm.
5. Test internal controls over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, in accordance with Government Auditing Standards and those issue by the Comptroller General of the United States, and issue an independent auditors' report on their consideration.
6. Prepare an audit report and issue a related audit opinion, if necessary, for federal grant monies received and expenses made.
7. Communicate immediately and in writing all irregularities and illegal acts, or indications of illegal acts, of which the auditor becomes aware, to the appropriate level of management and/or LAFCO Board.
8. Retain, at auditor's expense, audit working papers for three (3) years, unless the firm is notified in writing by LAFCO of the need to extend the retention period. In addition, the firm shall respond to reasonable inquiries of LAFCO and successor auditors and allow LAFCO and successor auditors to review working papers relating to matters of continuing accounting significance.

The successful proposer shall be responsible for the preparation and delivery of the following financial statements in final submission form:

Report Description:	Number of Copies:
GPFS 7/1/2018 to 6/30/2019	1 bound, 1 electronic PDF copy
GPFS 7/1/2019 to 6/30/2020	1 bound, 1 electronic PDF copy
GPFS 7/1/2020 to 6/30/2021	1 bound, 1 electronic PDF copy

A draft copy of each financial statement should be delivered to the LAFCO Executive Officer for review approximately 30 days prior to the deadline.

B. COMPENSATION

The Consultant shall be compensated for the services provided under this Agreement as follows:

1. Consultant will be compensated in an amount not to exceed \$12,000 for services rendered under this Agreement. Consultant to submit monthly statements for payment. LAFCO shall have 30 days to submit payment to Consultant. A reserve of ten (10) percent will be retained until such time that the Consultant submits required deliverables (e.g. audited financial statements) as described in Section A, and upon acceptance of said deliverables.
2. The parties hereto acknowledge the maximum amount to be paid by LAFCO for services provided hereunder shall not exceed \$12,000 including, without limitation, the cost of any subcontractors, consultants, experts or investigators retained by the Consultant to perform or to assist in the performance of its work under this Agreement.

C. TERM

1. The term of the Agreement shall be from September 22, 2021 through February 28, 2022 unless otherwise terminated as provided in Paragraph 3 of the Agreement.

D. REPRESENTATIVES

The parties' respective Project Managers shall be:

For LAFCO:

Sara Lytle-Pinhey (or designee)
Stanislaus LAFCO
1010 10th Street, 3rd Floor
Modesto, CA 95354
(209) 525-7660
pinheys@stancounty.com

For Consultant:

John Cropper, CPA (or designee)
2700 Ygnacio Valley Rd, Ste. 270
Walnut Creek, CA 94598
(925) 932-3860
john@cropperaccountancy.com

**EXECUTIVE OFFICER'S AGENDA REPORT
SEPTEMBER 22, 2021**

TO: LAFCO Commissioners

FROM: Javier Camarena, Assistant Executive Officer

**SUBJECT: MSR NO. 2021-02 & SOI NO. 2021-03: MUNICIPAL SERVICE REVIEW AND
SPHERE OF INFLUENCE UPDATES FOR THE COUNTY SERVICE AREAS**

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 at least once every five years. The current review covers the County Service Areas (CSAs) which are located in various areas throughout Stanislaus County. The previous update for the CSAs was adopted on February 24, 2016.

County Service Areas (CSAs) are dependent special districts, and were organized under §25210 et seq. of the Government Code. There are currently 21 CSAs in Stanislaus County. The CSAs are legally authorized to provide any one or more of a variety of extended services within a particular area, and as special districts, they are required to have an adopted and updated SOI. The extended services provided by a CSA are only for the benefit of the facilities and property within the CSA. Typical services include storm drainage control, maintenance of parks and landscaping.

Annual assessments are levied upon taxable properties within a CSA's boundaries, and are based on estimated costs to provide the extended services. To maintain a steady level of services, annual assessments may increase from year to year, depending on the amount of funds needed for maintenance and/or operational costs. The CSAs are governed by the County Board of Supervisors.

DISCUSSION

LAFCO Staff sent requests for information to Stanislaus County Public Works staff as well as reviewed the engineer's reports for each CSA. During this process, staff also updated CSA map boundaries on the County's Geographical Information Systems (GIS).

The proposed Municipal Service Review and Sphere of Influence document is attached to this report as Exhibit 1. The relevant factors and determinations as put forth by the Cortese-Knox-Hertzberg Act (CKH Act) are discussed within the subject document. No changes are being proposed for the CSAs' Spheres of Influence.

ENVIRONMENTAL REVIEW RECOMMENDATIONS

The California Environmental Quality Act requires that an environmental review be undertaken and completed for the Sphere of Influence study. The Municipal Service Review and Sphere of Influence Updates qualify for a General Exemption from further CEQA review based upon CEQA Regulation §15061(b)(3), which states:

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

Since there are no land use changes or environmental impacts, as no suggested boundary changes are associated with this document, a Notice of Exemption is the appropriate environmental document.

ALTERNATIVES FOR COMMISSION ACTION

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

- Option 1:** APPROVE the Municipal Service Review and Sphere of Influence Updates for the County Service Areas.
- 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

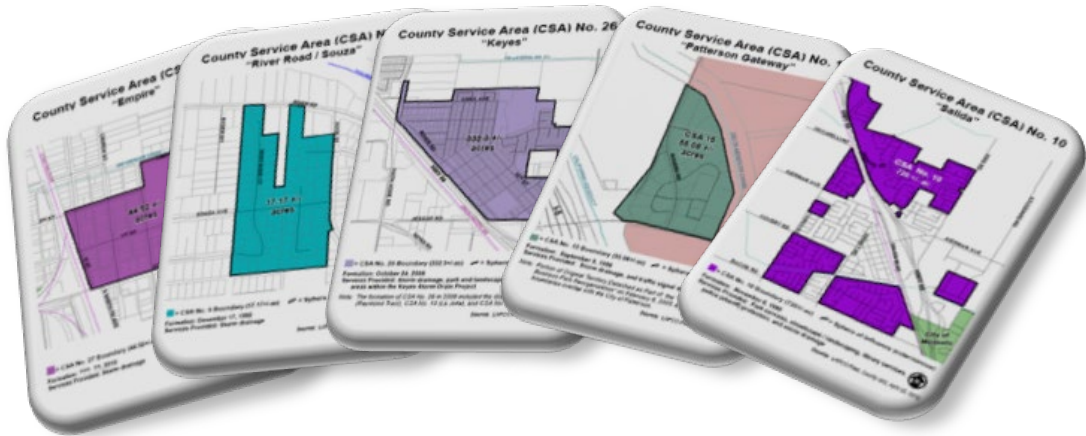
Approve Option 1. Based on the information presented, Staff recommends approval of the Municipal Service Review and Sphere of Influence Updates for the County Service Areas. Therefore, Staff recommends that the Commission adopt Resolution No. 2021-14, which:

1. Determines that the Municipal Service Review and Sphere of Influence Updates for the County Service Areas 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 §56430; and,
3. Determines that the Spheres of Influence for the County Service Areas should be affirmed as they currently exist.

Attachments:

Exhibit 1 - Municipal Service Review and Sphere of Influence Updates for the County Service Areas
Exhibit 2 - Resolution No. 2021-14

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE:



COUNTY SERVICE AREAS WITHIN STANISLAUS COUNTY

Prepared By:

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

Adopted: _____

STANISLAUS

LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS

Vito Chiesa, County Member

Terry Withrow, County Member (Vice-Chair)

Mani Grewal, Alternate County Member

Amy Bublak, City Member (Chair)

Richard O'Brien, City Member

Javier Lopez, Alternate City Member

Ken Lane, Public Member

Bill Berryhill, Alternate Public Member

STAFF

Sara Lytle-Pinhey, Executive Officer

Javier Camarena, Assistant Executive Officer

Jennifer Goss, Commission Clerk

Robert J. Taro, Legal Counsel

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Municipal Service Review and Sphere of Influence Updates For the County Service Areas within Stanislaus County

Introduction

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

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

Service Review Factors to be Addressed

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

State Guidelines and Commission policies encourage cooperation among a variety of stakeholders involved in the preparation of a Service Review. This Service Review will analyze the existing and future services for the County Service Areas (CSAs). The CSAs are located in various unincorporated areas within Stanislaus County. The Service Review will also provide a basis to evaluate, and make changes to the Spheres of Influence, if appropriate.

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 – County Service Areas

Authority

County Service Areas (CSAs) are dependent special districts, organized under Section 25210 et seq. of the Government Code, and may be established to provide a variety of extended services within a particular area.

Background

Special districts are local governments that are separate from cities and counties, yet provide public services such as fire protection, sewers, water, and street lighting. California has over 3,300 special districts, which provide over 30 different types of services. There are about 50 major types of special districts ranging from airports to fire protection to mosquito abatement to water conservation. Today, there are over 880 County Service Areas (CSAs) in California, and of that total, 21 CSAs are located within Stanislaus County.

Purpose

CSAs may be formed to provide governmental services and facilities within a specific area that the county is authorized to perform, and which the county does not also perform to the same extent on a countywide basis. These services and facilities may include, but are not limited to any of the following: extended police protection; fire protection; local park, recreation, or parkway facilities and services; water service; the collection, treatment, or disposal of sewage, wastewater, recycled water, and storm water; animal control; street and highway lighting; solid waste collection; ambulance service; funding for land use planning for part of the county; soil conservation and drainage control; services provided by a municipal advisory council; transportation services; geological hazard abatement; and road maintenance and improvement.

Governing Body

The governing body, which is established by law to administer the operation of a County Service Area (CSA), is the County Board of Supervisors. The original intent of the county service area law was to give an alternative method for providing governmental services by counties within unincorporated areas, many of which have had large population growth as well as commercial and industrial development since 1940.

Formation

At the time a County Service Area is established, the Board of Supervisors specifies the type or types of services to be provided within the area. An application for formation of a CSA is then forwarded to LAFCO for consideration. Only those residents who benefit from services provided by the CSA pay for the services received. The funds collected for the CSAs are maintained in the County Treasury. In Stanislaus County, the CSAs typically provide drainage control and park maintenance by providing the following:

- a. The control of storm and other drainage waters, including waters which arise outside the district and which flow or drain into or through the district;
- b. The protection from damage by storm or drainage waters of private property and of public highways and other public property within the district;

- c. The conservation of storm and drainage water;
- d. Continual maintenance of parks, park/basin public use areas, landscaping and equipment.

Location and Size

Currently, there are 21 CSAs in multiple areas throughout different unincorporated areas of the County, each serving a different community and varying in population.

Characteristics

Section 79505.5 of the California State Water Code defines a disadvantaged community as a community with an annual median household income (AMI) that is less than 80 percent of the statewide AMI. Of the 21 CSAs, five (5) are within a disadvantaged unincorporated community. They include: CSA No. 1 (Fairview Park), CSA No. 5 (Starlite Place), CSA No. 8 (Honey Bee Estates), CSA No. 9 (River Road / Souza) and CSA No. 26 (Keyes).

Boundaries and Sphere of Influence

With regards to the boundaries of a county service area, the following territory may be included:

1. Contiguous or noncontiguous territory; and
2. Unincorporated or incorporated territory (incorporated territory may be included only if the city legislative body consents by resolution).

When formed, the Sphere of Influence of a CSA is generally coterminous with its boundaries, as the boundaries of a CSA reflect the relationship to the planned land uses in the area and the need for the services to be provided.

The previous Service Review and Sphere of Influence Update (MSR/SOI) was adopted on February 24, 2016. Subsequently, the following applications have been approved providing a variety of services including maintenance of storm drain infrastructure, masonry walls, sidewalks, parks and streetscape:

- Palm Estates and Wenstrand Ranch Change of Organization to CSA 19 (Tuolumne-Gratton) – Annexation accommodating two infill residential subdivisions in Denair to CSA 19.
- BMW, KIA & Valley Lexus Change of Organization to CSA 20 (Summit Corporate Center) – Annexation to CSA 20 to serve two auto dealerships in an industrial subdivision.
- Keyes 19 North & South Reorganization to the Keyes Community Services District and CSA 26 (Keyes) – Annexation accommodating two infill residential subdivisions in Keyes to CSA 26.

- Fairway 7 Estates Change of Organization to CSA 18 (Atlas Park) – Annexation accommodating an infill subdivision in Oakdale to CSA 18.
- Salida Storm Drain Reorganization to CSA 4 (Salida Storm Drain) – Annexation of Salida Community to CSA 4.
- Norma Way Change of Organization to CSA 26 (Keyes) – Annexation accommodating an infill residential subdivision in Keyes to CSA 26.
- Dissolution of CSA 2 (Airport District) and CSA 3 (Riverdale Park Tract) – Dissolution of two CSAs no longer providing services.

CSA 15 (Patterson Gateway) was included in the previous MSR/SOI. However, the CSA will no longer be included/reported in LAFCO MSR/SOIs as it was annexed into the City of Patterson as a result of a reorganization effective February 8, 2005. As part of the reorganization, the City of Patterson acquired the authority and responsibility of administering CSA 15 services.

Services

County Service Areas (CSAs) are dependent special districts and are legally authorized to provide any one or more of a variety of extended services within each respective CSA's territory. The extended services provide by a CSA are only for the benefit of the facilities and property within the CSA. Typical services in Stanislaus County CSAs include storm drainage control, maintenance of parks and landscaping, streetscape, masonry walls and administration to operate the services. However, a CSA can include any type of service allowed

Funding Sources

County Service Areas receive revenue from property taxes and/or assessments as needed. With the passage of Proposition 13 in 1978, the amount of property taxes received by Special Districts was restricted. If the CSA was levying a tax rate and receiving ad valorem taxes prior to the passage of Proposition 13, they now receive a portion of the 1% levy determined by AB 8 tax allocation factors. For example, CSA No. 1 (Fairview Park) was formed prior to the passage of Proposition 13, and therefore is eligible to receive a portion of ad valorem property taxes. CSAs formed after Proposition 13 do not receive a portion of the 1% levy.

Alternatively, CSAs may be funded by direct assessments. Historically, direct assessments were authorized by the Board of Supervisors. However, in November 1996, California voters approved Proposition 218, which specifies that an increase or new assessment can only become effective through a ballot procedure approved by a simple majority.

The annual budget process for CSAs within Stanislaus County begins with the Public Works and Parks and Recreation Departments, which determine the estimated expenditures for a CSA based upon projected maintenance for the District(s).

The Auditor's-Controller's Office determines each CSAs estimated revenue based on projected revenue, which includes direct assessments and property taxes.

Inactive CSAs

Revenue for CSAs is derived from property taxes and/or assessments as needed. Presently, there is one CSA that is not receiving revenues and is not providing services. CSA No. 14 (United Pallet) was approved in 1993 to provide storm drainage service. The CSA has remained inactive since its formation with a \$0 assessment for all parcels within the CSA. The Stanislaus County Department of Public Works currently owns the property where the drainage basin is located. The Department is currently holding discussions to determine if the CSA should be dissolved or activated.

Summary of CSAs

The table on pages 7 and 8 summarizes each of the County Service Areas (CSAs) and includes the following information: CSA name and area, types of services provided, acreage, and date of formation.

COUNTY SERVICE AREA (CSA) SUMMARY TABLE

CSA No.	Name (Area)	<u>Authorized Powers</u> (Services Provided)	Acres	Date Formed	Status
1	Fairview Park (Modesto)	Local park, recreation or parkway facilities and services	87	1970	active
4	Salida Storm Drain (Salida)	Storm drainage	1,522	10/23/1989	active
5	Starlite Place (Keyes)	Storm drainage	39	3/14/1990	active
7	Modesto Auto Center (Modesto)	Storm drainage	11	7/12/1990	active
8	Honey Bee Estates (Empire)	Storm drainage	5	10/12/1990	active
9	River Road/Souza (Ceres)	Storm drainage	17	12/17/1990	active
10	Salida (Salida)	Park services; streetscape & landscaping	687	11/08/1990	active
11	Gilbert Road (Oakdale)	Storm drainage	37	4/3/1991	active
12	Peach Blossom Estates (Riverbank)	Storm drainage	40	11/8/1991	active
14	United Pallet (Modesto)	Storm drainage	53	1/12/1993	inactive
16	Olive Ranch (Oakdale)	Storm drainage	17	10/30/2000	active
18	Atlas Park (Oakdale)	Storm drainage and park maintenance	18	12/10/2002	active
19	Tuolumne-Gratton (Denair)	Storm drainage and park maintenance	107	1/6/2003	active
20	Summit Corporate Center (Modesto)	Storm drainage	60	1/29/2003	active
21	Riopel (Denair)	Storm drainage and landscape maintenance	17	12/23/2005	active
22	Old School North (Denair)	Storm drainage and park maintenance	3	12/1/2004	active
23	Hillsborough/Schutz (Oakdale)	Storm drain system maintenance, including maintenance of a river outfall facility	52	11/30/2006	active
24	Hideaway Terrace (Denair)	Storm drainage and landscape maintenance	5	9/26/2006	active
25	Suncrest II (Denair)	Storm drainage and landscape maintenance	4	11/30/2006	active

26	Keyes*	Storm drain, park and landscape maintenance for areas w/in the Keyes Storm Drain Project	369	10/24/2008	active
27	Empire (Phase 1)	Storm drain maintenance w/in Phase 1 of the Empire Storm Drain Project	44	4/27/2010	active

NOTES:

- * CSA No. 6 – Raymond Tract, CSA No. 13 – La Jolla, and CSA No. 17 - Sunray Estates were dissolved upon the formation of CSA No. 26 – Keyes.

Service Review Determinations:

The following provides an analysis of the seven categories or components required by Section 56430 for a Service Review for the all County Service Areas (CSAs) reviewed:

1. Growth and Population Projections for the Affected Area

Each CSA was created to support a specific community. There have been amendments made to the spheres of influence for several CSAs increasing their service areas. Most changes that have occurred since the previous MSR/SOI have been infill development in existing communities. Although there has been some growth, future population growth and population projections for the areas served by CSAs will likely be small.

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

Of the 21 CSAs, five (5) are within a disadvantaged unincorporated community based on annual median household income. They include: CSA No. 1 (Fairview Park), within the City of Modesto Sphere of Influence (SOI); CSA No. 5 (Starlite Place) and CSA No. 26 (Keyes) in the Keyes area; CSA No. 8 (Honey Bee Estates) in the Empire area, and CSA No. 9 (River Road / Souza) within the City of Ceres SOI.

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.

Each active CSA is reviewed annually through an Engineer's Report conducted by the Stanislaus County Department of Public Works. The most recent report did not identify any unmet infrastructure needs to deficiencies. At the present time, each of the active CSAs has the ability and the capacity to serve the existing service areas.

Stanislaus County CSAs do not provide sewer, municipal water, and fire protection services. These services are provided through other special districts throughout the County or by way of private systems.

4. Financial Ability of Agencies to Provide Services

The active CSAs receive funding from special benefit assessments and/or a share of the ad valorem property tax. The rates established are based upon the costs to provide the extended services and maintenance and are reviewed annually through the Engineer's Report.

Proposition 218 was approved in 1996 which requires an assessment ballot procedure before a new or increased assessment may be levied. After Proposition 218 was approved, many CSAs adopted an assessment formula that allows either increases or decreases to manage the assessment efficiently. CSAs formed prior to Proposition 218 were formed under the original assessment methodology of a fixed amount, per parcel basis. The restrictions on assessments of the older CSAs has created obstacles for the County in receiving adequate revenue for these CSAs.

5. Status of, and Opportunities for, Shared Facilities

No opportunities for shared facilities have been identified. There is no known overlapping or duplication of services within the Districts' boundaries.

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

The County Service Areas are governed by the Board of Supervisors. Adoption of Annual Engineer's Reports is carried out during a public hearing, allowing opportunity for public input.

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

Currently, the County is not collecting assessments for or providing services to CSA No. 14 (United Pallet). The County anticipates collecting assessments in the future for the CSA if and when the storm drain system becomes County maintained.

Sphere of Influence Update for the County Service Areas

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 CSA's existing Spheres of Influence; rather, it serves to reaffirm the existing SOI boundaries. As part of this process, Staff researched the history of the establishment of the Districts' SOIs. The sphere and boundary maps have since been converted to electronic format and are attached to this document. The following determinations for the County Service Areas within Stanislaus County SOI update and 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 CSAs generally serve areas that are unincorporated and residential. A number are located within the SOI of Modesto and in areas in and around Salida, Keyes, Denair, Oakdale and Ceres. CSAs that serve commercial and industrial uses are located north of Modesto.

The County retains the responsibilities for land use decisions within each of the CSA boundaries.

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

When development is approved in an unincorporated area within the County, the County requires the formation of a CSA to provide extended services necessary to serve the land uses within the development boundaries. Only those residents who benefit from services provided by the CSA pay for them, which are funded through an assessment levied on all parcels within the CSA boundaries. The present and probable need for services within the current County Service Areas is not expected to change.

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

The CSAs were formed to provide a specific level of service within their boundaries. There is also no expected change to the present capacity or adequacy of the public services currently provided by the CSAs.

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

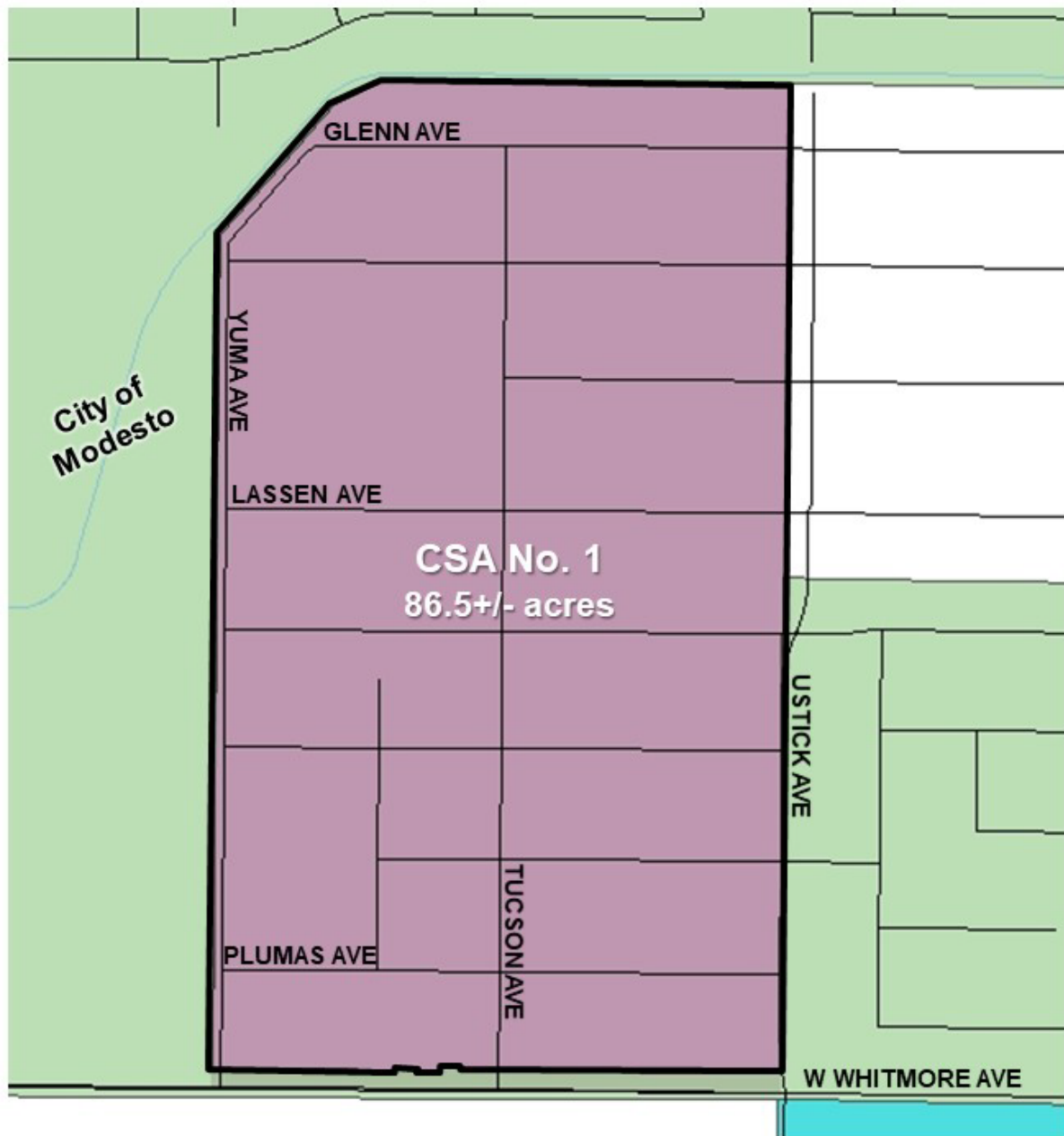
Seven CSAs are located within a city Sphere of Influence (SOI). CSAs located within the City of Modesto SOI include: CSA No. 1 (Fairview Park), CSA No. 7 (Modesto Auto Center), CSA No. 8 (Honey Bee Estates), CSA No. 20 (Summit Corporate Center), and CSA No. 27 (Empire -Phase 1). CSA No. 11 (Gilbert Road) is located within the City of Oakdale SOI and CSA No. 9 (River Road/Souza) is located within the City of Ceres SOI. These CSAs provide storm water drainage services and maintenance for area parks. There is opportunity for these CSAs to eventually be annexed into their respective cities due to their location within the City SOIs.

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.

Of the 21 CSAs, five (5) are within a disadvantaged unincorporated community based on annual median household income. They include: CSA No. 1 (Fairview Park), within the City of Modesto Sphere of Influence (SOI); CSA No. 5 (Starlite Place) and CSA No. 26 (Keyes) in the Keyes area; CSA No. 8 (Honey Bee Estates) in the Empire area, and CSA No. 9 (River Road / Souza) within the City of Ceres SOI.

County CSAs do not provide sewer, municipal water, and fire protection services. These services are provided through other special districts throughout the County or by way of private systems.

County Service Area (CSA) No. 1 “Fairview Park”



■ = CSA No. 1 Boundary (86.5+/- acres) ➤ = Sphere of Influence (coterminous)

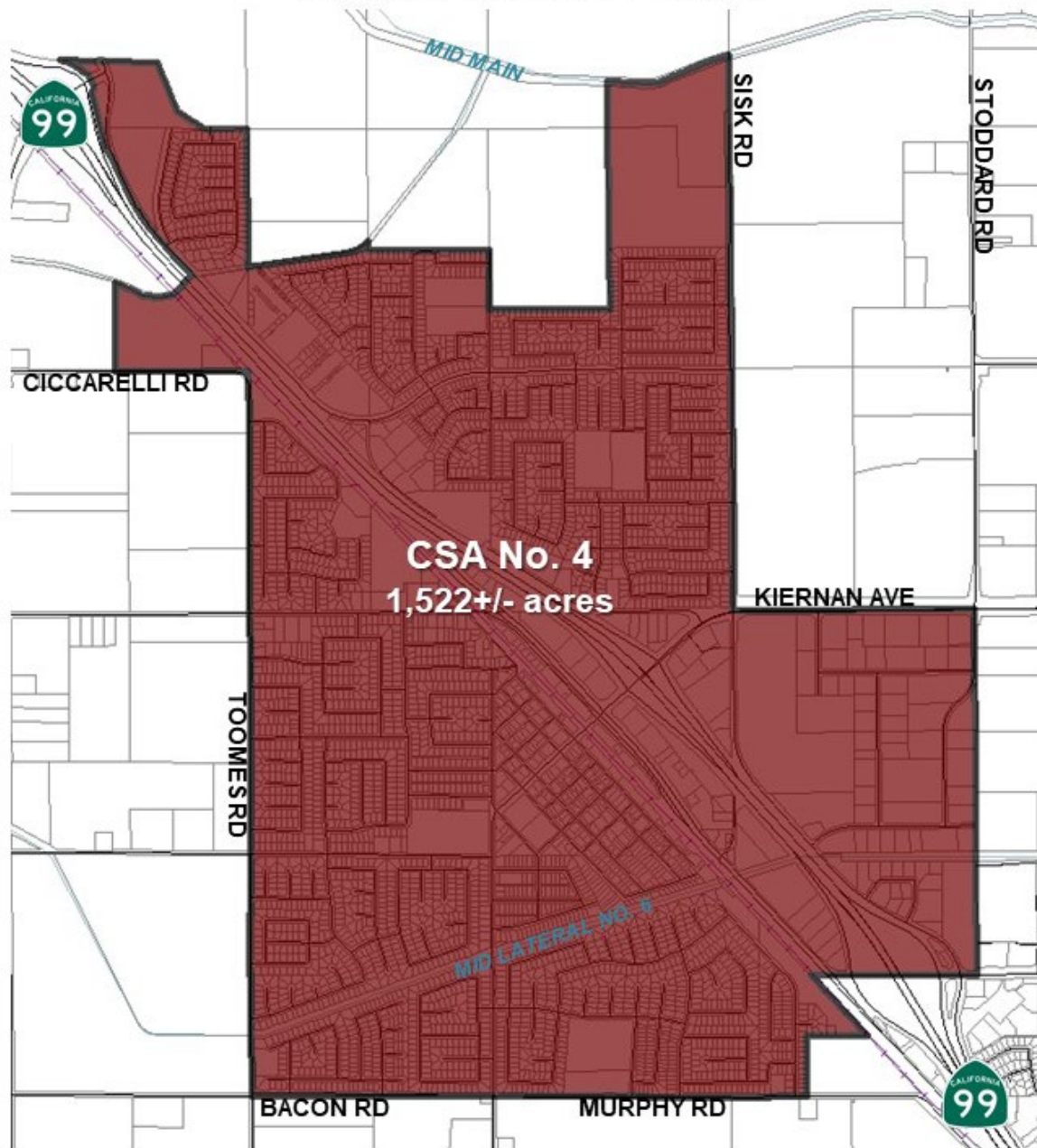
Formation: 1970

Services Provided: Local park, recreation, or parkway facilities and services



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 4 "Salida Storm Drain"



■ = CSA No. 4 Boundary (1,522+/-ac) — = Sphere of Influence (coterminous)

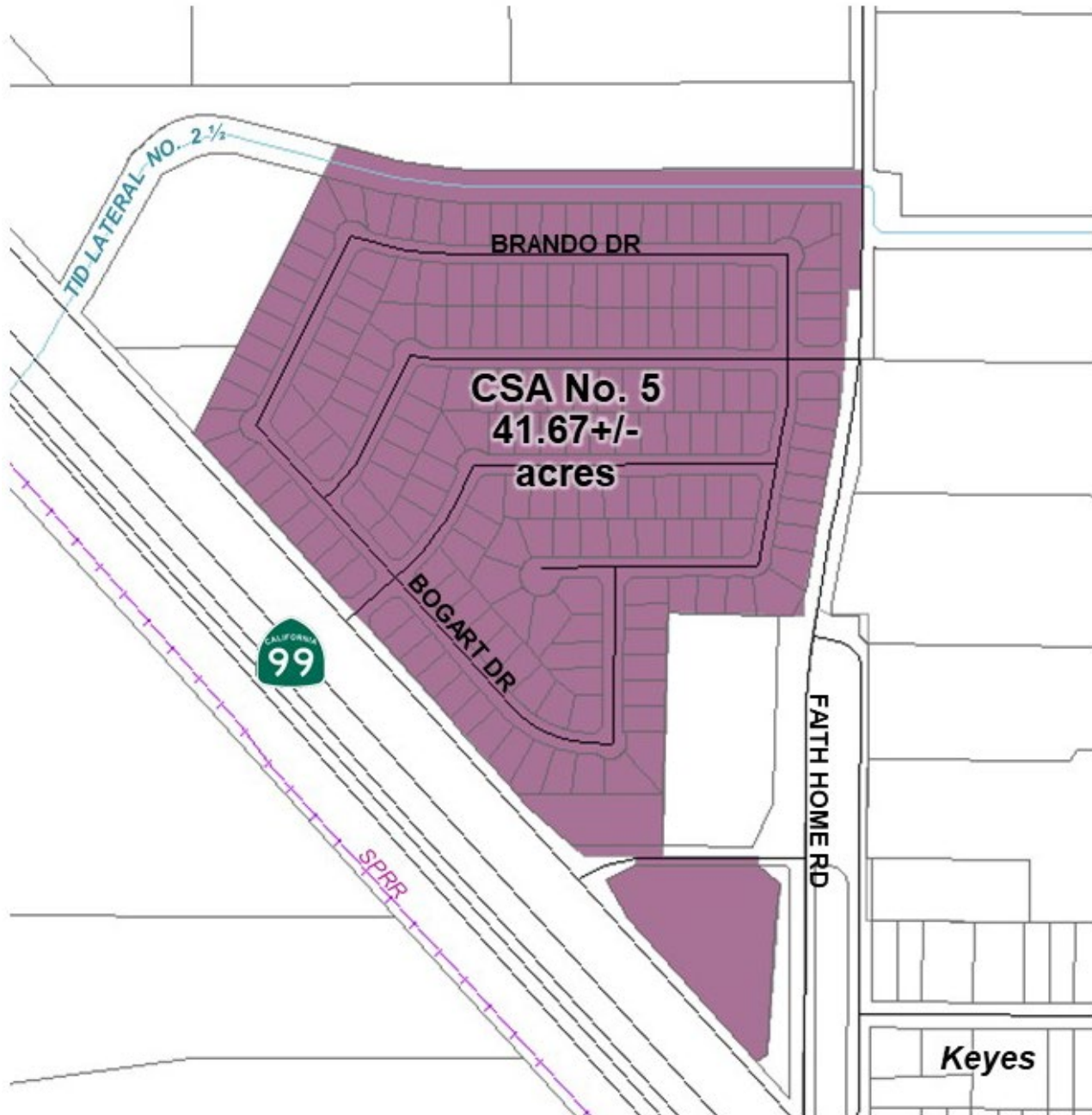
Formation: October 23, 1989

Services Provided: Storm drainage



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 5 “Starlite Place”



■ = CSA No. 5 Boundary (41.67+/- acres) — = Sphere of Influence (coterminous)

Formation: March 14, 1990

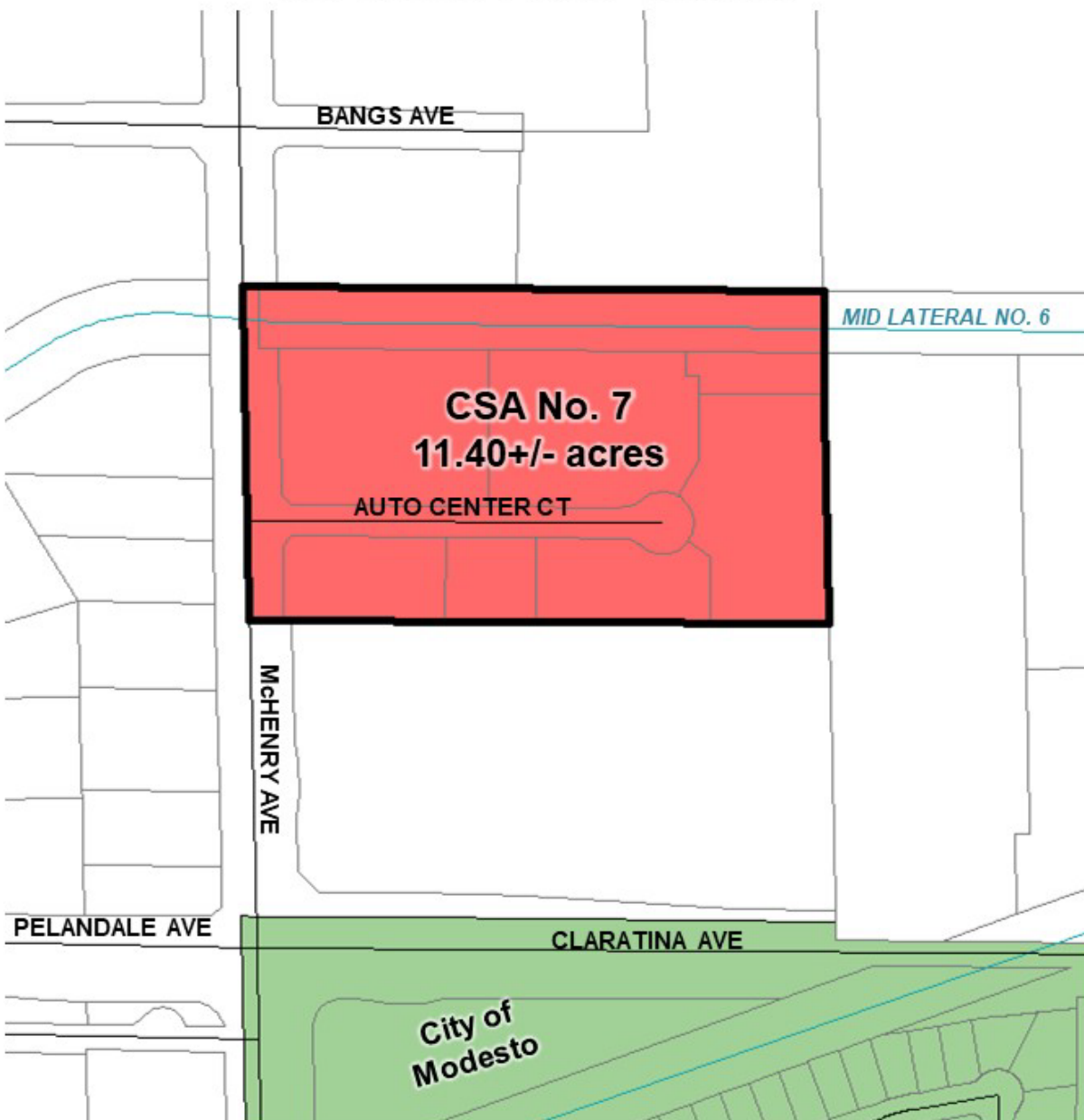
Services Provided: Storm drainage



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 7

“Modesto Auto Center”



■ = CSA No. 7 Boundary (11.40+/-ac) ➤ = Sphere of Influence (coterminous)

Formation: July 12, 1990

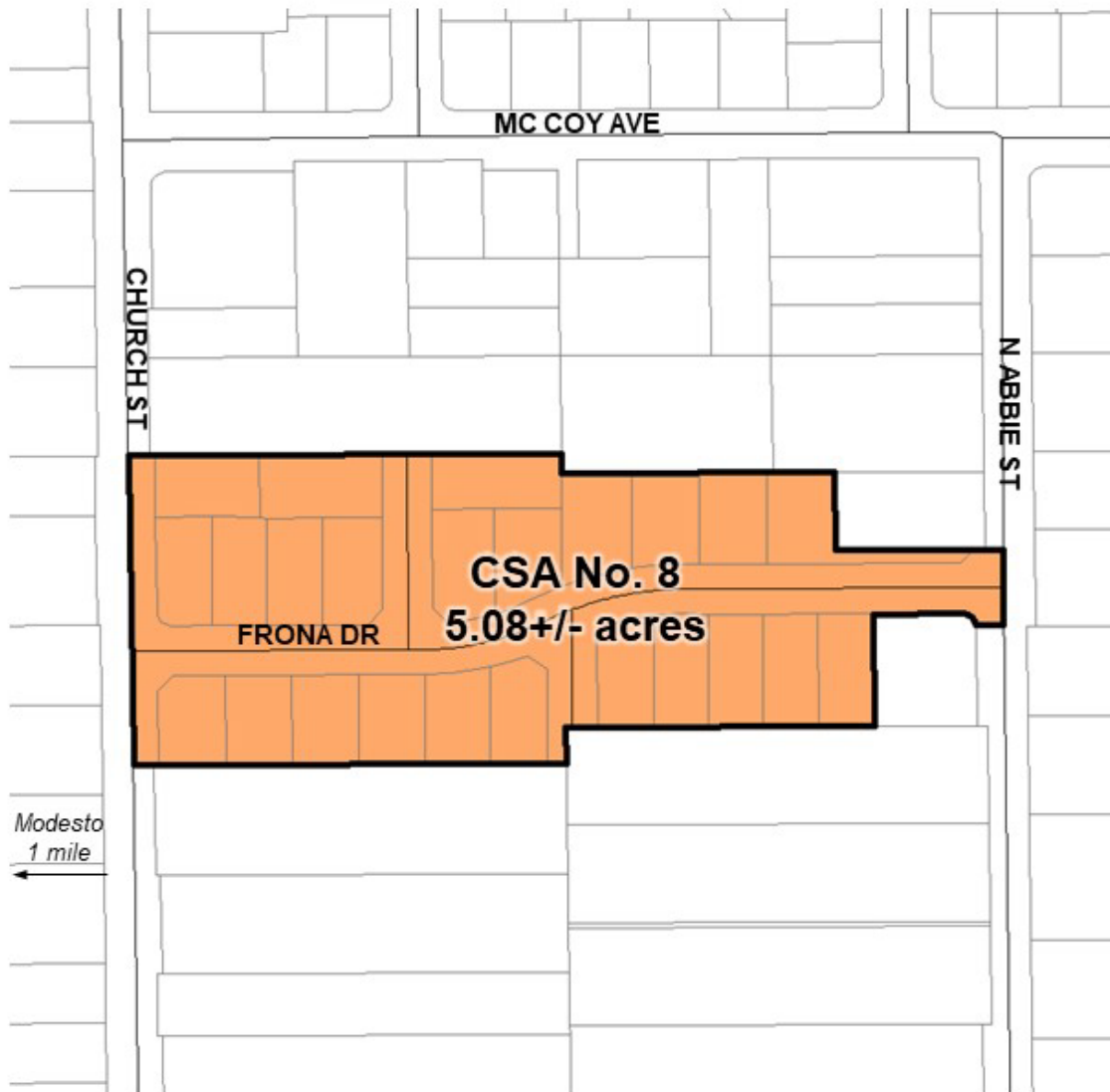
Services Provided: Storm drainage



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 8

“Honey Bee Estates”



■ = CSA No. 8 Boundary (5.08+/-ac)

— = Sphere of Influence (coterminous)

Formation: October 12, 1990

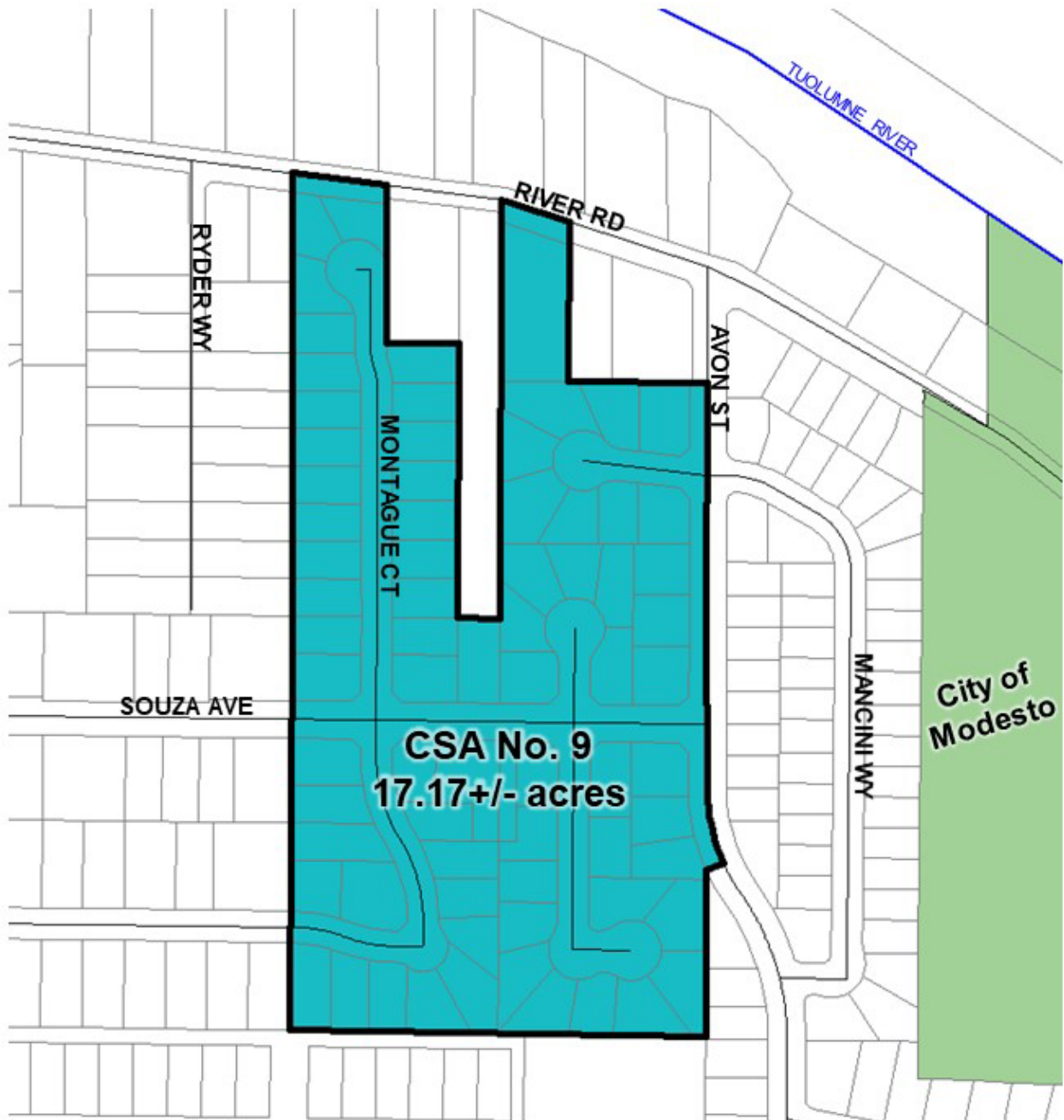
Services Provided: Storm drainage



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 9

"River Road / Souza"



 = CSA No. 9 Boundary (17.17+/-ac)  = Sphere of Influence (coterminous)

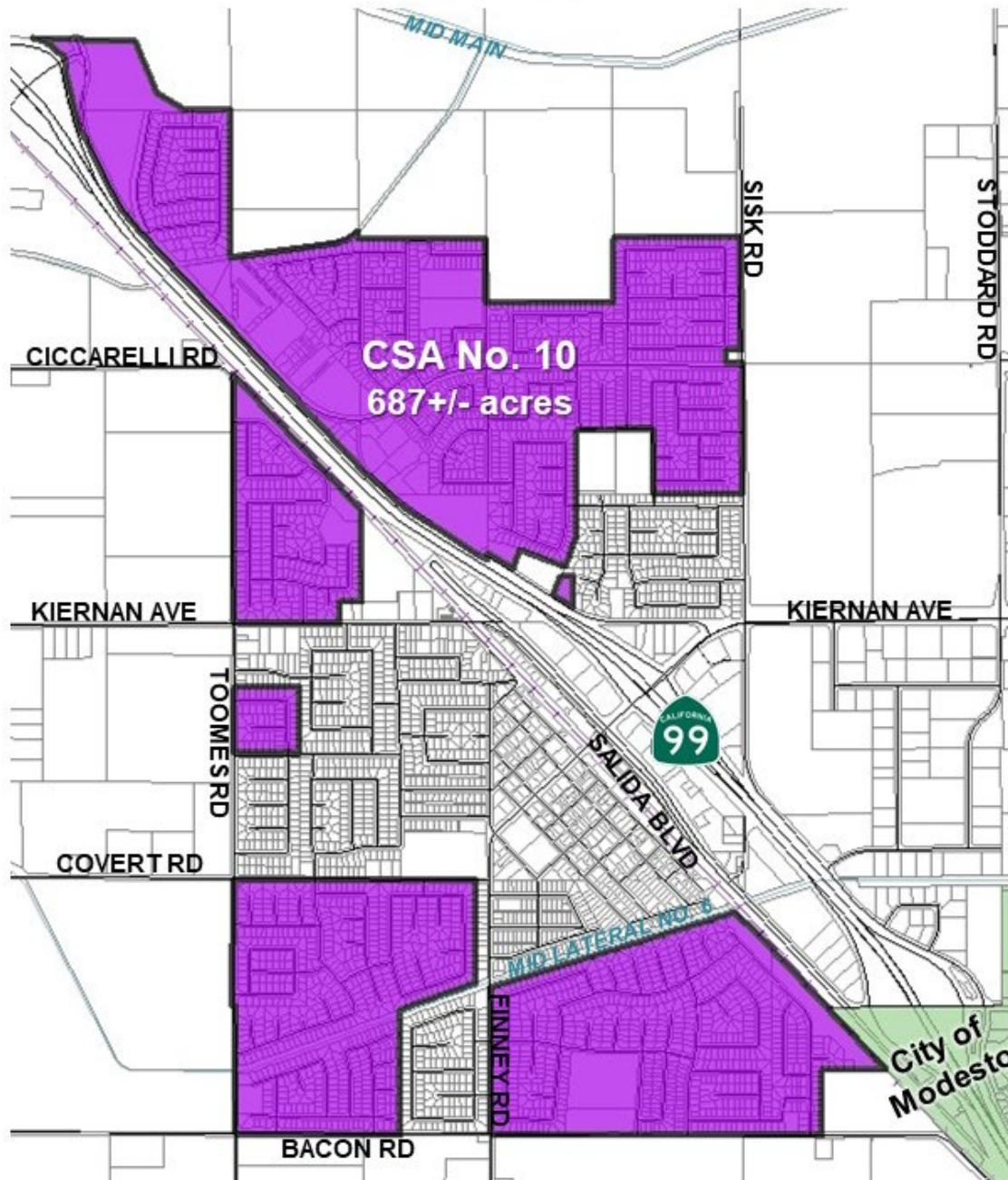
Formation: December 17, 1990

Services Provided: Storm drainage



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 10 “Salida”



■ = CSA No. 10 Boundary (687+/-ac) ➤ = Sphere of Influence (coterminous)

Formation: November 8, 1990

Services Provided: Park services, streetscape and landscaping



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 11

“Gilbert Road”



■ = CSA No. 11 Boundary (36.86+/-ac) — = Sphere of Influence (coterminous)

Formation: April 3, 1991

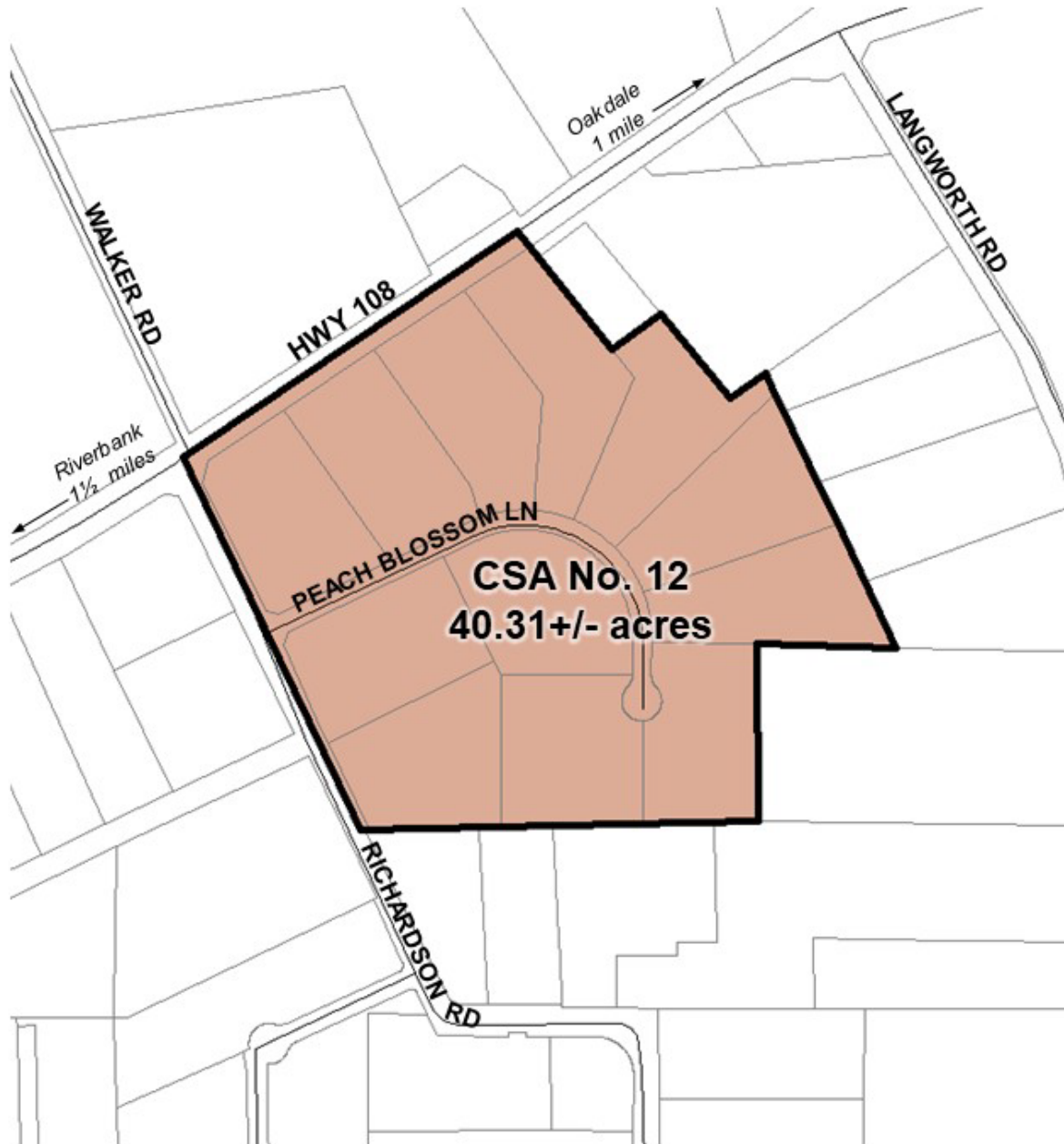
Services Provided: Storm drainage



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 12

"Peach Blossom Estates"



 = CSA No. 12 Boundary (40.31+/-ac)  = Sphere of Influence (coterminous)

Formation: November 8, 1991

Services Provided: Storm drainage



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 14 "United Pallet"



■ = CSA No. 14 Boundary (53.25+/-ac) ➤ = Sphere of Influence (coterminous)

Formation: January 12, 1993 (*Currently inactive*)

Services Provided: Storm drainage



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 16 "Olive Ranch"



■ = CSA No. 16 Boundary (17.07+/-ac) — = Sphere of Influence (coterminous)

Formation: October 30, 2000

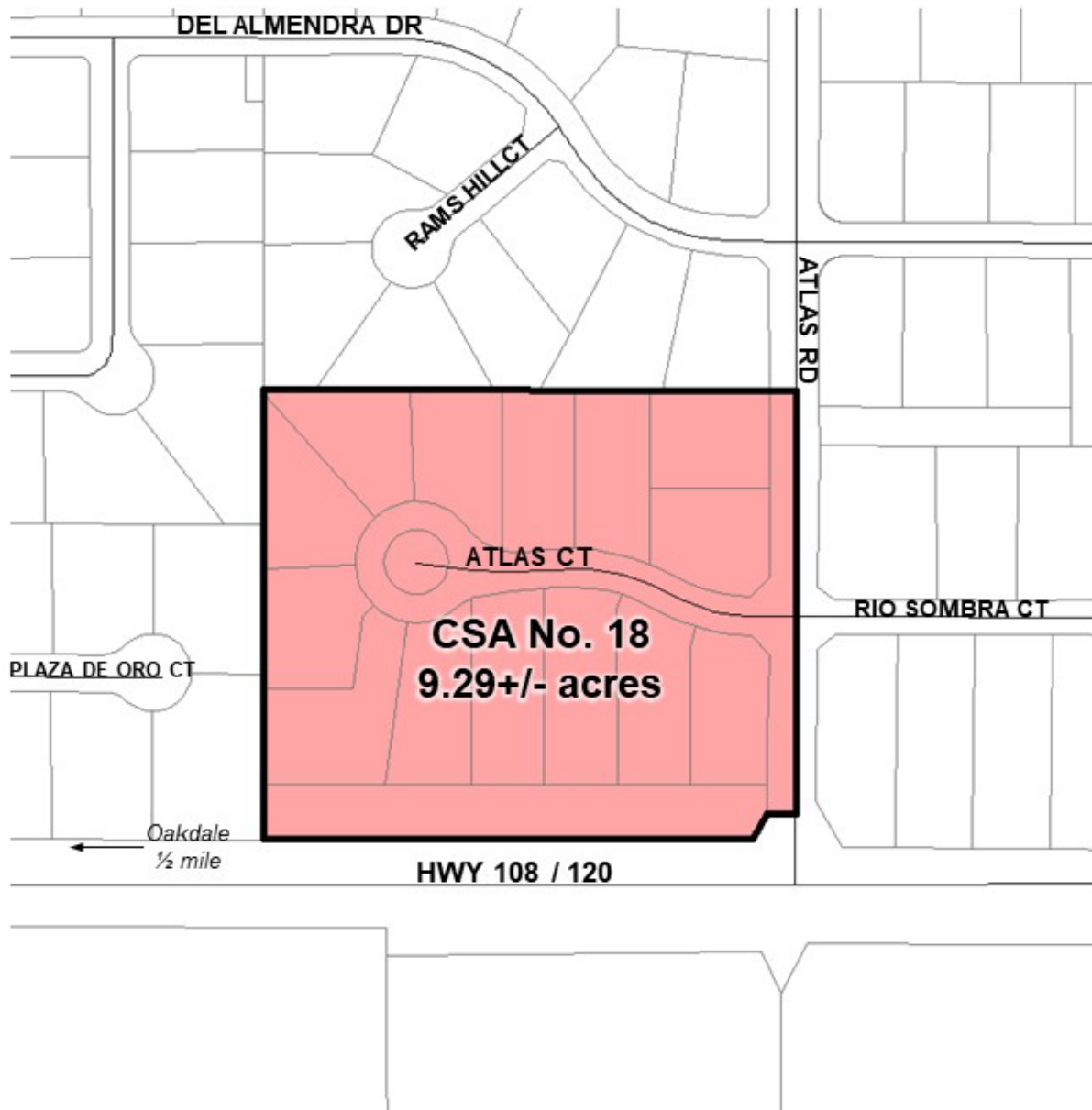
Services Provided: Storm drainage



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 18

“Atlas Park”



■ = CSA No. 18 Boundary (9.29+/-ac) ➤ = Sphere of Influence (coterminous)

Formation: December 10, 2002

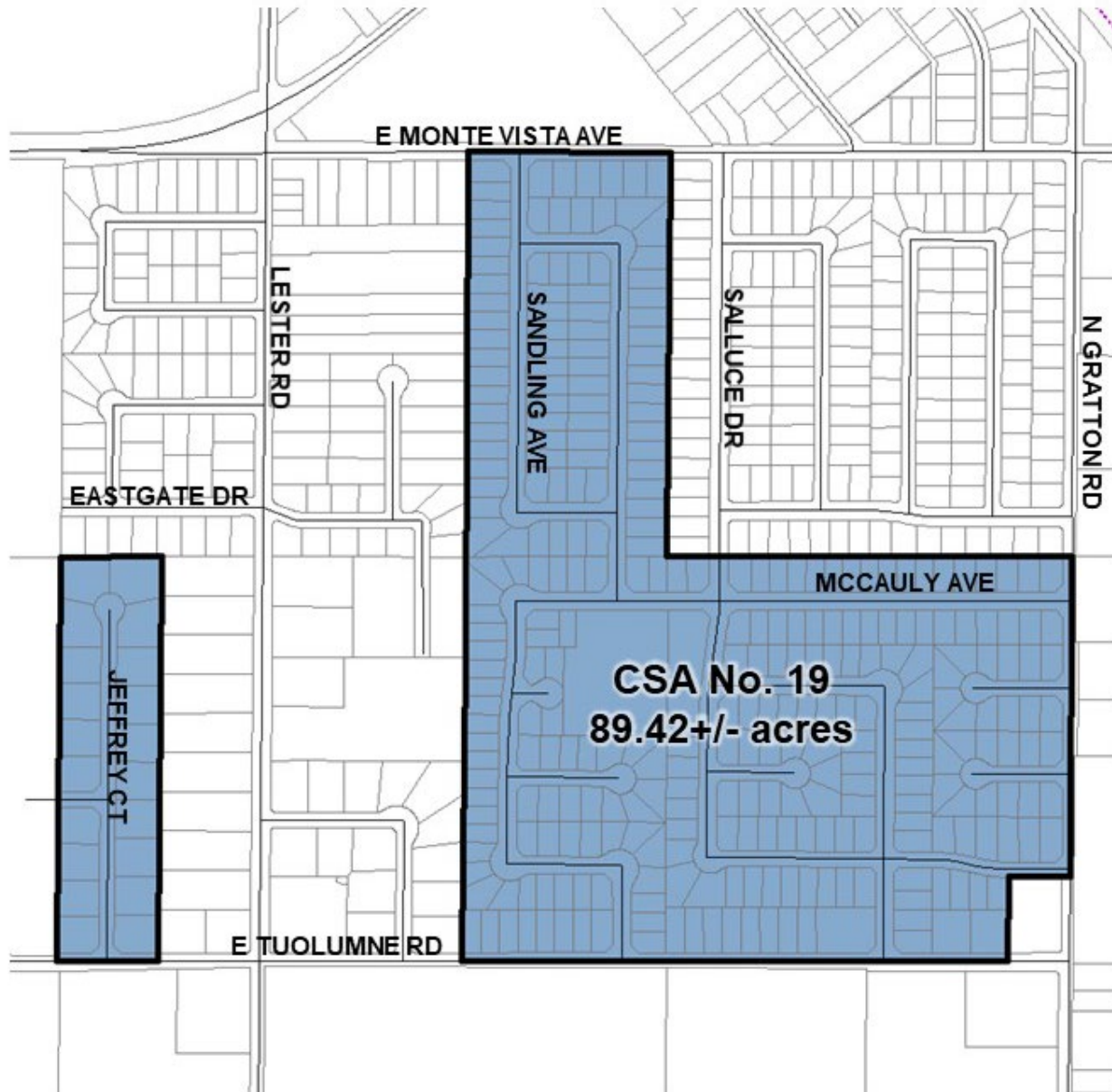
Services Provided: Storm drainage and park maintenance



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 19

“Tuolumne-Gratton”



 = CSA No. 19 Boundary (89.42+/-ac) = Sphere of Influence (coterminous)

Formation: January 6, 2003

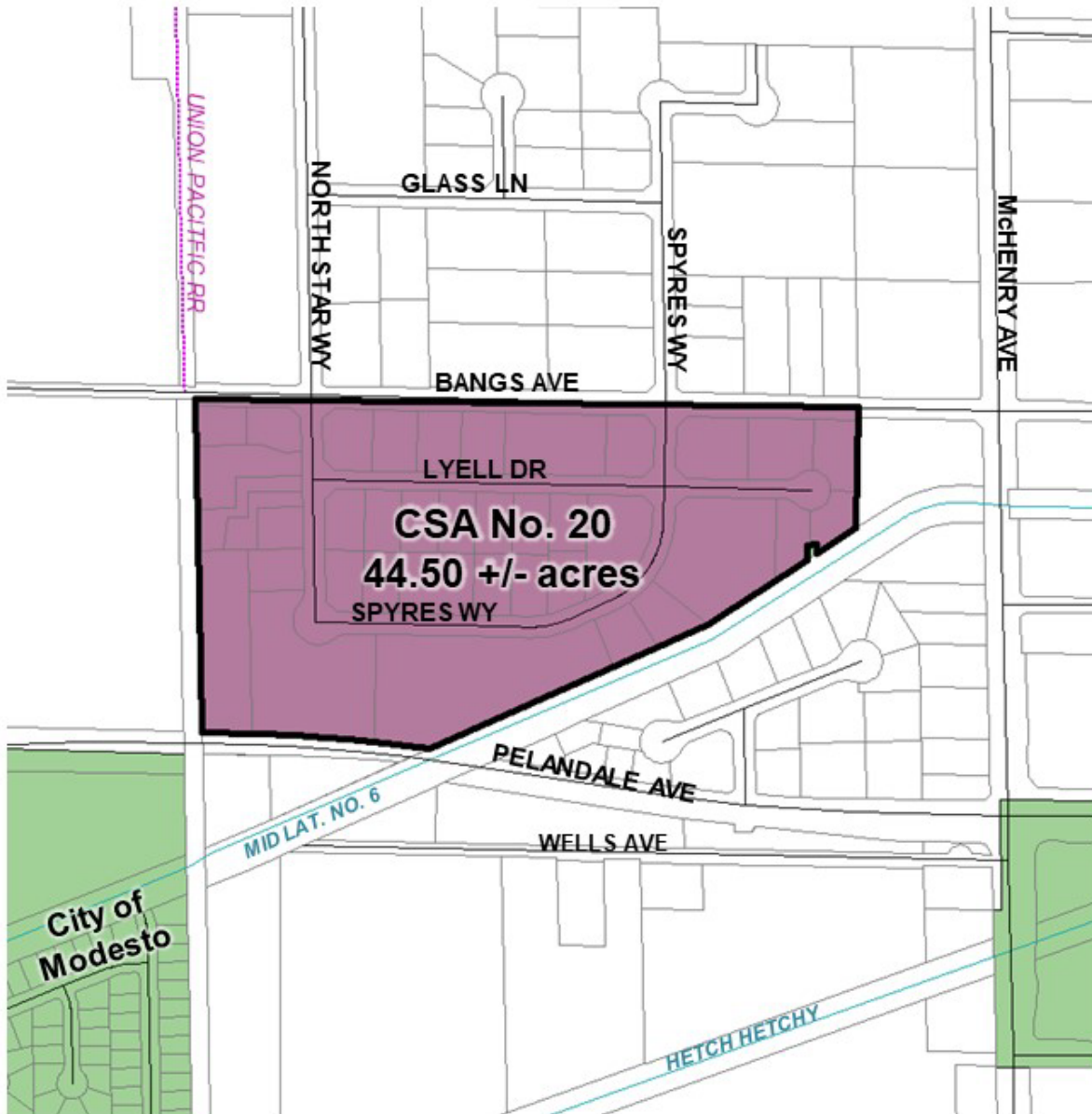
Services Provided: Storm drainage and park maintenance



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 20

“Summit Corporate Center”



■ = CSA No. 20 Boundary (44.50 +/- ac) — = Sphere of Influence (coterminous)

Formation: January 29, 2003

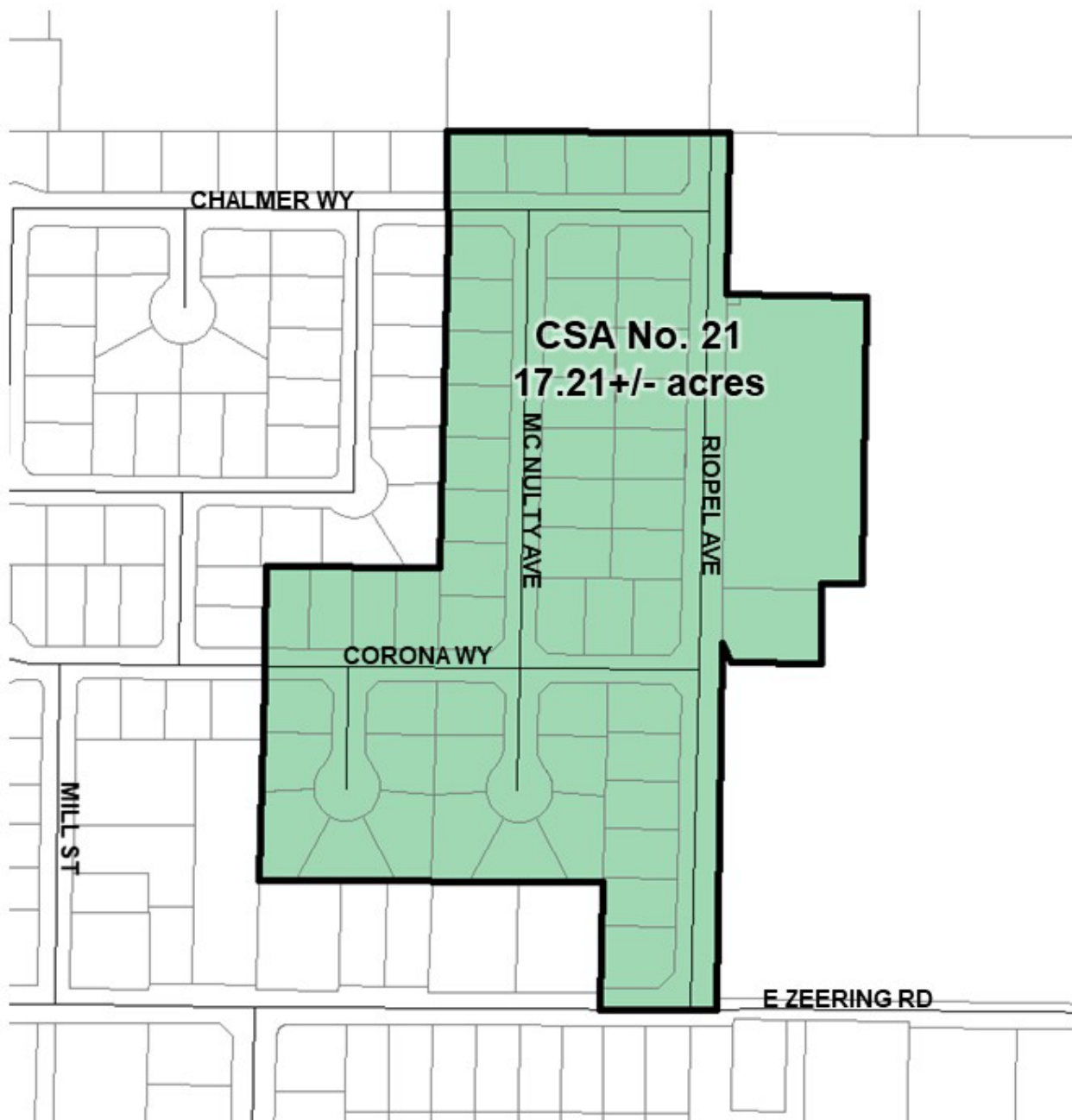
Services Provided: Storm drainage



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 21

“Riopel”



■ = CSA No. 21 Boundary (17.21+/-ac) — = Sphere of Influence (coterminous)

Formation: December 23, 2005

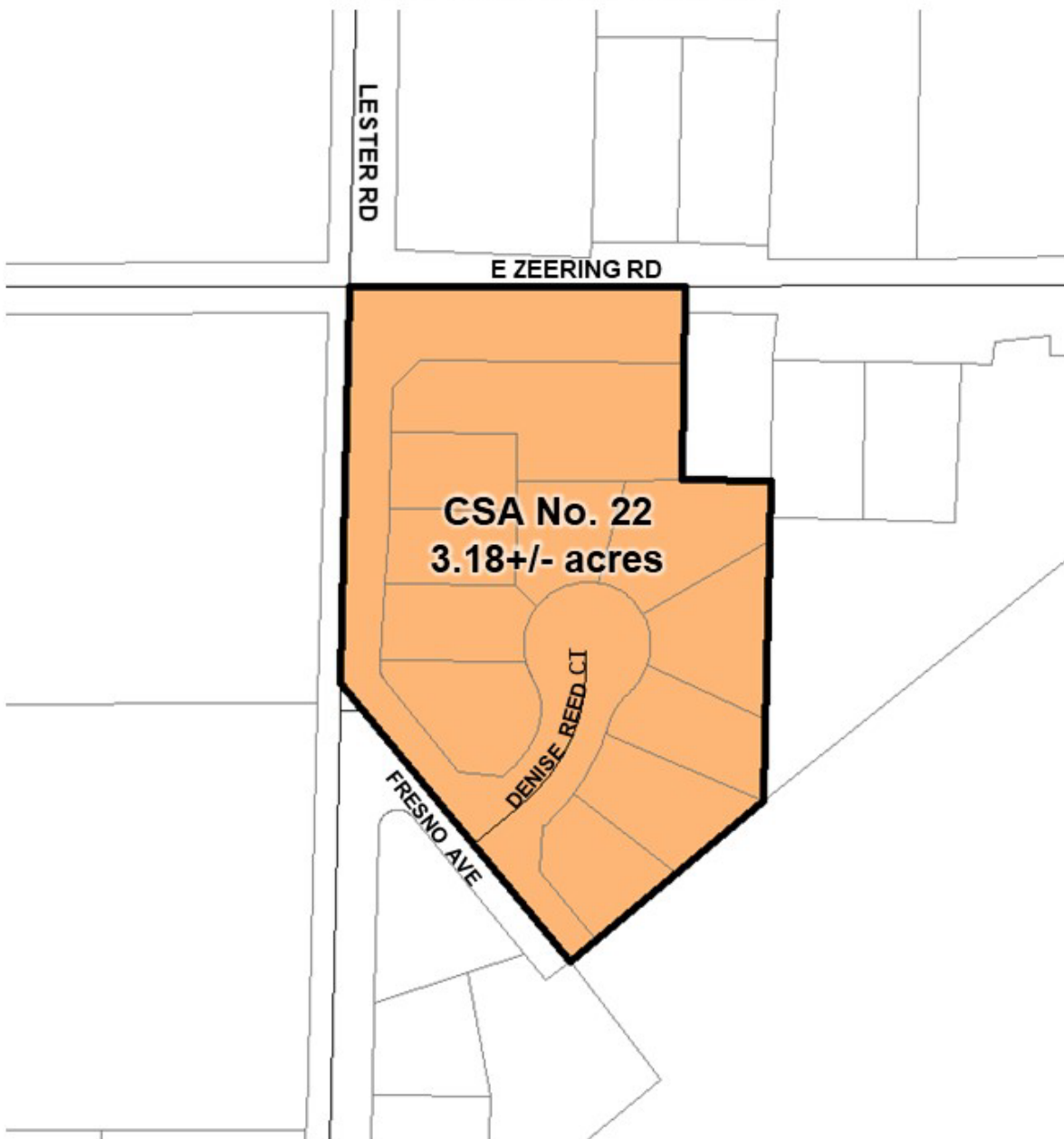
Services Provided: Storm drainage and landscape maintenance



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 22

"Old School North"



■ = CSA No. 22 Boundary (3.18+/-ac) — = Sphere of Influence (coterminous)

Formation: January 11, 2005

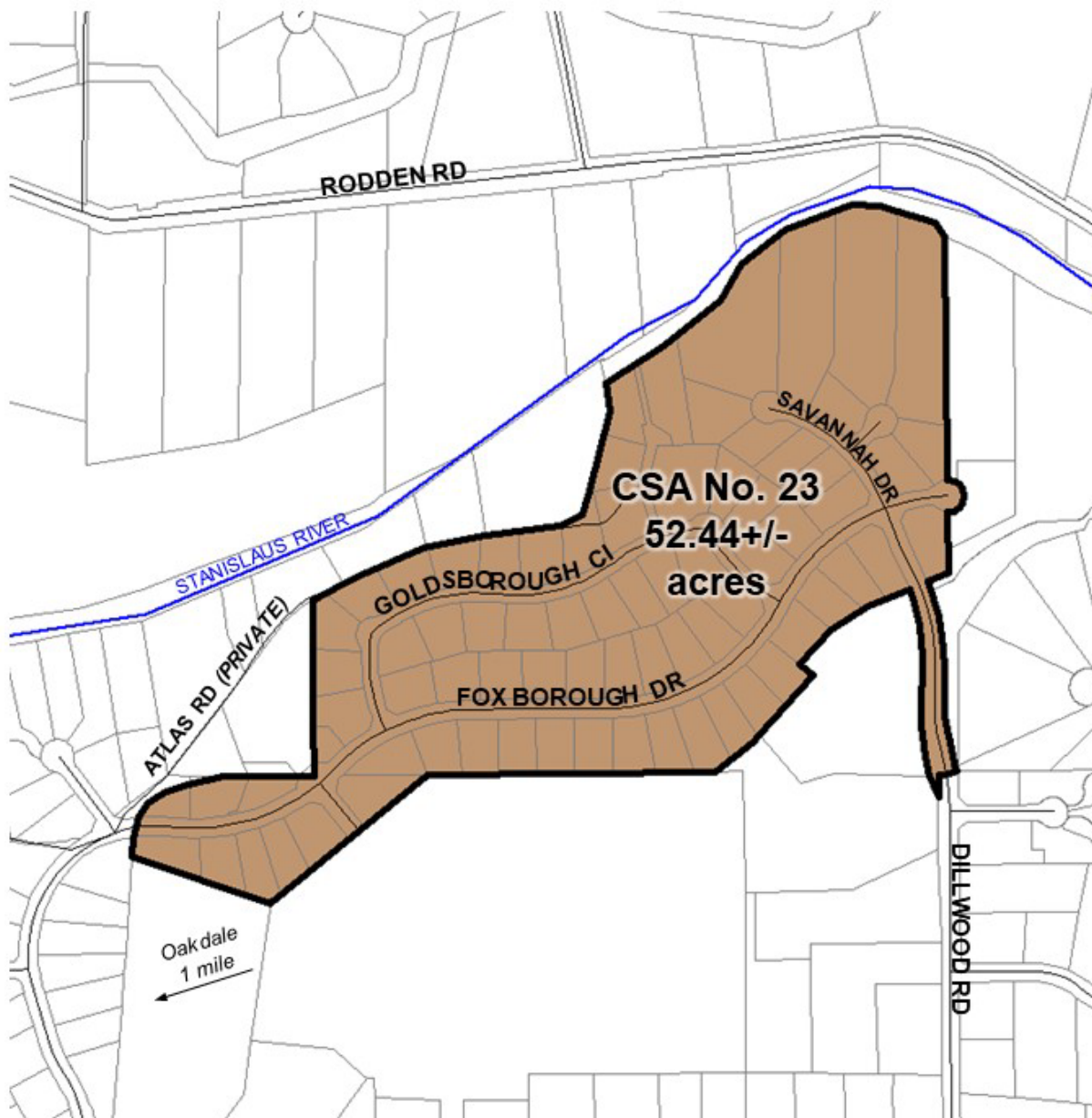
Services Provided: Storm drainage and park maintenance



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 23

“Hillsborough / Schutz”



■ = CSA No. 23 Boundary (52.44+/-ac) ➤ = Sphere of Influence (coterminous)

Formation: November 30, 2006

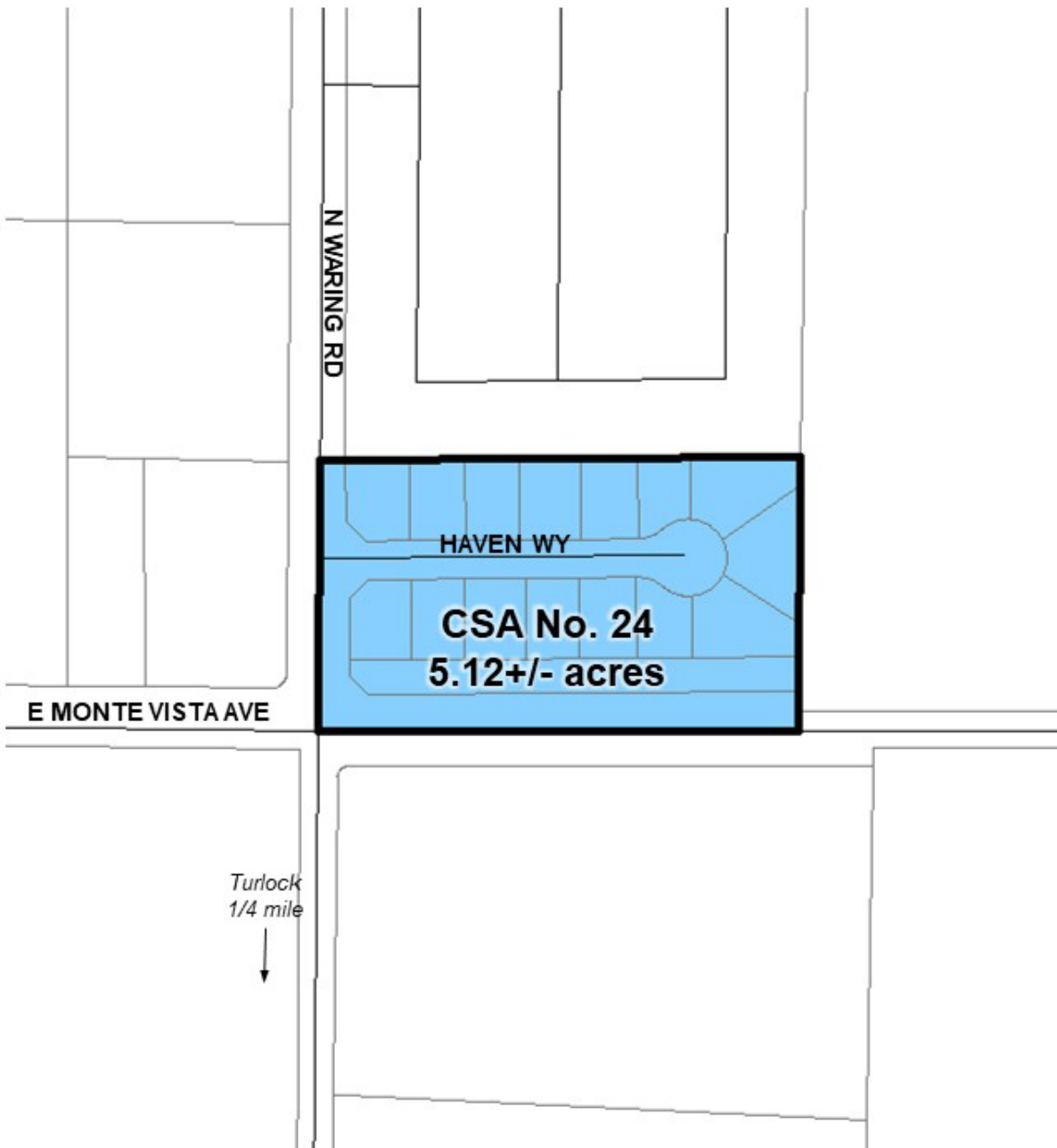
Services Provided: Storm drain system maintenance, including maintenance of river outfall facility



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 24

“Hideaway Terrace”



 = CSA No. 24 Boundary (5.12+/-ac)  = Sphere of Influence (coterminous)

Formation: September 26, 2006

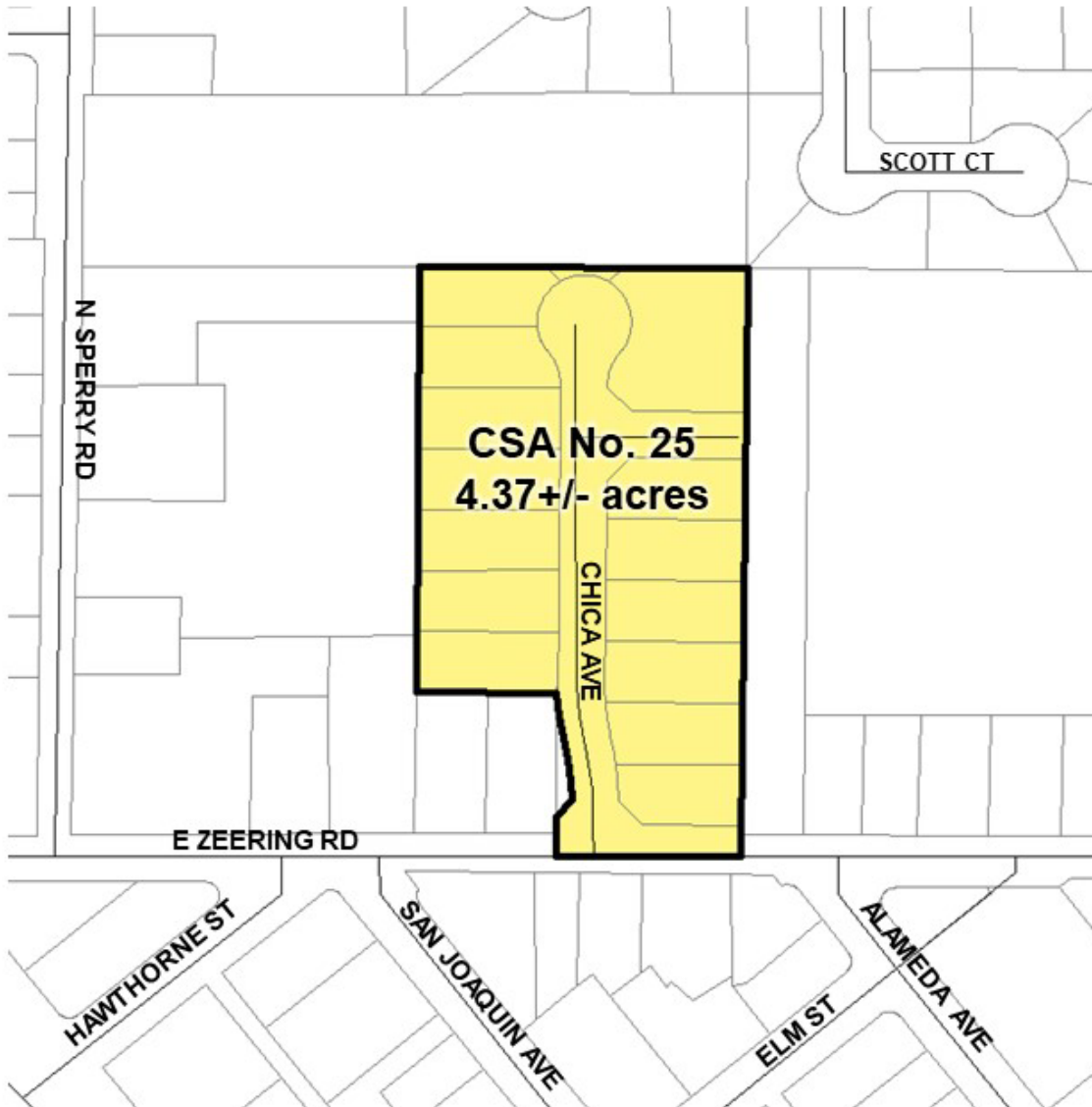
Services Provided: Storm drainage and landscape maintenance



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 25

“Suncrest II”



 = CSA No. 25 Boundary (4.37+/-ac)  = Sphere of Influence (coterminous)

Formation: November 30, 2006

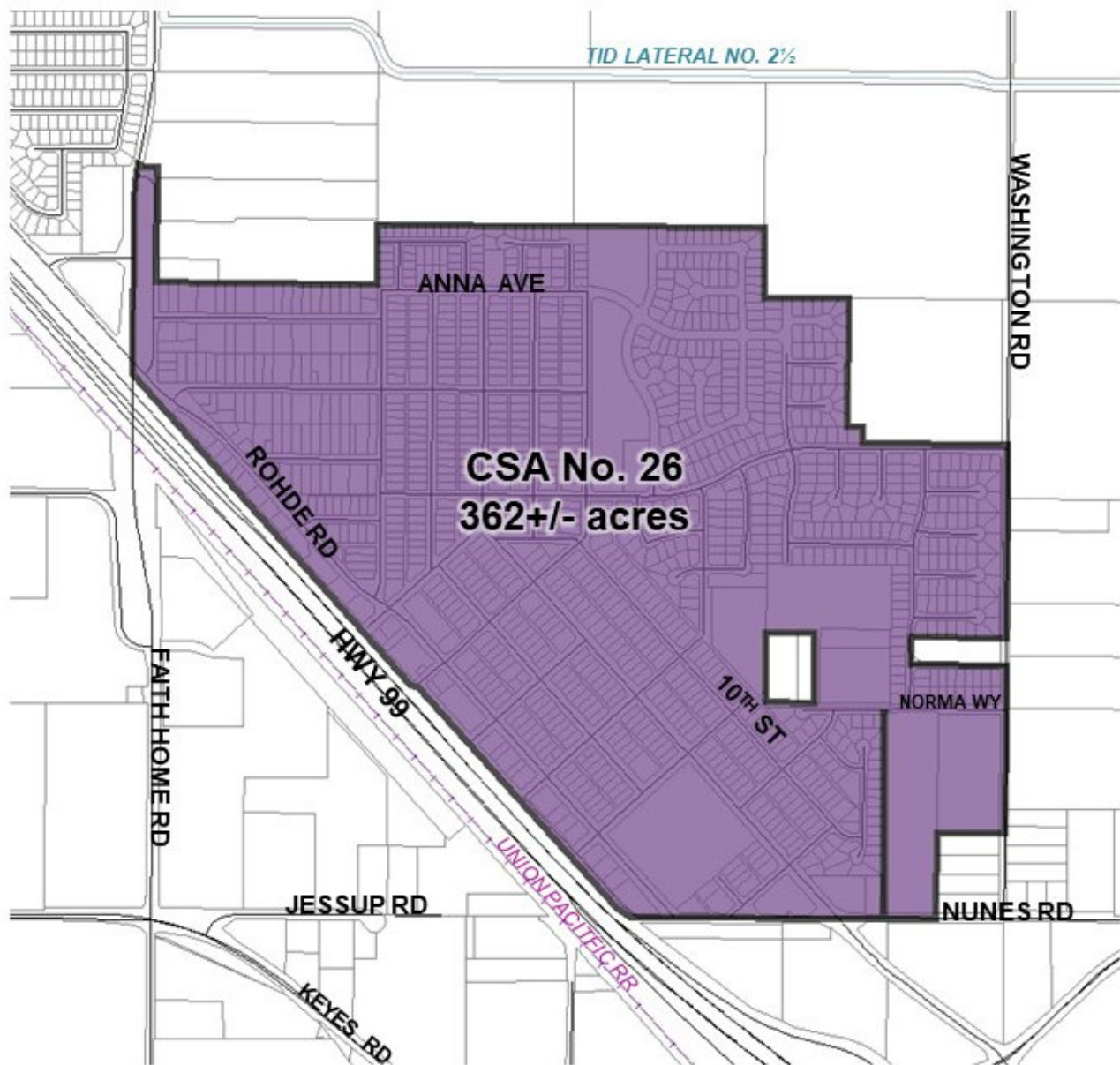
Services Provided: Storm drainage and landscape maintenance



Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 26

“Keyes”



■ = CSA No. 26 Boundary (362+/- ac) - - - Sphere of Influence (coterminous)

Formation: October 24, 2008

Services Provided: Storm drainage, park and landscape maintenance for areas within the Keyes Storm Drain Project

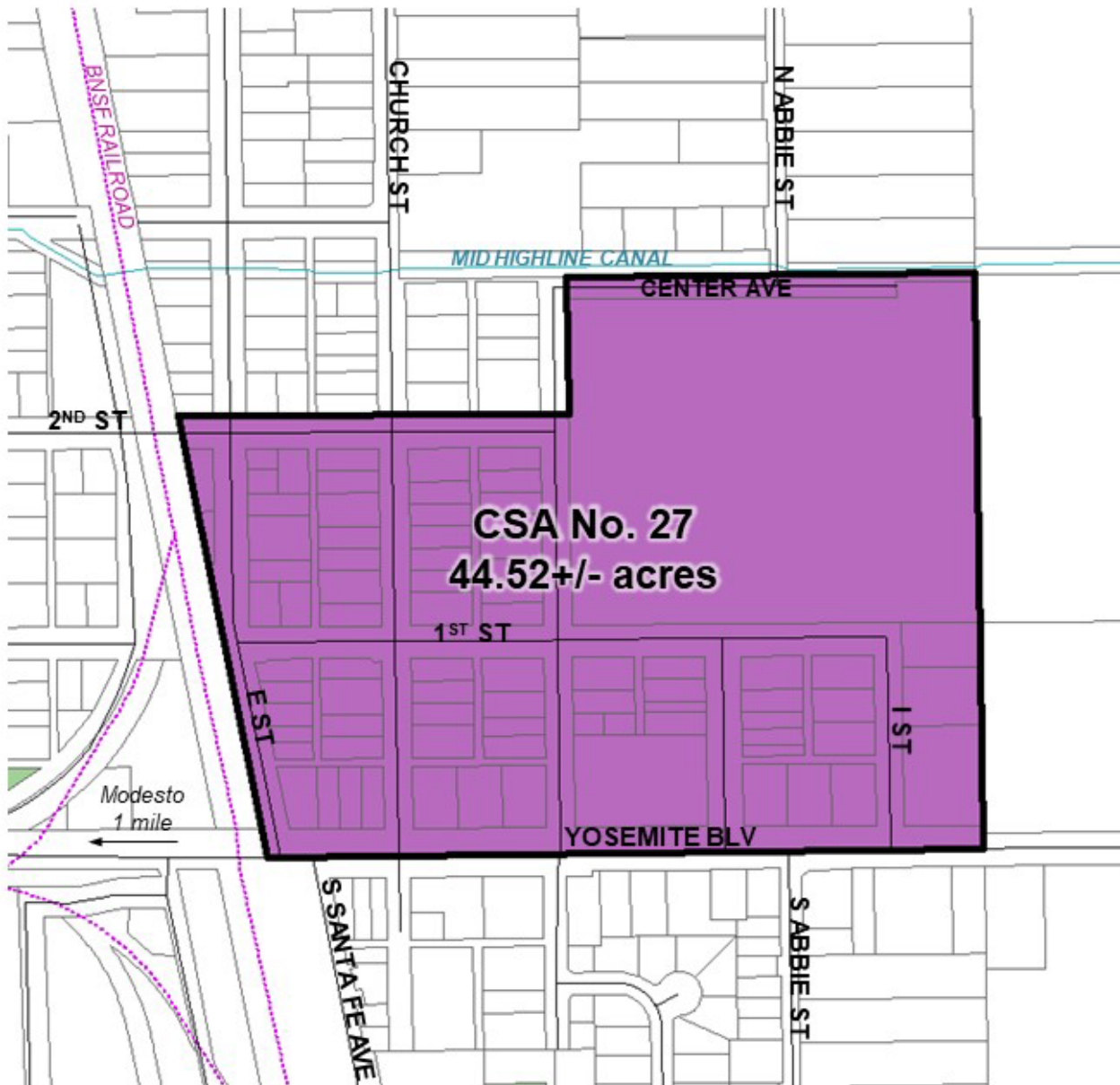


Note: The formation of CSA No. 26 in 2008 included the dissolution of CSAs No. 6 (Raymond Tract), CSA No. 13 (La Jolla), and CSA No. 17 (Sunray Estates).

Source: LAFCO Files, County GIS, July, 2021

County Service Area (CSA) No. 27

“Empire”



= CSA No. 27 Boundary (44.52+/-ac) = Sphere of Influence (coterminous)

Formation: April 27, 2010

Services Provided: Storm drainage maintenance, street sweeping



Source: LAFCO Files, County GIS, July, 2021

APPENDIX “B”

REFERENCES

1. California Government Code. *Sections 25210.1 to 25211.33 – County Service Areas*. (<https://leginfo.legislature.ca.gov/faces/home.xhtml>).
2. California State Controller’s Office, *Special Districts Annual Report*, November, 2013.
3. California State Controller’s Office, Local Government Financial Data, <https://bythenumbers.sco.ca.gov/>.
4. Senate Local Government Committee, *Special District Fact Sheet*, September 2016.
5. Senate Local Government Committee, *What’s So Special about Special Districts? (Fourth Edition)*, October 2010.
6. Stanislaus County Department of Public Works. *Annual Engineer’s Report Fiscal Year 2021-2022 for County Service Area Nos. 4 through 27*. Approved July 27, 2021.
7. Stanislaus LAFCO. *Municipal Service Review and Sphere of Influence Update*, Adopted February 24, 2016.
8. United States Census Bureau website (www.census.gov)

INDIVIDUALS AND AGENCIES CONTACTED

1. Elena Locarnini, Stanislaus County Public Works Department.

**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: September 22, 2021

NO. 2021-14

**SUBJECT: MSR NO. 2021-02 & SOI NO. 2021-03 – MUNICIPAL SERVICE REVIEW AND
 SPHERE OF INFLUENCE UPDATES FOR THE COUNTY SERVICE AREAS**

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 Updates mandated by California Government Code Section 56425, has been conducted for the County Service Areas, 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 September 22, 2021 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 for the County Service Areas and has prepared a report including recommendations therein, 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 County Service Areas and the determinations contained therein;

WHEREAS, at the hearing, all persons present were given an opportunity to hear and be heard in respect to any matter in relation to the review, in evidence presented at the hearing;

WHEREAS, pursuant to Government Code Section 56425(i), the range of services provided by the County Service Areas are limited to those as identified in the municipal service review and such range of services shall not be changed unless approved by this Commission;

WHEREAS, the County Service Areas provide extended services such as: storm drainage control, maintenance of parks and landscaping;

WHEREAS, pursuant to Government Code Section 56425(h), the range of services provided by the County Service Areas shall not be changed unless approved by this Commission; and

WHEREAS, no changes to the Districts' Spheres 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 County Service Areas' Spheres 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 County Service Areas 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 Spheres of Influence Update to Stanislaus County.

ATTEST: _____
Sara Lytle-Pinhey, Executive Officer

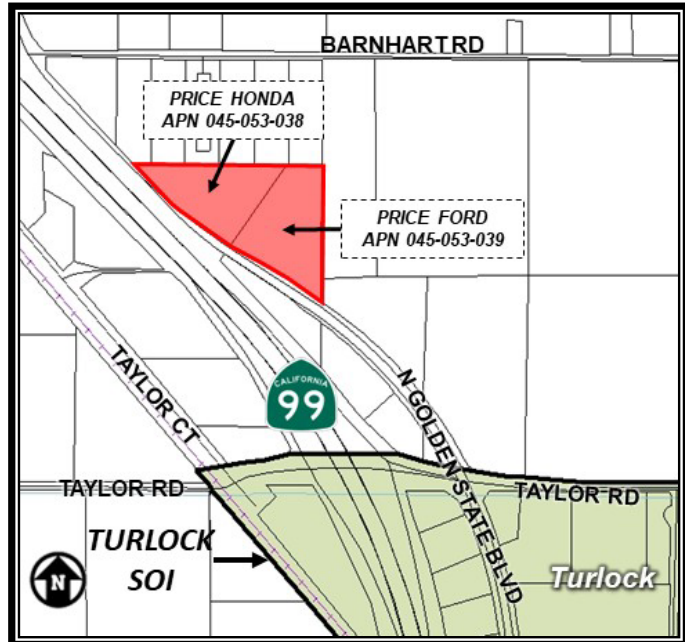
**EXECUTIVE OFFICER'S AGENDA REPORT
SEPTEMBER 22, 2021**

**STANISLAUS LOCAL AGENCY FORMATION COMMISSION
OUT-OF-BOUNDARY SERVICE APPLICATION:
PRICE FORD & HONDA (CITY OF TURLOCK – SEWER & WATER SERVICE)**

APPLICANT: City of Turlock

LOCATION: The territory is located at 5200 & 5202 N. Golden State Boulevard, south of Barnhart Road, east of Highway 99, and north of Taylor Road and the City of Turlock Sphere of Influence. APNs 045-053-038 & 039 (See Exhibit A Map).

REQUEST: The City of Turlock is requesting to extend sewer and water services outside City limits to serve an existing car dealership and a future car dealership on an adjacent parcel. The two parcels together consist of approximately 12 acres. As the territory is outside the City's limits, LAFCO review is required prior to the extension of City services.



BACKGROUND

Government Code Section 56133 (attached in full as Exhibit C) 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 approval for both existing and future development at the Price Ford and Price Honda sites, the Executive Officer has determined to forward the City's request to the Commission.

The Stanislaus County Board of Supervisor's approved Rezone Application No. PLN2019-0108 for Price Honda in August of 2021. The project rezoned a 5.14-acre parcel from an expired Planned Development to a new Planned Development for an auto dealership. The project will be developed in two phases including a 29,300 square-foot auto dealership building, 2,048 square-foot reception canopy attached to the dealership building, 2,100 square-foot express service center, and 3,375 square-foot service bay.

The on-site water system at the existing Price Ford dealership site has had ongoing violations of the Maximum Contamination Level (MCL) for arsenic, as specified in California Code of Regulations. The site was issued a compliance order (DER-16CO-008) in 2016. As part of the Rezone project, a condition from the Stanislaus County Department of Environmental Resources (DER) was included that prohibits connection to the existing water system until the MCL has been determined to be in compliance with the State Code of Regulations.

DER has also stated that without a public sewer connection to the City of Turlock, any new buildings with an onsite wastewater treatment system (OWTS) connection shall be subject to Measure X.

In December of 2020, Stanislaus County and the City of Turlock adopted a tax sharing agreement. The agreement includes a 50% split of sales tax revenue generated by Price Honda. The agreement also establishes that the City of Turlock is willing to provide public sewer and water services to both the existing Price Ford site and new Price Honda site. The proposed municipal connections to sewer and water service will help bring the existing dealership into compliance and satisfy DER's conditions for the new site. A copy of this agreement can be found in Exhibit E.

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 an appropriate alternative, consistent with Government Code §56133 and Commission Policy 15, as discussed below.

Consistency with Commission Policy 15

The Commission's Policy 15(C) describes a variety of situations where the Commission may favorably consider service extensions. These include the following:

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 annexations 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.*

The Price Ford and Price Honda sites are within an unincorporated area outside of the City of Turlock's Sphere of Influence, and annexation is not contemplated at this time. Consistent with consideration number 3 listed above, the County and City of Turlock have an approved tax-sharing agreement that recognizes the City of Turlock as the provider of sewer and water services for the two sites. In addition, the Price Ford site is currently in violation of Maximum Contamination Level (MCL) for arsenic with the Stanislaus Department of Environmental Resources. Approval of the out-of-boundary service extension will allow the site to remedy these health and safety concerns and should be included in the Commission's consideration.

Additionally, Commission Policy 15(D) allows for service extensions outside a local agency's sphere of influence if there is a documented existing or impending threat to public health and safety, and the request meets one or more of the following criteria:

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 LAFCO.*

The existing and proposed dealership sites are both outside of the City of Turlock's sphere of influence. One site is currently developed while the other has been approved for development. As mentioned previously, the Price Ford site is in violation of MCL for arsenic. The Price Honda site is adjacent to the Price Ford site and the City of Turlock is willing to provide sewer and water services to both sites. A standard condition will be included in the Commission's action, consistent with Policy 15(D) that no additional expansion of service other than the subject sites, outside the City's limits, will be permitted without approval by LAFCO.

Environmental Review

Stanislaus County, as Lead Agency under the California Environmental Quality Act (CEQA), prepared an initial study and adopted a negative declaration for the Price Honda dealership, finding that it will not have a significant effect on the environment. A copy of the County's Notice of Determination is included as Exhibit F. Additionally, the City of Turlock determined that the extension of water and sewer lines is exempt per §15303 of the CEQA Guidelines.

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 Price Ford and Price Honda sites with sewer and water services is consistent with Government Code Section 56133 and the Commission's Policy 15.

ALTERNATIVES FOR LAFCO ACTION

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

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 as submitted by the City of Turlock and adopt Resolution No. 2021-13, 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 Stanislaus County, and includes the following standard terms and conditions:

- A. This approval allows for the extension of sewer and water services to accommodate existing and future uses within the Price Ford and Price Honda sites only.
- B. The City shall not allow additional sewer and water service connections outside the City limits and beyond the delineated Price Ford and Price Honda sites without first requesting and securing approval from the Commission.

Respectfully submitted,

Javier Camarena

Javier Camarena
Assistant Executive Officer

Attachments: Draft LAFCO Resolution 2021-13
 Exhibit A - Map
 Exhibit B - City's Out-of-Boundary Application
 Exhibit C - Government Code Section 56133
 Exhibit D - LAFCO Policy 15
 Exhibit E - Tax Sharing Agreement
 Exhibit F - Notice of Determination

Draft LAFCO Resolution 2021-13

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**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: September 22, 2021

NO. 2021-13

**SUBJECT: OUT OF BOUNDARY SERVICE APPLICATION: PRICE FORD & HONDA (CITY
OF TURLOCK – SEWER & WATER SERVICE)**

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, the City of Turlock has submitted an out-of-boundary service application requesting to provide water service to a property located at 5200 & 5202 N. Golden State Boulevard for the existing Price Ford dealership and future Price Honda dealership;

WHEREAS, the site is otherwise identified as Assessor's Parcel Numbers 045-053-038 & 039;

WHEREAS, the property is located outside the current City Limits and Sphere of Influence of Turlock;

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 and outside its sphere of influence to respond to an existing or impending threat to the health and safety of the public or the affected residents;

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, the City of Turlock has indicated that it has the ability to serve the site with sewer and water services;

WHEREAS, Stanislaus County, as Lead Agency, adopted a negative declaration pursuant to the California Environmental Quality Act (CEQA) determining that the Price Honda dealership will not have a significant effect on the environment;

WHEREAS, the City of Turlock determined that the extension of water and sewer lines is exempt per §15303 of CEQA.

WHEREAS, the Commission, as a Responsible Agency, has considered the County and City's environmental determinations; 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 September 22, 2021.

NOW, THEREFORE, BE IT RESOLVED that this Commission:

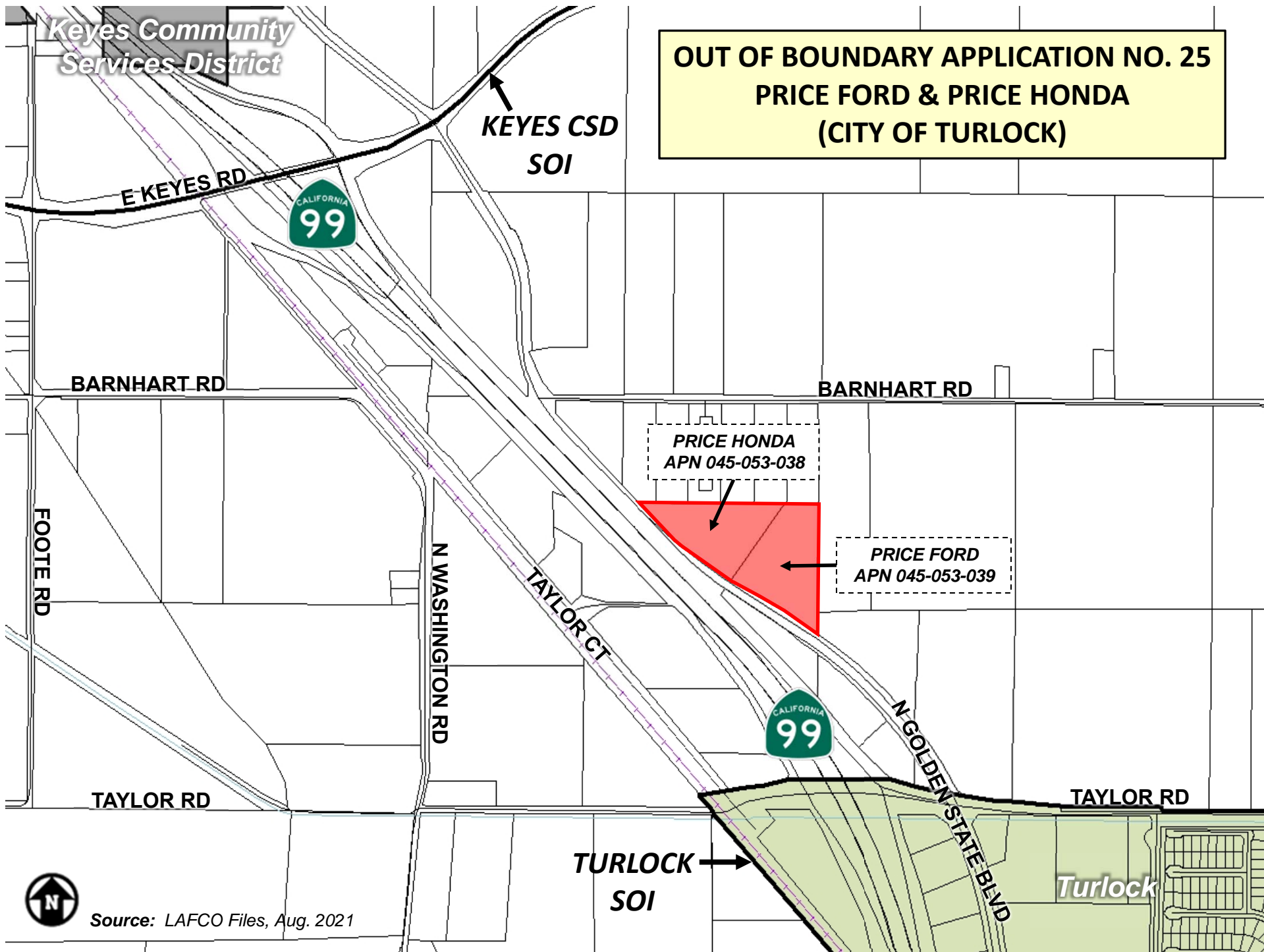
1. Finds that the proposed extension of sewer and water services are consistent with the Commission's adopted policies and California Government Code Section 56133.
2. Certifies, as a Responsible Agency, that it has considered the environmental determination made by Stanislaus County and the City of Turlock pursuant to CEQA.
3. Authorizes the City of Turlock to provide the requested sewer and water services, subject to the following terms and conditions:
 - A. This approval allows for the extension of sewer and water services to accommodate the Price Ford and Price Honda sites only.
 - B. The City shall not allow additional sewer or water service connections outside the City limits and beyond the two sites without first requesting and securing approval from LAFCO.
4. Directs the Executive Officer to forward a copy of this resolution to the City of Turlock.

ATTEST: _____
Sara Lytle-Pinhey, Executive Officer

EXHIBIT A

Project Map

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EXHIBIT B

Out-of-Boundary Application

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STANISLAUS LAFCO

Stanislaus Local Agency Formation Commission

1010 – 10 th Street, 3rd 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 Turlock

CONTACT PERSON: Sarah Tamey Eddy, Interim City Manager

ADDRESS: 156 S. Broadway Suite 230

PHONE: (209) 668-5540

FAX: _____

E-MAIL: seddy@turlock.ca.us

CONTRACTING PARTY:

NAME OF PROPERTY OWNER: Golden State PFT Properties LLC, David Price & Clementine Prope

SITE ADDRESS: 5200 & 5202 N. Golden State Boulevard

PHONE: (209) 633-4115

FAX: _____

E-MAIL: james@priceford.com

CONTRACT NUMBER/IDENTIFICATION: Price Ford

ASSESSOR PARCEL NUMBER(S): 045-053-038 & 045-053-039

ACREAGE: 5.144 ac & 6.858 ac

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:

The applicant has requested potable water services for domestic, landscape irrigation and fire service uses, as well as a sanitary sewer service.

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

Yes, the development is currently served by an on-site well and on-site wastewater treatment system (OWTS). The applicant wishes to remove the on-site facilities and receive utility services from the City of Turlock.

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.)

Stanislaus County and the City of Turlock have entered into a MOU (attached) to address the Price Ford property and the adjacent property to the north. The existing Ford Dealership has been operating under a notice of Violation since 2016. The vacant lot is in the process of obtaining entitlements with the County for a new dealership.

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

The parcels are within the General Plan Study area, but outside of the SOI. GP Policy 2.9-d states the City will not initiate annexation of this area but would work with developing financing and infrastructure plans with owners in this area to facilitate annexation if desired. The City does not plan to annex the area at this time. The MOU between the City and County addresses these properties.

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

No, they are within the General Plan study area but outside of the SOI.

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

The existing Ford dealership will be served and the new proposed 29,300 square foot auto dealership and 2,100 square foot detailing building and 3,375 square foot service bay expansion will be served, the project is under review with Stanislaus County.

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

The extension of the water and sewer lines was determined to be exempt in accordance with Section 15303 of the CEQA Guidelines. Stanislaus County will make the CEQA determination on the new dealership project.

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) The utility extension and connection to the existing building does not require entitlement. The construction of the new dealership is a rezone in process with Stanislaus County

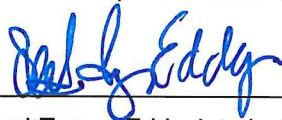
8. Please provide a map showing existing facilities and proposed extensions and a detailed description of how services are to be extended to the property. Your response should include, but not be limited to, an explanation of distance for connection to existing infrastructure to the site; and cost of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

The City will install sewer and water trunk lines in N. Golden State Blvd. from the existing termini of each utility to the frontage of the property north of the Price Ford development and will install the requested services for both developments. The developer shall pay development impact and installation fees for the requested services. The City will finance the installation of the trunk lines through the City's water and sewer funds (See attached map).

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:

Sarah Tamey Eddy, Interim City Manager

DATED:

8/25/2021

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 10th Street, 3rd Floor
Modesto, CA 95354



SCALE 1 : 7,000

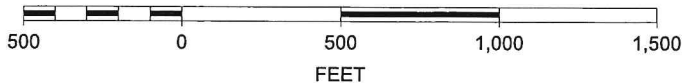


EXHIBIT C

Government Code Section §56133

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Government Code Section §56133

- (a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the commission.
- (b) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipation of a later change of organization.
- (c) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary and outside its sphere of influence to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory, if both of the following requirements are met:
 - (1) The entity applying for approval has provided the commission with documentation of a threat to the health and safety of the public or the affected residents.
 - (2) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.
- (d) The executive officer, within 30 days of receipt of a request for approval by a city or district to extend services outside its jurisdictional boundary, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of requests made pursuant to this section to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the extended services. If the new or extended services are disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.
- (e) This section does not apply to any of the following:
 - (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) This section does not apply to the transfer of nonpotable or nontreated 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 electric utility, as defined by Section 9604 of the Public Utilities Code, providing electric services that do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundary.
- (6) A fire protection contract, as defined in subdivision (a) of Section 56134.
- (f) This section applies only to the commission of the county in which the extension of service is proposed. **(Amended by Stats. 2019, Ch. 20)**

EXHIBIT D

LAFCO Policy 15

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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.

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EXHIBIT E

Tax Sharing Agreement

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TAX SHARING AGREEMENT

BETWEEN

THE COUNTY OF STANISLAUS

AND

THE CITY OF TURLOCK

DATED: ~~OCTOBER~~ , 2020

December 1, 2020

TAX SHARING AGREEMENT

THIS TAX SHARING AGREEMENT ("Agreement") is entered into by and between the **COUNTY OF STANISLAUS**, a subdivision of the State of California ("County") and the **CITY OF TURLOCK**, a California municipal corporation ("Turlock"). The City is referred to herein as "City", or "Cities", and the City and County may sometimes be referred to herein individually as a "Party" or collectively as the "Parties". There are no other parties to this Agreement.

RECITALS

The Parties enter into this Agreement based on the following facts, understandings and intentions:

WHEREAS, the City of Turlock and the County of Stanislaus entered a Mutual Support Agreement dated November 24, 1987, the purpose of which was to deal with impacts of growth for both the City and the County; and

WHEREAS, the City and the County entered into three subsequent amended versions of the Mutual Support Agreement, dated June 27, 1989, July 11, 1989, and the Third Amended Mutual Support Agreement, dated July 19, 1994; and

WHEREAS, the City provided the County notice of termination of the Mutual Support Agreement on August 29, 2018; and

WHEREAS, City and County desire to create a model of cooperation and revenue sharing in the North Golden State Boulevard area north of Taylor Road area in City; and

WHEREAS, this Agreement specifically pertains to Assessor Parcel no. 045-053-038 (referred to hereinafter as "Price Honda") a 5.144-acre parcel and Assessor Parcel no. 045-053-039 (referred to hereinafter as "Price Ford") a 6.858-acre parcel, and as more particularly shown on Assessor Parcel Map Book 45 page 53, attached hereto as Exhibit A.

WHEREAS, City and County desire to remove impediments so that businesses may capitalize on opportunities for development and expansion without being concerned by jurisdictional financial concerns; and

WHEREAS, businesses should not become entangled in disputes between City and County over revenue allocations, jurisdictional boundaries and development standards; and

WHEREAS, article VIII, section 29(b) of the California Constitution and Government Code sections 55700-55707 authorizes cities and counties to share between them the revenue derived from any sales or use tax imposed by them and collected for them by the State of California under the Bradley-Burns Uniform Local Sales and Use Tax Law, when the resolution or ordinance proposing such contract is approved by a two-thirds vote of the governing body of each jurisdiction that is a party to the contract; and

WHEREAS, the goals of the Parties in entering this Agreement are as follows:

- A. Agree upon a revenue sharing formula for all existing and future uses at the Price Honda property;
- B. Establish the City as the provider of water and waste water services for Price Ford and Price Honda; and

- C. Dedicate sales tax revenue for the planning, design and construction of the Taylor Road Interchange at Highway 99.

The Parties hereby agree as follows:

1. *Definitions*

A. "CDTFA" means the California Department of Tax and Fee Administration and any successor agency.

B. "Sales Tax Revenues" means that portion of the Sales Tax, if any, attributable to Taxable Sales, paid by Price Honda and which is allocated and received by County pursuant to the Sales Tax Law. Local Sales Tax Revenues will not include: (i) Penalty Assessments, (ii) any Sales Tax levied by, collected for or allocated to the State of California, (iii) any administrative fee charged by the CDTFA, (iv) any Sales Tax subject to any sharing, rebate, offset or other charge imposed pursuant to any applicable provision of federal, state or local law, rule or regulation, (v) any Sales Tax attributable to any transaction not consummated prior to the effective date of this agreement, (vi) any Sales Tax (or other funds measured by Sales Tax) required by the State of California to be paid over to another public entity (including the State) or set aside or pledged to a specific use other than for deposit into or payment from a Party's general fund, or (vii) any Sale Tax paid in error or which is subject to correction, adjustment or offset pursuant to an amended return or otherwise where the effect of the error, adjustment or amendment is to change the amount of Sales Tax attributable to Taxable Sales.

C. "Sales Tax" means all sales and use taxes levied under the authority of the Sales Tax Law attributable to Taxable Sales, excluding Sales Tax which is to be refunded to Price Honda because of an overpayment of Sales Tax.

D. "Sales Tax Law" means (i) California Revenue and Taxation Code Section 6001 et seq., and any successor law thereto, including the Bradley-Burns Uniform Local Sales and Use Tax Law (Rev. & Tax. Code § 7200 et seq.), and any successor law thereto, (ii) any legislation allowing other public agency with jurisdiction in the City to levy any form of Sales Tax on the operations of Fisher Scientific and/or the Distribution Center, and (iii) regulations of the CDTFA and other binding rulings and interpretations relating to (i) and (ii) hereof.

E. "Taxable Sales" means the commercially reasonable business practices and activities of the Price Honda associated with the sale or lease of Material.

F. "Material" means any and all tangible personal property which is offered for sale or lease and which is subject to the Sales Tax Law.

G. "Penalty Assessments" means penalties, assessments, collection costs and other costs, fees or charges resulting from late or underpaid payments of Sales Tax and which are levied, assessed or otherwise collected.

2. *Term*

This Agreement shall take effect upon being fully executed by all Parties and be effective for a period of twenty (20) years, unless sooner terminated as provided herein. This Agreement will be automatically extended four (4) times ("Extension"), with each Extension extending the Term of

the Agreement an additional five (5) years, unless otherwise terminated sooner or the Parties mutually agree to modify the Agreement pursuant to the provisions herein.

3. *Sales Tax Revenue Collection and Share*

A. The Parties agree that each shall receive fifty percent (50%) of the Sales Tax Revenues generated from Price Honda beginning the first day of the month immediately following full execution of this Agreement by all Parties.

B. This Agreement shall not apply to any general or special sales and use tax which might be adopted by the County at any time and the County shall retain one hundred percent (100%) of any such special sales or use tax.

C. The Parties agree that there may be changes in the facts and/or amendments to the current law after the effective date of this Agreement that may change the distribution of sales tax to the County or City under this Agreement. The Parties recognize that legislation may be enacted or a court may issue an order that affects or changes the revenues from the subject properties which may impact the type of revenues, the percentage of taxes or fees, the person or entity subject to the taxes and fees, or the manner in which the revenues are distributed to entities. Therefore, if either Party believes that any change in law, whether by legislation or Court decision has occurred that is inconsistent with a Parties' intent, that Party may request and negotiate in good faith a revision of the Agreement to conform with the intent of this Agreement.

4. *Reconciliation of Sales Tax Revenue and Payments*

A. As soon as possible following the end of each Fiscal Year ("Fiscal Year," means any year commencing on July 1 of any calendar year and ending on June 30 of the subsequent year), the County's Auditor Controller's Office and City's Director of Finance, shall reconcile the amount of the sales tax payments made to the county based on (1) the actual amount received by the County from the CDTFA attributable to the Price Honda; and (2) the allocation percentages enumerated in this Agreement between the Parties. If at any time this reconciliation shows an overpayment was made to the City, the County shall notify the City of the overpayment. The County and the City shall work together to determine the true overpayment. The County shall make an adjustment for the overpayment from the next payment due to the City. If the County makes an underpayment to the City, the County and the City shall work together to ascertain the true amount of the underpayment, and the County shall include the under paid amount in the next payment due to City.

B. If at any time during or after the term of this Agreement, the CDTFA discovers that any portion of Sales Tax Revenue attributed to the Price Honda property was inaccurately allocated and paid to the County, and CDTFA requires repayment or offsets against future distribution of County Sales Tax Revenues, the County shall make a written request for repayment from the City of any amount that was improperly paid to the City. If the City fails to make such repayment within ninety (90) calendar days after the County's written demand, and notwithstanding the provisions of Government Code § 907, the County may satisfy such repayment from any City funds on deposit with the County without additional notice and the repayment obligation of the City shall accrue simple interest of two percent (2%) per annum as of the 91st day from the County's written request.

C. The County Auditor Controller shall work with a designee of the City Manager to make a final reconciliation of the Sales Tax Revenues received by County attributable to Price Honda for

the payments made to City pursuant to this Agreement. The Parties shall notify each other of any over or under payment amounts. The Parties agree to reimburse each other for all underpayments or overpayments identified in the final reconciliation within three months of the date of the notification to the other Party. Should either Party fail to make a required reimbursement within three (3) months, the reimbursement obligation shall accrue interest commencing on the 91st day after the notification to City or County at a two percent (2%) interest rate on the outstanding obligation, compounded monthly, until paid. Notwithstanding the provisions of Government Code § 907, the County may satisfy such repayment from any City funds on deposit with the County without additional notice.

5. *Taylor Road Interchange at Highway 99*

A. The City and County will each set aside Five Hundred Thousand Dollars (\$500,000) over a 10-year period from their respective shares of the Sales Tax Revenues generated by the Price Honda property for a cumulative amount of One Million Dollars (\$1,000,000) (the "Sales Tax Reserve"). This Sales Tax Reserve is to be used as seed funding for the planning and development of improvements required for the Taylor Road Interchange project at Highway 99.

B. The Parties will establish an interest-bearing fiduciary fund to hold the Sales Tax Reserve from Price Honda. Each party is responsible to ensure that at the end of the 10-year period the amount set aside in their respective fiduciary fund equals Five Hundred Thousand Dollars (\$500,000). Each Party will on an annual basis deliver a report to the other party of the balance set aside in their fiduciary fund.

C. The Parties will meet and confer in the 5th year of this Agreement if the Sales Tax Revenues from Price Honda do not average One Hundred Thousand Dollars (\$100,000) annually over the five-year period.

D. The City will act as the lead agency for development, design and construction of the Taylor Road Interchange project at Highway 99 and will work cooperatively with the County in project development.

6. *[Reserved]*

7. *Water and Wastewater Service*

The City shall extend water and wastewater services to the frontage of both Price Ford and Price Honda. The extension of City services is conditioned upon the property owner for Price Ford, and Price Honda, executing an out of boundary service agreement with City and that the out of boundary service extension is approved by LAFCO. The County agrees not to oppose the extension.

8. *Conditions.* The obligations and duties arising under this Agreement are contingent upon the following:

A. The Price Ford and Price Honda properties remaining within the unincorporated area. If the City annexes either, notwithstanding paragraph 9 below, this Agreement terminates on the first day of the next sales quarter following the effective date of the annexation as established by LAFCO.

B. The Price Ford and Price Honda properties are developed and continuously operated as vehicle dealerships and that the vehicle dealerships are operated in a commercially reasonable fashion and that together generate average annual Sales Tax Revenues of not less than \$100,000 for a period of ten (10) years commencing from the effective date of issuance of the certificate of occupancy for Price Honda.

C. The City extends water and wastewater services to the Price Ford and Price Honda as provided herein.

9. *Termination of Agreement.* This Agreement shall automatically terminate as to any property of Price Ford or Price Honda that is annexed, in whole or part, into the City. This Agreement may only otherwise be terminated by mutual agreement of the Parties.

10. *Indemnification.* Each Party shall indemnify, hold harmless, save and defend the other Party, their officials, agents and employees from and against any and all claims, demands, damages, causes of action, liens, liabilities, losses, damages, costs and expenses, including reasonable attorneys' fees, arising out of or in connection with this Agreement. The foregoing shall not apply to the sole negligence of one of the Parties or its officers or employees.

11. *Mutual Defense of Agreement.* If the validity of this Agreement is challenged by a non-party, the Parties shall defend jointly against the legal challenge and shall share equally, damages awarded and any costs and fees awarded against a Party. Each Party shall promptly notify the other Parties of the pendency of any action initiated by a non-party that challenges the validity of this Agreement. The choice of counsel for defending such non-party action shall be made by the County, with the concurrence of the City Manager for City.

12. *Costs of Suit as Between the Parties.* If any Party determines to bring legal action related to the obligations and duties arising under this Agreement, each Party shall bear their own costs, expenses, and fees incurred.

13. *Assignment.* No Party may assign its rights, obligations or interests under this Agreement, directly or indirectly, voluntarily or by operation of law, without the prior written approval of each non-transferring Party. Such consent shall not be unreasonably withheld.

14. *Entire Agreement.* This Agreement constitutes the entire Agreement between the Parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the Parties in interest at the time of such modification.

15. *Amendments.* This Agreement may be amended only by a writing executed by the Parties hereto.

16. *Notices:* Any notices, documents, correspondence or other communications concerning this Agreement or the obligations or duties hereunder may be provided by personal delivery, facsimile or mail and shall be addressed as set forth below. Such communication shall be deemed served or delivered: a) at the time of delivery if such communication is sent by personal delivery; b) at the time of transmission if such communication is sent by facsimile; and c) 48 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such communication is sent through regular United States mail.

City of Turlock Attn: City Manager 156 S. Broadway, Ste. 230 Turlock, CA 95380	County of Stanislaus Attn: Chief Executive Officer 1010 10 th Street, Suite 6400 Modesto, CA 95354
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17. *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

18. *No Third-Party Beneficiary Rights.* This Agreement is entered into for the sole benefit of the Parties hereto and no other person or entity is intended to be direct or incidental beneficiaries of this Agreement and no third-party shall have any right in, under or to this Agreement.

19. *Severability.* If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party is materially impaired, which determination as made by the presiding court or arbitrator of competent jurisdiction shall be binding, all parties shall substitute such provision(s) through good faith negotiations.

20. *Construction.* The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers:



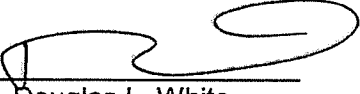
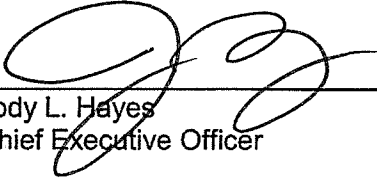
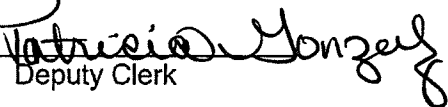
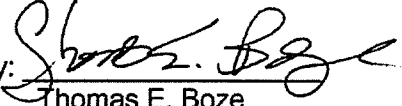
<p>CITY OF TURLOCK</p> <p>By:  Toby Wells, P.E. City Manager</p> <p>ATTEST: Jennifer Land Turlock City Clerk</p> <p>By:  Turlock City Clerk</p> <p>Dated: <u>November 4</u>, 2020</p> <p>APPROVED AS TO FORM:</p> <p>By:  Douglas L. White City Attorney</p>	<p>COUNTY OF STANISLAUS</p> <p>By:  Jody L. Hayes Chief Executive Officer</p> <p>ATTEST: Elizabeth King Clerk of the Board of Supervisors of the County of Stanislaus, State of California</p> <p>By:  Deputy Clerk</p> <p>Dated: <u>December 1</u>, 2020</p> <p>APPROVED AS TO FORM:</p> <p>By:  Thomas E. Boze County Counsel</p>
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Exhibit A
(Assessor Parcel Map)

072 001
072 014
072 018
045 - 053

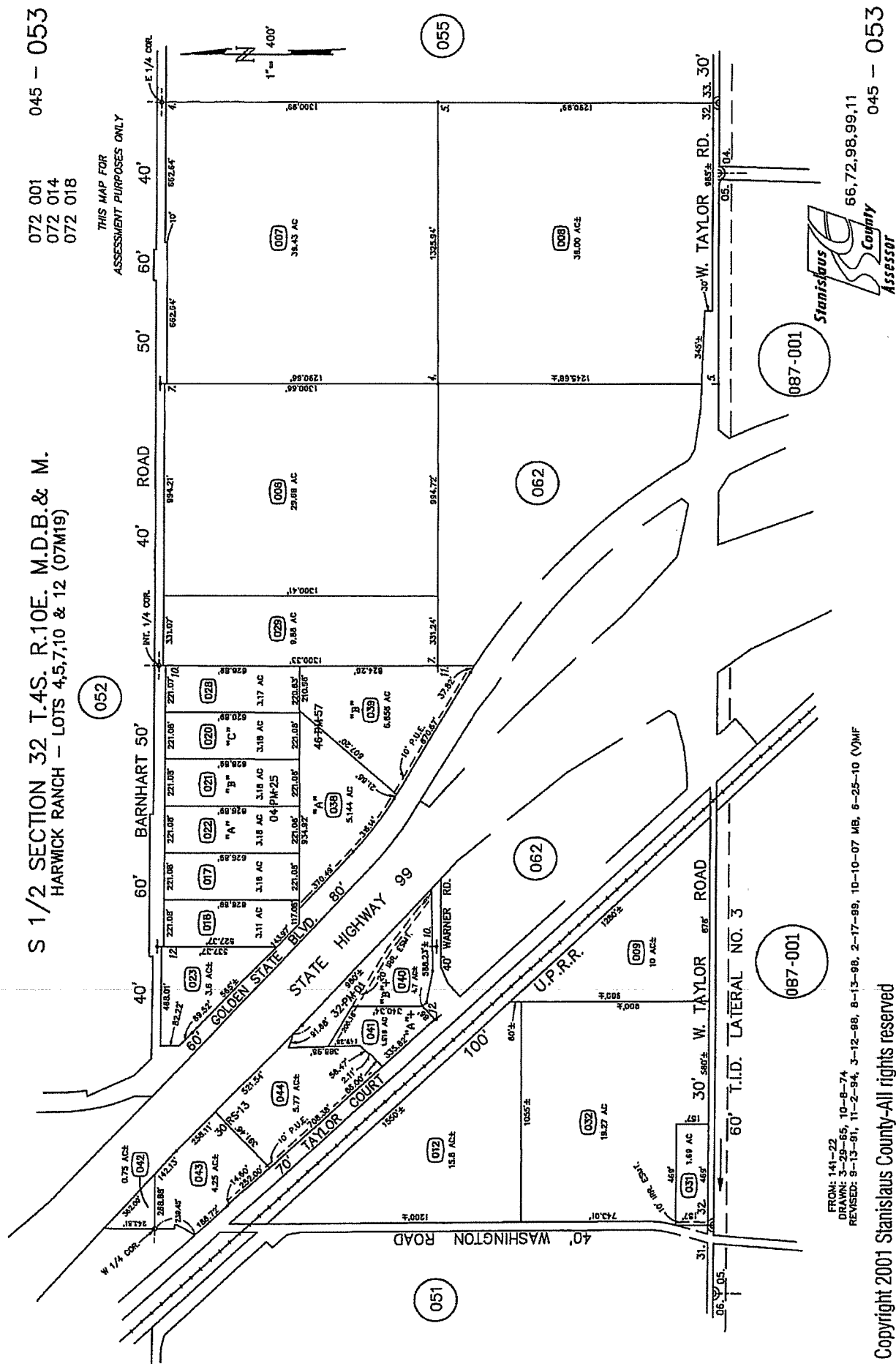


EXHIBIT F

Notice of Determination

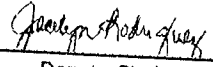
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STANISLAUS COUNTY
DEPARTMENT OF PLANNING AND
COMMUNITY DEVELOPMENT
1010 10th Street, Suite 3400
Modesto, California 95354

50-2021-171

FILED

September 2, 2021
DONNA LINDER
STANISLAUS COUNTY
CLERK-RECORDER

By: 
Deputy Clerk

NOTICE OF DETERMINATION

Filing of Notice of Determination in Compliance with Section 21108 or 21152 of the Public Resources Code

Project Title: Rezone Application No. PLN2019-0108 – Price Honda of Turlock

Applicant Information: James Figurell, Price Honda of Turlock, 5200 N. Golden State Blvd., Turlock, CA 95382 (209) 669-5200

Project Location: North Golden State Boulevard, between West Barnhart and West Taylor Roads, in the Keyes/Turlock area. Stanislaus County (APN: 045-053-038).

Description of Project: Request to rezone a 5.14-acre parcel from expired Planned Development (P-D) (209) to a new P-D to allow for development of an auto dealership in two phases.

Name of Agency Approving Project: Stanislaus County Board of Supervisors

Lead Agency Contact Person: Jeremy Ballard, Associate Planner

Telephone: (209) 525-6330

This is to advise that the Stanislaus County Board of Supervisors on **August 31, 2021** has approved the above described project and has made the following determinations regarding the above described project:

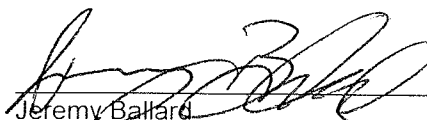
1. The project will not have a significant effect on the environment.
2. A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.

The **Negative Declaration** and record of project approval may be examined at:
Stanislaus County Department of Planning and Community Development
1010 10th Street, Suite 3400
Modesto, California 95354

3. Mitigation measures **were not** made a condition of the approval of the project.
4. A mitigation reporting or monitoring plan **was not** adopted for this project.
5. A statement of Overriding Considerations **was not** adopted for this project.
6. Findings **were** made pursuant to the provisions of CEQA.

This is to certify that the final EIR with comments and responses and record of project approval, or the Negative Declaration, is available to the General Public at <http://www.stancounty.com/planning/agenda/agenda-min-2021.shtm>.

9/1/2021
Dated _____


Jeremy Ballard
Associate Planner