



**STANISLAUS LAFCO
LOCAL AGENCY FORMATION COMMISSION**

Sara Lytle-Pinhey, Executive Officer
1010 10th Street, Third Floor
Modesto, California 95354
Phone: 209-525-7660
Fax: 209-525-7643
www.stanislauslafco.org

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

AGENDA
Wednesday, February 28, 2024
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. All persons wishing to speak during this public comment portion of the meeting are asked to fill out a "Speaker Card" and provide it to the Commission Clerk. Each speaker will be limited to a three-minute presentation. No action will be taken by the Commission as a result of any item presented during the public comment period.

3. 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. 2024 CALAFCO Calendar.

2. CALAFCO Quarterly – January 2024

C. "In the News."

4. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS

5. CONSENT ITEMS

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

A. **MINUTES OF THE OCTOBER 25, 2023 LAFCO MEETING**
(Staff Recommendation: Accept the Minutes.)

B. **MUNICIPAL SERVICE REVIEW NO. 2024-01 AND SPHERE OF INFLUENCE UPDATE NO. 2024-01 – EMPIRE SANITARY DISTRICT:** The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Empire Sanitary District. 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. 2024-02.)

C. **MUNICIPAL SERVICE REVIEW NO. 2024-02 AND SPHERE OF INFLUENCE UPDATE NO. 2024-02 – ROCK CREEK WATER DISTRICT:** The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Rock Creek Water District. 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. 2024-03.)

D. **MID-YEAR BUDGET REPORT FOR FISCAL YEAR 2023-2024**
(Staff Recommendation: Accept and file the report.)

E. **INDEPENDENT AUDIT FOR FISCAL YEARS 2021-2022 and 2022-2023.** (Staff Recommendation: Accept and File Audit Report.)

6. PUBLIC HEARING

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

None.

7. OTHER BUSINESS

A. **2024 WORK PROGRAM – MUNICIPAL SERVICE REVIEW & SPHERE OF INFLUENCE UPDATES.** (Staff Recommendation: Adopt the 2024 Work Program.)

B. **ANNUAL ELECTION OF OFFICERS.** (Staff Recommendation: Appoint a Chairperson and Vice-Chairperson and adopt Resolution No. 2024-01a and 2024-01b.)

8. COMMISSIONER COMMENTS

Commission Members may provide comments regarding LAFCO matters.

9. ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON

The Commission Chair may announce additional matters regarding LAFCO matters.

10. EXECUTIVE OFFICER'S REPORT

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

A. On the Horizon.

11. ADJOURNMENT

A. Set the next meeting date of the Commission for March 27, 2024.

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.

2024 Events Calendar

JANUARY

- 5 CALAFCO Board of Directors Meeting (Virtual)*
- 12 CALAFCO Legislative Committee (Virtual)†
- 24-26 League New Mayor & Council Academy
- 24-26 CA Assn. of Sanitation Agencies Winter Conference (Palm Springs)

FEBRUARY

- 10-13 NACo Legislative Conference
- 16 CALAFCO Legislative Committee (Virtual)†

MARCH

- 22 CALAFCO Legislative Committee (Virtual)†

APRIL

- 12 CALAFCO Board of Directors Meeting (Virtual)*
- 17-19 CA State Assn. of Counties Leg Days (Sacto.)
- 23-26 Fire District Assn. Annual Meeting (Seaside)
- 24-26 CALAFCO Staff Workshop (Pleasanton)

MAY

- 7-9 Assn. of CA Water Agencies Conference (Sacto.)
- 10 CALAFCO Legislative Committee (Virtual)†
- 21-22 CA Special Districts Assn. Leg Days (Sacto.)

JUNE

- 14 CALAFCO Legislative Committee (Virtual)†

JULY

- 12 CALAFCO Legislative Committee (Virtual)†
- 19 CALAFCO Board of Directors Meeting (Virtual)*
- 31 CA Assn. of Sanitation Agencies Annual Conference (Monterey)

AUGUST

- 1-2 CA Assn. of Sanitation Agencies Annual Conference (Monterey)
- 23 CALAFCO Legislative Committee (Virtual), if needed†

SEPTEMBER

- 9-12 CA Special Districts Assn. Conference (Monterey)
- 18-20 Regional Council of Rural Counties Annual Meeting (Sonoma)

OCTOBER

- 16-18 League Annual Conference (Long Beach)
- 16-18 CALAFCO Annual Conference (Yosemite)
- 17 CALAFCO Annual Business Meeting (Yosemite)
- 18 CALAFCO Board of Directors Meeting (Yosemite)

NOVEMBER

- 1 CALAFCO Legislative Committee (Virtual)†
- 18-22 CA State Assn. of Counties Annual Conference (Pasadena)

DECEMBER

- 3-5 Assn. of CA Water Agencies Conference (Palm Desert)
- 6 CALAFCO Legislative Committee (Virtual), if needed†

*Regular Board Meetings start at 10:00 AM

†Legislative Committee Meetings start at 9:00 AM

For current information and other CALAFCO resources please visit www.calafco.org

FROM THE BOARD CHAIR

**Dear Board of Directors and esteemed
LAFCO members,**

I am honored by your invitation to serve as the Chair of the CALAFCO Board for 2024. I sincerely appreciate your trust and confidence in me, and I look forward to working with you to advance our organization's mission and vision.

As the Chair of the Board, I will strive to uphold the highest standards of leadership, integrity, and accountability. I will also seek to foster a culture of collaboration, innovation, and excellence among our board members, staff, and stakeholders. I believe that together, we can overcome any challenges and seize any opportunities that may arise in our dynamic environment.

I am excited about the prospects of our organization and the potential impact we can have on our communities and beyond. I am eager to hear your ideas, insights, and feedback on improving our performance and achieving our goals. I invite you to



contact me anytime with your suggestions, concerns, or questions.

Thank you once again for this incredible opportunity. I am grateful to Bill Connelly and would like to thank him for his leadership in 2023. I wish you all a productive and prosperous year ahead.

Sincerely,

Margie Mohler, Chair

Watch for our New Look

www.calafco.org

BOARD BRIEF

Retirements and other circumstances saw five members cycle off the Board after the October elections. Our profoundest thanks go to Southern region reps Jo MacKenzie (San Diego) and Mike Kelley (Imperial), Coastal Region rep Shane Stark (Santa Barbara), Northern region rep Debra Lake (Humboldt), and Central Region rep Daniel Parra (Fresno) for the time and expertise that they devoted to CALAFCO—some of them for many years. We are confident that we will see many of you in future endeavors.

In their place, we were also honored to install the five new members. Southern Region: Kimberly Cox (San Bernardino) and Yxstian Gutierrez (Riverside); Coastal Region: Kenneth Leary (Napa); Northern Region: Gordon Mangel (Nevada); and Central Region: Tamara Wallace (El Dorado). We look forward to the many contributions that we know our new Board members will make to CALAFCO. Welcome aboard, everyone!

While the end and beginning of a year are typically full of holiday happenings, the CALAFCO Board was still hard at work. Actions taken during the December and January meetings included approval of the following items:

- CALAFCO 2024 Legislative Policies and Priorities. (Those were unchanged from 2023.)
- 2024 Board meeting schedule (see the Schedule of Events on page 9 for more information.)
- FY 2024-2025 Member dues (approved with a 3.1% CPI

(Continued on page 4)

BOARD MEMBERS

Margie Mohler, Chair
Acquanetta Warren, Vice Chair
Gay Jones, Treasurer
Black Inscore, Secretary
Bill Connelly
Kimberly Cox
Rodrigo Espinosa
Yxstian Gutierrez
Kenneth Leary
Gordon Mangel
Michael McGill
Derek McGregor
Anita Paque
Wendy Root Askew
Josh Susman
Tamara Wallace

CALAFCO Staff

René LaRoche, Exec. Director
Clark Alsop, Legal Counsel
Stephen Lucas, Exec. Officer
José Henriquez, Dep. Exec. Ofc.
Dawn Longoria, Dep. Exec. Ofc.
Gary Thompson, Dep. Exec. Ofc.
Jeni Tickler, Administrator



FROM THE EXECUTIVE DIRECTOR



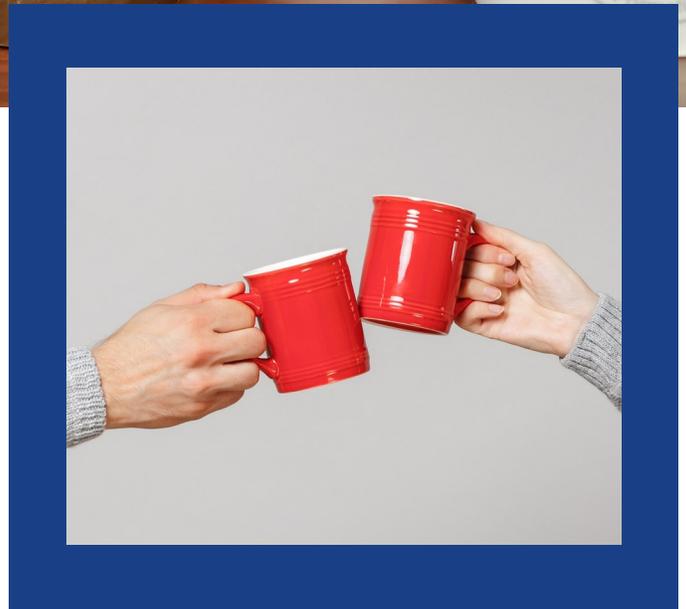
Happy 2024!

It absolutely boggles my mind to be saying that because it seems like we just launched into 2023. Where *did* the year go?

As we bid farewell to 2023 and welcome the new year, I am filled with gratitude for the incredible community that is CALAFCO. Your enthusiasm, volunteerism, commitment, and support have made the past year truly remarkable.

We've developed a new brand and have some exciting plans in the pipeline – from our engaging events and enriching workshops, to a new website and staff photo contest – and all are designed to make the CALAFCO experience even more fantastic for our members. Stay tuned for updates and get ready to make this year the best one yet!

Of course, it wouldn't be a new year without a toast! So, here's to new beginnings, shared laughter (and lots of it), and the continued growth of our wonderful association. My wish for each of you is that the year ahead is filled with



accomplishments, health, happiness, and countless reasons to celebrate.

May we all embark on 2024 with boundless energy, fresh perspectives, and a shared spirit of collaboration, and may this year bring you nothing but joy, success, and memorable moments!

Here's to making the new year all that we want it to be!

Happy New Year!!

René LaRoche, Executive Director



BOARD COMMITTEE ASSIGNMENTS

The following Board member committee assignments were made on January 5, 2024:

AWARDS COMMITTEE:

Rodrigo Espinosa (Central), Blake Inscore (Northern), Kenneth Leary (Coastal), and Derek McGregor (Southern)

CONFERENCE COMMITTEE:

Kenneth Leary (Coastal), Gordon Mangel (Northern), Anita Paque (Central), and Acquanetta Warren (Southern)

ELECTIONS COMMITTEE:

Bill Connelly (Northern), Kimberly Cox (Southern), Kenneth Leary (Coastal), and Anita Paque (Central)

LEGISLATIVE COMMITTEE:

Bill Connelly (Northern), Yxstian Gutierrez (Southern), Gay Jones (Central), Mike McGill (Coastal), Derek McGregor (Southern), Margie Mohler, Anita Paque, Wendy Root Askew (Coastal), Josh Susman (Northern), and Tamara Wallace (Central)

AD HOC MODERNIZATION COMMITTEE:

Gordon Mangel (Northern), Margie Mohler (Coastal), Tamara Wallace (Central), Acquanetta Warren (Southern)

BOARD BRIEF, Continued from page 2

adjustment.)

- Amended CALAFCO Policy 4.5, pertaining to the Legislative Committee (Now defines a quorum as 7 of the Board and Staff voting members, requires the committee to disband within 15 minutes of the start time when no quorum exists, and has been reformatted for easier reading.)
- A new CALAFCO brand.
- Authorization to move association funds into higher yielding accounts.
- Appointment of members to committees.

Additional information for any Board item can be found in the agenda packets posted on the website, or by contacting the Executive Director.

NEW BRAND UNVEILED

NEW LOOK

It's here! It's here! After a process that started with our Strategic Planning in February, 2023, we are thrilled to share our revitalized CALAFCO brand! As our first ever professionally designed logo, this brand represents a significant milestone in our journey towards modernization and innovation under Phase I of our Strategic Plan.

Our new brand provides us with a **Refreshed Visual Identity** in a simple, modern design to better represent our professionalism, as well as **Enhanced Messaging** that builds on CALAFCO's new Mission Statement. We've also added a new tag line to better communicate the supportive position that CALAFCO plays for its members.

While operational enhancements have been happening, and continue to happen, behind the scenes, the new logo is our first public-facing change. As such, it also symbolizes our transition into a streamlined, more efficient, and modernized association.

The rebranding will soon be accompanied by a new website, which is currently under development. The new website is expected to complement our new brand with a similar modern aesthetic, while also providing us with the technological platform to take event



registrations, and administer dues and payments.

As the hub for all CALAFCO information and resources, we look forward to enhanced website features that will serve up information with an intuitive and friendly user experience. Watch for that unveiling soon!

Of course, work of this magnitude does not occur in a vacuum. Thank you to the Board of Directors for their effort to develop the 2023-2026 Strategic Plan which outlined rebranding as an action item, as well as for the input they provided to develop the logo Design Brief that guided our consultant, Tara Bravo Mulally with CV Strategies.

Also, our sincere thanks to the EOs who took the polls which provided us with needed feedback.

Finally, special thanks to our Ad Hoc Rebranding Committee members who guided the development of this new brand through multiple meetings, discussions, and polls. Those members were Mike Kelley (Southern), Steve Lucas (Northern), Margie Mohler (Coastal), and Anita Paque (Central).



The End of the year brought with it the retirement of long-time Imperial EO, Jurg Heuberger - a life change to which Jurg was looking forward! Displaying their characteristic solidarity, Southern Region EOs and staffers traveled to El Centro on December 13th where they wined and dined Jurg, and then hailed him the next day at his last LAFCO meeting. Respect takes many forms, and this display was certainly one of the sweetest! **Congratulations to Jurg on this new journey!**

Associate Member SPOTLIGHT

NEW GOLD ASSOCIATE!

Thank you to Planwest Partners for upgrading to a **Gold Membership!**

Planwest Partners provides contract LAFCO staffing services to multiple LAFCOs - and Collette is a regular presenter at workshops and conferences! Many thanks!

Also, **WELCOME** to our new Associate member, **David Scheurich!** David is Staff Chief of Cooperative Fire Protection for CAL FIRE. His primary activities include review and assistance in coordination of Cooperative Fire Protection agreements.



TRACKS AROUND THE STATE

Only one month into the year and we have two new EOs!

Congratulations to Paula Graf, who traded in the "Assistant" mantle to become the new Imperial LAFCO EO on January 1st.

And in Shasta, Krystle Heaney replaces George Williamson who happily stepped aside as EO. **Congratulations, Krystle!**

NEW LAWS

(Continued from page 6)

Governments to serve on the Coastal Commission.

AB 557 (Hart) Brown Act teleconferencing - Revises the rules for teleconferencing during a proclaimed emergency by removing the sunset date, removing references to social distancing, and extending the time between legislative findings of a continued emergency from the previous 30-day period to 45 days. Does not affect regular teleconferencing rules.



2023 CONFERENCE – MONTEREY



“The best conference, yet!”

We heard that refrain repeatedly from attendees during the October, 2023, Annual Conference. But, it’s hard NOT to get it right when you’ve got the location, weather, and volunteers that we had to help put it all together! Thank you to the 40 or so volunteers who had our backs to make everything happen from planning to execution! It definitely takes a village to provide for 270 attendees (nearly 23% higher than our previous high) but you all nailed it!



And, a special thank you to Director Wendy Root Askew, EO Kate McKenna, and the fabulous crew from Monterey LAFCO for providing SOOOO much assistance! You guys rock!



Award Winners

Of course, the much anticipated highlight of the event was the Achievement Awards that were presented at the Association Dinner on Thursday night. Congratulations to all of our winners!



OUTSTANDING VOLUNTEER: *Anita Paque (Calaveras)*

OUTSTANDING ASSOCIATE MEMBER: *Colantuono, Highsmith & Whatley*

OUTSTANDING COMMISSIONER: *Richard Bettencourt (San Benito)*

OUTSTANDING LAFCO PROFESSIONAL: (two-way tie)

Andrea Ozdy (Ventura), and José Henriquez (Sacramento)

MIKE GOTCH EXCELLENCE IN PUBLIC SERVICE AWARDS,

- **AGRICULTURE CATEGORY:** *Napa LAFCO*

- **INNOVATION CATEGORY:** *Tom Cooley (Plumas)*

LIFETIME ACHIEVEMENT AWARD: *Dawn Mittleman Longoria (Napa)*



And, a special congratulations to *Commissioner Fred Sheriff* from *Tulare LAFCO* who won the evening’s door prize - a spectacular painting donated by Anwar Fonseca. Congrats, Fred!



SCHEDULE OF UPCOMING EVENTS

*Tenaya Lodge, Fish Camp, CA
2024 Annual Conference Site*

JANUARY	5	CALAFCO Board of Directors Meeting (Virtual)*
	12	CALAFCO Legislative Committee (Virtual)†
FEBRUARY	16	CALAFCO Legislative Committee (Virtual)†
MARCH	5	CALAFCO U -
	22	CALAFCO Legislative Committee (Virtual)†
APRIL	12	CALAFCO Board of Directors Meeting (Virtual)*
	24-26	CALAFCO Staff Workshop (Pleasanton)
MAY	10	CALAFCO Legislative Committee (Virtual)†
JUNE	14	CALAFCO Legislative Committee (Virtual)†
JULY	12	CALAFCO Legislative Committee (Virtual)†
	19	CALAFCO Board of Directors Meeting (Virtual)*
AUGUST	23	CALAFCO Legislative Committee (Virtual), if needed†
SEPTEMBER		Let's get ready for the Conference!
OCTOBER	16-18	CALAFCO Annual Conference (Yosemite)
	17	CALAFCO Annual Business Meeting (Yosemite)
	18	CALAFCO Board of Directors Meeting (Yosemite)
NOVEMBER	1	CALAFCO Legislative Committee (Virtual)†
DECEMBER	6	CALAFCO Legislative Committee (Virtual), if needed†



* 10:00 AM Start time
† 9:00 AM Start time

IN THE NEWS

Newspaper Articles

- The Ceres Courier, October 18, 2023, “Annexation concerns voiced to commission.”
- The Modesto Bee, November 15, 2023, “Turlock and Ceres residents finally get treated river water, after 30-plus years of talk.”
- The Patterson Irrigator, November 9, 2023, “Hundreds more houses to be built on Patterson’s east and west side.”
- The Patterson Irrigator, November 29, 2023, “Annexation to be decided by voters.”
- The Modesto Bee, December 13, 2023, “Farmland advocates submit ballot measure over 2,400-home expansion of Riverbank.”
- The Modesto Bee, January 5, 2024, “Stanislaus County considers major industrial warehouse project in north Modesto.”
- The Ceres Courier, January 10, 2024, “Hughson ready to pop with new homes.”
- The Modesto Bee, January 30, 2024, “Ballot measure against 2,400-home expansion of Riverbank fails to get enough signatures.”

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Annexation concerns voiced to commission

By Jeff Benziger

Not all owners of property just outside of Ceres' southern city limits are wild about plans to be swept up into a 535-acre acre annexation. They explained their opposition at Monday's Ceres Planning Commission scoping meeting on the environmental studies that need to take place as the precursor to the annexation and development of a Copper Trails master plan.

Copper Trails has been conceptualized for over longer than 15 years. After years of being shelved, environmental studies are taking place for a master plan. A year ago the Ceres City Council awarded the contract to the professional firm of Wood Rogers, Inc. to do the Environmental Impact Report. The work is being funded by project proponents Stewart S. Fahmy and Nav Athwal, who contacted the city about initiating the Specific Plan.

Vance Jones of Wood Rogers and Tim Chamberlain, the primary consultants on the work, gave the commission an overview of the environmental process.

The proposed annexation area is generally bordered by Service Road to the north, the Union Pacific Railroad tracks, Highway 99 and Mitchell Road to the east, the TID Lower Lateral No. 2 canal to the south, and Blaker Road to the west. The planned annexation brings into the city limits three schools – Central Valley High School, Hanline Elementary School and Hidahl Elementary School – as well as small ranches, rural homes, orchards and farmland.

The master plan area was expanded to take in 146 acres of county island properties both east and the Collins and Industrial Way neighborhoods west of Highway 99.

Besides regional commercial, single-family homes and apartments, parks and park strips would be spaced throughout the new development.

The city estimates that the Copper Trails Specific Plan area could result in the construction of approximately 2,392 dwelling units and 1.1 million square feet of regional commercial development. Additional development may also occur within an adjacent 146 acres of unincorporated county land that would be annexed to the city together with the CTSP area.

Rural Ceres resident and farmer Robert Conway expressed his dismay that Ceres is looking to expand the size of city for development.

"You guys keep pushing out and pushing out and affecting how we operate out there because of certain chemicals that we use, things that are just affecting the environment out there," Conway told the commission. "I understand growth but there's a certain point to where enough is enough to be honest with you. They put the schools out there ...and my first thought was yeah, here comes the development."

Conway farms small acreage near Central Valley High School and bemoaned the loss of his black-eye pea crops to the geese which populate the nearby wastewater treatment plant. He also complained about traffic conflicts he routinely meets with those traveling to and from the schools.

Conway complained that development should not be initiated by Bay Area interests.

IN THE NEWS – The Ceres Courier, October 18, 2023, Continued

Ceres resident John Warren asked that the EIR needs to address how the city will fund the additional police officers and firefighters needed when the new homes are built as well as how to fund new parks. He said the parks need to be built before the houses go up – not after the families come in.

He also questioned how the city can afford to deal with the deficiencies of the incorporated neighborhood north of Service Road.

“The streets are dilapidated ... all that infrastructure needs to be brought up to date before the city should annex that 146 acres and how are we going to provide services for those people who live there?,” asked Warren. He suggested the Copper Trails project needs to bear the financial burden “because they’re causing that.”

“If you want one thing you’re going to have to pay for the whole thing and it all needs to be addressed in the Environmental Impact Report,” Warren said.

Hoem said the affected property owners who don’t want the annexation to take place will be able to protest “and if a certain number of them do then it does go to an election process within that area.”

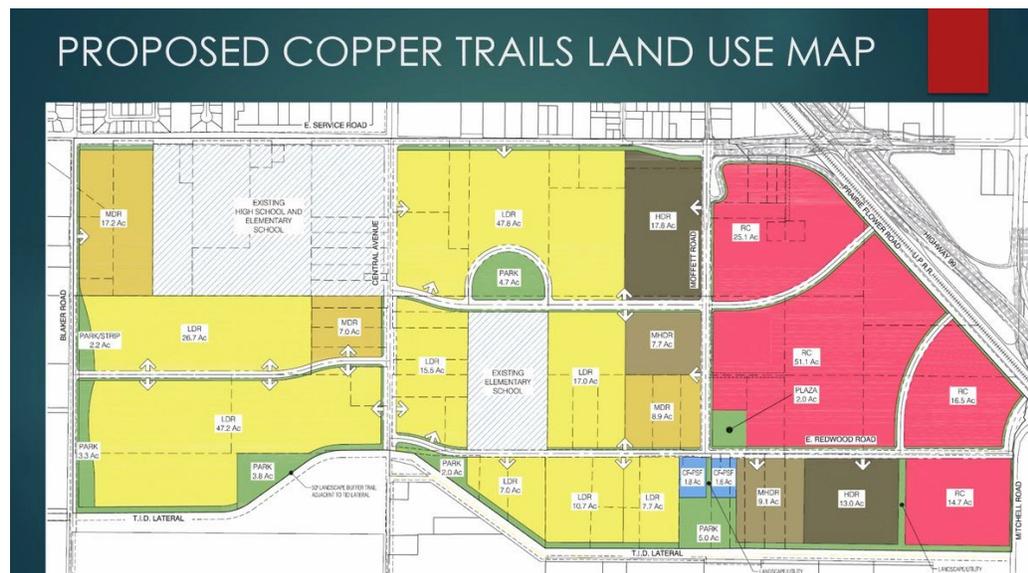
Annexation likely wouldn’t occur for another two years, said Christopher Hoem, director of Community Development for the city of Ceres.

Commissioner Bob Kachel said he is concerned that areas labeled parks “looks to me more like it’s landscape strips along the roads which are not parks.” He said while they look nice, he wants to see more in the way of “usable park space,” noting that Ceres presently has two undeveloped park sites.

Kachel said he favors the idea of annexing the county islands to the north.

One woman who did not identify herself balked when she heard City Engineer Kevin Waugh suggest that the new Service Road interchange likely will not be completed until 2028.

“You got to be kidding me,” she said, “because right now it’s backed up all the way to the high school, the traffic trying to get over that.”



Turlock and Ceres residents finally get treated river water, after 30 -plus years of talk

By John Holland

Turlock and Ceres residents finally are drinking treated water from the Tuolumne River.

Officials gathered Tuesday at the plant, which reduces the cities' reliance on wells. Hefty rate increases starting in 2018 are covering most of the \$220 million cost.

The ribbon-cutting came after 30-plus years of off-and-on discussion about the project.

“High-quality drinking water is now flowing to our communities that are so much in need of a long-term solution to the declining groundwater levels and increasingly stringent water-quality regulations,” Ceres Mayor Javier Lopez said.

The Turlock Irrigation District is selling part of its river supply to the plant, just east of the Geer Road Bridge. Advocates say less pumping by the cities will mean a more abundant aquifer for farm and urban users alike.

To start, Ceres expects to meet about a third of its demand from the plant. Its first water ran Tuesday morning through a pipeline along Hatch Road.

Turlock plans to get about half of its water from the Tuolumne at first. Deliveries began Tuesday afternoon through a pipeline mostly along Berkeley Avenue.

Plant General Manager Christopher Fisher said customers should expect a somewhat “softer” taste as the river and well sources are blended. That refers to trace minerals in the water.

The plant can produce 15 million gallons of water daily. Future funding could bring the capacity to 45 million. Nearby cities could get their own shares of the water if they pay some of the cost.

STATE LOAN HAS JUST 1.2% INTEREST

Most of the current funding is a low-interest loan of \$185 million from the State Water Resources Control Board. It will be repaid over 30 years via the greatly increased customer bills. They now average about \$78 a month in both cities.

The interest rate is just 1.2%. Officials said earlier that the repayment cost would be about \$100 million more at the typical 4% rate for bond issues.

The rest of the funding is state and federal grants.

Construction began in February 2021 by Jacobs Engineering Group, based in Dallas and Denver. The operating staff is 14, under the Stanislaus Regional Water Authority.

IN THE NEWS – The Modesto Bee, November 15, 2023, Continued

It is governed by a four-member board from the two cities. They are Lopez and Councilman Bret Silveira from Ceres and Mayor Amy Bublak and Councilwoman Pam Franco from Turlock.

HOW THE WATER IS TREATED

The Tuolumne arises high in Yosemite National Park, but the water is hardly pristine. The river passes through the Stanislaus National Forest, foothill cattle ranches and irrigated farmland before reaching the plant.

The treatment starts with chemical agents that cause sediment to clump together and settle out. The water then goes through filters and is cleansed of pathogens with both chlorine and ozone.

The project also benefits fish. TID long has diverted its farm water at La Grange. The portion for the treatment plant is withdrawn 26 miles downstream, providing that much more habitat for salmon and other species.

“This is one of those once-in-a-generation projects that our community will be benefiting from for decades,” TID General Manager Michelle Reimers said.

The project did not require damming of the Tuolumne. Instead, water goes through perforated pipes in the riverbed and then is pumped to the plant.

NEARBY CITIES HAD BEEN INTERESTED

Leaders have discussed a treatment plant off and on since the late 1980s, but it was delayed by cost and other concerns. The potential partners have included Hughson, Keyes, Denair, Hilmar and Delhi.

The Modesto Irrigation District has treated some of its share of the Tuolumne for city use since 1994. This has been credited with boosting groundwater in Modesto and smaller locales in the service area.

Having both river water and wells can make the supply more flexible. Ideally, the river is the main source during wet and average years, and groundwater helps out during drought.

Turlock and Ceres also benefit from the fact that Don Pedro Reservoir, shared by TID and MID, is one of the biggest in the state.

Tuesday’s gathering included tours of the site, but a media advisory said photos and video were barred “for security reasons.” The Modesto Bee shot both during a 2021 visit to the construction site.

Hundreds more houses to be built on Patterson’s east and west side.

By Meg Matthews

Real estate developers are gearing up to build new houses in Patterson. 247 new homes will be built by KB Home on what is currently farmland on the east side of town and is called Sycamore at Patterson Ranch. Meanwhile, Landsea Homes says it will build 50 houses on the west side of town. That community is called Blossom at the Baldwin Ranch.

“We are pleased to offer homebuyers in the Central Valley spacious new homes close to desirable schools and outdoor recreation that live bigger for less,” said Oren Hershkovich, President of KB Home’s North Bay and Central Valley division. “Homeowners will appreciate living within walking distance of Walnut Grove Elementary School and close to outdoor recreation at Henry W. Coe State Park and San Luis Reservoir. At KB Home, we’re here to help you achieve your dream with a personalized new home built uniquely for you and your life.”

The Sycamore at Patterson Ranch sales office and model homes are open for walk-in visits and private in-person tours by appointment. Homebuyers also have the flexibility to arrange a live video tour with a sales counselor. Pricing begins from the \$490,000s.

This is the most recent development that was part of a plan approved by the City in 2007. As with previous projects, this new expansion will include infrastructure improvements such as the construction of roads, bike lanes, sidewalks and landscaping.

KB says their homes are engineered to be highly energy and water efficient and include features that support healthier indoor environments. “Our homes are designed to be ENERGY STAR® certified — a standard that fewer than 10% of new homes nationwide meet — offering greater comfort, well-being and utility cost savings than new homes without certification,” said Hershkovich.

The Blossom at Baldwin Ranch is also part of a master planned community. Northern California Division President of Landsea Homes, Josh Santos, says the company is focused on this part of the Central Valley.

“We’ve experienced great success in Tracy with our Ellis master-planned community. The demand for new homes is high in this region and we’re looking forward to providing more opportunities for residents to own their own home.”

Landsea says their homes will be priced in the \$400,000 range and will feature single-family detached homes with floorplans ranging from 1,766 square feet to 2,449 square feet. Homebuyers will be able to choose from plans that offer single or two-story options and up to four bedrooms and three bathrooms. Sales are anticipated to begin in 2024.

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Annexation to be decided by voters

By Meg Matthews

Just outside of the Patterson city limits, there are more than 1,000 acres upon which developers want to build 5,500 homes. For that to transpire, the property must be annexed onto the city. Come April, voters will cast their ballots to decide whether that will happen. In a somewhat ironic twist due to procedural rules of annexation, Patterson residents will not be doing the voting – only the 40 registered voters who currently live on the property will decide.

The Zacharias and Baldwin project has been in the works for about five years. City Manager Ken Irwin says the property's current residents have been kept abreast of what was being planned the entire time. Last year, the City Council approved the master plans, which set up the ground rules for the development. All systems seemed to point to go. That is until participants at a public hearing caused an election.

“All that's required to trigger a vote is 25% of the residents who live there to protest,” said Mayor Michael Clauzel at a recent city council meeting. “That's all that's required to push it to this next level.”

According to documents filed with the city, the Zacharias project area is 1,158.4 acres located on the north end of the City of Patterson bounded by Rogers Road (west), Zacharias Road (north), the California Northern Railroad tracks and Ward Avenue (east), and existing residential and business park uses (south). The Baldwin Ranch project area is 68.7 acres located at the south end of Baldwin Road and is contiguous to the Delta-Mendota Canal (west), the City of Patterson Corporation Yard (north), and agricultural uses (east and south).

There are eight stakeholders involved in the project: Keystone Ranch LLC, Lakeside Hills LLC, Leroy Deldon, Eagle Valley Investments LLC, Larry K. Buehner, John Potter, Friedrich Family Ltd. Partnership and Josaphine Traina Ltd. Partnership.

Guided by the City's General Plan, development in the two areas is comprised of commercial and residential use including mixed density housing, retail shopping, and business park use in the Zacharias project area.

City Planner Joel Andrews provided some history to put this election into context at the November 7 City Council meeting. He said the City had applied for the annexation of the acreage with the Local Agency Formation Commission (LAFCO) because that's the law. LAFCO gave the city's application a green light in July. However, there were still more hoops to jump through before LAFCO would give its final stamp of approval.

“There were a few other steps after that and one of them was that there was a protest hearing where registered voters who are landowners in that area could say I am not in favor of this or things like that,” said Andrews. “And so that meeting was held and there were enough people who protested to trigger an election. We'll be requesting that the Board of Supervisors place on the April 9th ballot a special item for the registered voters who live within the annexation area to vote on whether they're in favor of annexing that area or not. Also, we'll be requesting that the Stanislaus County Registrar of Voters provide election services and that would be a special mail only ballot.”

IN THE NEWS – The Patterson Irrigator, November 29, 2023, Continued

Council member Shivaughn Alves had a question for Andrews.

“Just out of curiosity, how much will this cost,” said Alves.

“We don’t have that information yet,” said Andrews. “The Registrar’s office doesn’t want to give estimate. All costs that are involved in that would be passed onto the developers.”

During a public comment period, one resident pressed on the cost issue.

“No offense, but we have not done a good job of holding the developers accountable to pay for the things that they’re supposed to do,” said Candace Weyrauch. “So how do I know that I’m not going to be paying for this election?”

“Because you elected me and this new council to make sure that it’s enforced,” said Mayor Clauzel.

Irwin said the City has documentation to show that the developers are responsible for the cost.

“There is a process and a method to annex in a piece of property,” said Irwin. “You have to show that it’s going to be able to sustain itself. It has to show all of the facilities that are going into that area: the roadways, sewer, water, storm drain, everything that we’ve done over the last 5 years. And all of that has been paid for through the developers. We have contracts with each of the developers within that area that clarify all the work that’s done for that development, for that annexation, they pay for. It’s all paid for by them contractually.”

The City Council approved the resolution to go forward with the election process unanimously. The 40 registered voters can expect to receive their ballots in the mail sometime in March.

Farmland advocates submit ballot measure over 2,400-home expansion of Riverbank

By John Holland

Opponents of a 2,400-home annexation on the west side of Riverbank have filed signatures aimed at getting it on a ballot.

If approved sometime in 2024, the measure would require future voter approval of the River Walk project and most other housing west of the current city limit.

River Walk supporters have said it would ease the city's housing shortage with a variety of single-family homes and apartment buildings.

Critics contend that the project would be on land that is especially suited to farming and to groundwater recharge during heavy storms. The petition was submitted Monday by Barney and Jami Aggers, who are members of Voters for Farmland and residents of the area at issue.

"River Walk is roughly 1,000 acres of proposed development, and it is some of the best soil on our planet," Barney Aggers said outside Riverbank City Hall.

The petition needed at least 10% of the city's registered voters, or 1,277. The couple said 1,469 were delivered. City Clerk Gabriela Hernandez said the Stanislaus County Election Office has until Jan. 24 to verify that the signatures match those on voter registration forms.

The measure would be on the November 2024 ballot unless the Riverbank City Council calls a special election earlier. The deadline for the March 5 statewide ballot has passed.

The measure would not block River Walk directly. Instead, it would require future voter approval of this project and most other housing west of Riverbank's current western boundary. That line is about halfway between Coffee and Oakdale roads.

RIVERBANK MAYOR HAS BEEN SKEPTICAL

Riverbank Mayor Richard O'Brien could not be reached for comment about the petition filing. He said earlier that he opposes such restrictions in general but does not yet have a position on River Walk.

The Modesto Bee emailed the other four council members for comment. One of them, Vice Mayor Rachel Hernandez, endorsed putting River Walk on the ballot.

"I fully support this democratic process," she said. "I teach U.S. politics at MJC and talk to students about the importance of civic engagement. This ballot measure weighs key priorities for Riverbank and the entire state as we consider environment and agriculture with the state's housing deficit."

IN THE NEWS – The Modesto Bee, December 13, 2023, Continued

Councilman Luis Uribe declined to comment. Councilwomen Darlene Barber-Martinez and Leanne Jones Cruz could not be reached.

River Walk was proposed by numerous landowners in the proposed annexation area. They are working through the De Novo Planning Group, based in El Dorado Hills. A representative for the project could not be reached for comment on the ballot measure.

RIVER WALK WAS ANNOUNCED IN 2021

Projects would fall under the measure if they had not been approved by July 1 of this year. River Walk was announced in June 2021, but it has moved slowly through the process and likely will not see any construction in 2024.

That process begins with the release of an environmental impact report for public comment, which has yet to happen. The report would then be revised to address the concerns, which typically takes several months.

The project then would go before the Riverbank Planning Commission, which would make a recommendation to the City Council. The last step would be the Stanislaus Local Agency Formation Commission, which rules on farmland annexations.

All of that would be negated if Riverbank voters decide next year to give themselves veto power over westward annexations, and then reject River Walk at a subsequent election.

RIVERBANK HOMES WOULD GROW 30%

The project would increase the number of homes in Riverbank by about 30%. The city now has about 25,000 residents.

The land is bounded by the Stanislaus River on the north, McHenry Avenue on the west and Patterson Road on the south.

The annexation would include not just the 993 acres for River Walk but an additional 529 acres just to the south. Development decisions would be deferred to an unknown time for this portion, which has long frontages on McHenry and Patterson. A 150-acre solar plant is in the southwest corner.

River Walk was outlined in a 2021 public presentation by De Novo. The consultant said it would offer a mix of housing densities suited to young families, seniors and other residents.

The plan includes:

- 1,550 low-density homes, up to eight per acre, on a total of 366 acres
- 702 medium-density homes, up to 16 per acre, on a total of 54 acres
- 180 high-density homes, averaging 18 per acre, on a total of 10 acres
- 71 acres of “mixed use,” including retail, services and housing close to one another

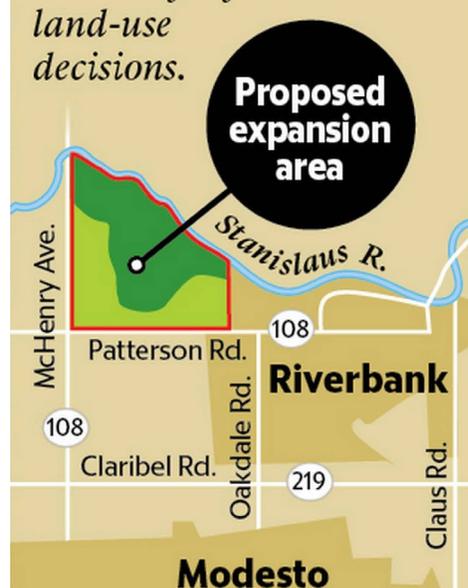
IN THE NEWS – The Modesto Bee, December 13, 2023, Continued

- 60 acres of open space along the bluff overlooking the river, which would have habitat protections and trails
- 44 acres of parkland in other spots.

The ballot measure would exempt projects in support of agriculture, such as farmworker housing. It also would allow construction of other homes aimed at meeting California’s mandate for affordable housing, if state officials sign off on each project.

Expansion

Riverbank proposes to expand into an area bounded by Patterson Road on the south, McHenry Avenue on the west and the Stanislaus River on the north. The dark green portion would get about 2,400 homes and other development in a specific plan now out for public comment. The light green portion would be reserved for future land-use decisions.



The map shows the Riverbank area in Modesto, California. A black circle with a white dot and a line pointing to a specific area is labeled "Proposed expansion area". This area is bounded by Patterson Rd. to the south, McHenry Ave. to the west, and the Stanislaus R. to the north. The area is divided into two shades of green: a darker green for the immediate expansion and a lighter green for future land-use decisions. The map also shows other roads: Claribel Rd., Oakdale Rd., and Claus Rd. Highway markers for 108 and 219 are visible. The city of Modesto is labeled at the bottom.

Source: City of Riverbank

Laurie McAdam THE MODESTO BEE

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IN THE NEWS – The Modesto Bee, January 5, 2024

Stanislaus county considers major industrial warehouse project in north Modesto

By Ken Carlson

Stanislaus County officials are reviewing an application for a 145-acre industrial and warehouse development in north Modesto, at the northeast corner of Kiernan Avenue and Dale Road.

It's the first major industrial project in the Salida Community Plan, approved in 2007, and its dimensions are eye-popping — up to 2.5 million square feet of building space for distribution centers and manufacturing.

That would be twice the size of the Amazon distribution center in Turlock, but the preliminary plans for the “Scannell Project” are for seven buildings ranging from 104,893 to 514,309 square feet. Two or three acres of retail at the corner of Kiernan and Dale are also part of the plan.

Pirrone Road forms the northern boundary of the proposed industrial center. The northwest corner of the development would be across the road from the Gregori High School campus.

Scannell Properties has developed everything from distribution centers to cold storage warehouses in the United States and Europe.

The project would develop in the next 10 years, as California's climate change goals attempt to phase out diesel trucks and emphasize renewable energy for industry.

The county has been talking with the applicants for almost a year. The land owner is Sandpoint Ranch Inc., which has a 12th Street address in Modesto and corporate papers listing Attorney Russell Newman as chief executive officer and Gregory Van Vooren as secretary.

According to updated corporate papers filed Sept. 28 with the California Secretary of State, Sandpoint has apparent ties with E&J Gallo Winery or its founders. A document lists Alan Colberg, Thomas J. Gallo, John Lillie and Mathew Cox as directors of Sandpoint. Colberg's LinkedIn page says he's on the Gallo company's board of directors. A biography for Lillie says he consults with Gallo winery, while Thomas Gallo is a grandson of winery co-founder Julio Gallo.

An E&J Gallo Winery spokesperson said the company has no interest or involvement in the Scannell project. Project contacts with Newman-Romano LLC did not return messages.

County Supervisor Terry Withrow and another county official said they understood Scannell Properties will build the industrial facilities without a buyer lined up and market them to companies needing space for operations. County staff said actual uses for the buildings have not been determined yet and there's no estimate for the number of jobs.

“These properties have been zoned for this and we have been expecting something to happen there,” Withrow said on Wednesday. Withrow said he hoped the project will provide jobs for

IN THE NEWS – The Modesto Bee, January 5, 2024, Continued

Salida residents and others who are now commuting outside the county, allowing them to work closer to home.

The county expects to release a “notice of preparation” within a month to start an environmental review process that will take time. It’s possible the county Planning Commission could consider the project later this year and it also will require Board of Supervisors’ approval.

SALIDA PLAN REQUIRES AN EIR

The environmental work raises thorny questions. The Salida Community Plan, a blueprint for developing 3,383 acres with a mix of land uses, has required an environmental impact report before development can take place.

The applicants have hired a firm called Ascent Environmental that’s versed in difficult environmental reviews. Seven years ago, an environmental study was done for the county’s General Plan update. In a shortcut proposed in June, Ascent suggested an environmental “checklist” to see if that study on the General Plan fully evaluated the environmental issues posed by the Salida community plan.

Angela Freitas, county director of planning and community development, said the county will decide if the study on the general plan can substitute for an EIR focused on the Salida community plan.

County staff said a study on the Scannell Project will look at projected truck traffic going in and out of the industrial center. A project description said the main access will be on Dale Road, where car traffic generated by Gregori High School backs up at the Kiernan intersection morning and afternoon.

A Scannell project description refers to a plan to widen Kiernan Avenue from four to six lanes.

MODESTO MAY SUPPLY WATER AND SEWER SERVICE

Withrow said the county has talked with Modesto about supplying water and sewer service for the Scannell Project, even though the development would remain in county territory. The city could agree to extend a water line to the development on the north side of Kiernan and could also extend a sewer line from Healthcare Way to the site.

Withrow said it will entail a tax-sharing agreement between the county and city.

City spokeswoman Diana Ruiz-Del Re said by email the city and county are engaged in discussions about water and sewer service, but the city hasn’t decided whether Modesto will serve the Scannell Project.

AIR EMISSIONS AND CLIMATE CHANGE ANALYSIS

In correspondence with the county revealed by a public records request, Ascent said it will evaluate odors, carbon monoxide and toxic air emissions from the proposed development and include mitigation measures for significant impacts. The environmental work may also include some climate-change analysis that was not as prevalent when the Salida plan was approved 16

IN THE NEWS – The Modesto Bee, January 5, 2024, Continued

years ago, such as whether the Scannell Project may result in wasteful and inefficient energy consumption as the planet warms or use renewable energy including rooftop solar panels.

Ascent's proposal to the county recognized that Stanislaus has created a greenhouse gas inventory but is among the California counties that doesn't have a climate action plan.

Gary Jakobs, a principal with Sacramento-based Ascent Environmental, said Thursday the firm will take direction from the county on required environmental studies. The Scannell project will be evaluated for environmental impacts and greenhouse gas emissions "consistent with the laws that are out there," Jakobs said.

Ascent promised the county a discussion of the current state of climate-change science, such as the United Nations' Intergovernmental Panel on Climate Change assessments, and how state and federal guidance on climate change applies to the north Modesto project. California plans to prohibit the sale of new diesel trucks by 2036 and impose a zero-emission requirement by 2042, meaning the Scannell center may be served before long by electric trucks or hydrogen-fuel vehicles if the state makes progress on climate goals.

Otherwise, the Scannell project and other warehouse developments in the Salida plan will put more diesel rigs on Kiernan Avenue and increase those emissions.

Salida's community plan includes 1,259 acres of manufacturing and warehouse development, 490 acres of business parks and 280 acres of commercial uses, possibly creating 27,780 jobs.

The proposed environmental "checklist" could consider the plan's potential for spurring population growth and creating a need for more law enforcement and fire protection services.

Katherine Borges, an advocate for making Salida a municipality, said development in the Salida plan would be a tax base for funding city services for the town of 14,000. "This (Scannell) project is within the boundaries of the Salida Community Plan and Salida should benefit from the tax revenue, as stated in the plan," Borges said by text. "Otherwise, they are cheating Salida and the county is creating another Beard Industrial Tract."

ARE WAREHOUSE PROJECTS GOOD FOR COMMUNITIES?

The designations for warehouse development in the Salida Community Plan might have been a questionable choice, now that a surge in e-commerce since the COVID pandemic has spurred construction of distribution centers. One group has asked the Governor's Office for a moratorium on warehouse development in Southern California's Inland Empire, which has a billion square feet of warehouse space and an additional 170 million square feet on the way.

The region's 4,000 warehouses result in 600,000 truck trips daily, putting 50 million pounds of carbon dioxide into the atmosphere each day, according to a report by the Center for Community Action and Environmental Justice. Residents of San Bernardino County endured an increase of unhealthy air days from 14.8% in 2019 to almost 20% in 2020, the report said.

According to the Indeed job-seeker site, warehouse workers in California earn an average of \$17.81 an hour, plus overtime, or \$43,135 per year.

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IN THE NEWS – The Ceres Courier, January 10, 2024

Hughson ready to pop with new homes

By Jeff Benziger

Growth is a touchy subject in Hughson, but the small city of about 7,500 residents is about to see a big jump in population numbers.

Five model homes have been completed and the sales office is open at 1713 Apiary Way for KB Homes' 56-acre Homes Orchards at Parkwood development. Once the project is fully built out within four to five years, Hughson will have 299 additional homes and an estimated 900 to 1,000 new residents.

The new homes are being constructed south of Hatch Road and just over the sound wall from the rumble of trains along the Santa Fe Railroad tracks.

Kaufman & Broad bought the subdivision map for development from the original proponents who saw the project through the approval stage.

Carla Jauregui, Community Development Director for the city of Hughson, said the project was approved by the Hughson City Council in November 2021 despite opposition from residents who fear Hughson will lose its cozy, small town atmosphere.

Hughson has doubled in population since 2000 and today has 7,518 residents.

As the city looks to update its General Plan and consider future growth, some are pushing against ripping out more orchards to build homes in an expansion of city boundaries.

"It is quite a touchy subject," said Jauregui. "Growth is kind of not something that the residents are very eager to embrace but it is something we're looking at."

When asked which direction Hughson may expand its city limits, Jauregui replied "we're not there yet." But that discussion is expected to take place this year.

Jauregui said Hughson will see some impacts from Parkwood like increased traffic but doesn't believe they will be major. The city's wastewater treatment plant on Leedom Road has more than enough capacity for additional growth and the developer is paying fees to offset the impacts to the school system and fire department. Hughson schools are well positioned to take on additional students since the student population has shrunk like other districts have seen as families leave California where cost of living is less.

The lots will range in size from 5,005 to 13,280 square feet. The subdivision also includes 6.14 acres of park/storm retention basin.

The company's website indicates that homes start at \$449,900 plus the costs of solar panels mandated by the state of California and home site premiums that may apply.

KB is offering four floor plans:

- The smallest is a 3-bedroom, two bath home of 1,592 square feet at \$449,990.

IN THE NEWS – The Ceres Courier, January 10, 2024, Continued

- The 1,697 square foot home starts at \$470,990.
- The four-bedroom, 2 ½ bath at 1,950 square feet starts at \$489,990.
- The largest KB home is 2,161 square feet and starts at \$510,990.

The sales office may be reached at 209-448-3010.

Since the building industry has been unable to keep up with demand for new housing, Jauregui believes homes will sell quickly. KB is pulling building permits as they sell and Jauregui said 10-15 are ready for construction.

Efforts to reach KB Homes for comment were unsuccessful.

Infrastructure work for the project has been slow in coming because of a miscalculation of grading elevation for gravity sewer line flows, she said.

Parkwood is the third building project for KB Homes in recent years. The Hughson City Council approved 69 homes in 2006 for Euclid South Development, later renamed Fieldstone subdivision. Building was abruptly interrupted by the 2008 mortgage crash but rejuvenated with the final map approval on March 9, 2020..

The other residential development, named Euclid North, was approved in 2007 and amended in 2017.

IN THE NEWS – The Modesto Bee, January 30, 2024

Ballot measure against 2,400-home expansion of Riverbank fails to get enough signatures.

By John Holland

Farmland advocates failed to qualify a ballot measure against a 2,400-home expansion of Riverbank to the west.

The petition got 1,173 valid signatures from the city's registered voters, short of the required 1,227, project opponent Jami Aggers said by email Tuesday.

If approved sometime in 2024, the measure would have required future voter consent for this project, known as River Walk, and for most other housing west of the current city limit. That line is roughly halfway between Coffee and Oakdale roads.

River Walk supporters have said it would provide a variety of houses and apartments amid a shortage of affordable dwellings. Critics complained that it would be built on soil especially suited to farming and groundwater recharge.

The development would stretch Riverbank to McHenry Avenue north of Modesto. It would be bounded on the south by Patterson Road and on the north by the Stanislaus River. The project would boost homes by about 30% in Riverbank, which now has about 25,000 residents.

Riverbank Mayor Richard O'Brien has said he is against voter-imposed limits on land use in general but would weigh River Walk carefully. "We'll still work with the agricultural community," he said in a phone interview Tuesday.

HOMES WERE ANNOUNCED IN 2021

River Walk was proposed in 2021 by a group of landowners in the project area.

It is still undergoing the required study of its environmental impacts. That document will be released for public comment and revised to address the concerns.

The project then would go to the Riverbank Planning Commission for a recommendation on how the City Council should vote. The final step would be the Stanislaus Local Agency Formation Commission, which rules on farmland annexations.

The petition was submitted in December by Aggers and her husband, Barney, who live in the area that would be annexed. They represent a group called Voters for Farmland.

The Stanislaus County Election Office compared the signatures to voter-registration forms. It found that they fell short of the required 10% of all Riverbank voters.

OTHER PLACES TO BUILD IN RIVERBANK

IN THE NEWS – The Modesto Bee, January 30, 2024, Continued

River Walk opponents have said the city has plenty of vacant parcels within its current boundaries. They praised neighboring Modesto for shifting its housing plan from farmland to infill sites along commercial strips.

The Riverbank measure would have exempted construction in service to farming, such as worker homes, as low-income homes in general.

Aggers said her group is still considering its River Walk strategy now that the ballot measure is disqualified.



DRAFT

STANISLAUS LOCAL AGENCY FORMATION COMMISSION

MINUTES

October 25, 2023

1. CALL TO ORDER

Chair O'Brien called the meeting to order at 6:00 p.m.

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

Commissioners Present: Richard O'Brien, Chair, City Member
 Vito Chiesa, Vice-Chair, County Member
 Amy Bublak, City Member
 Terry Withrow, County Member
 Bill Berryhill, Alternate Public Member

Commissioners Absent: Mani Grewal, Alternate County Member
 Ken Lane, Public Member
 Javier Lopez, Alternate City Member

Staff Present: Sara Lytle-Pinhey, Executive Officer
 Javier Camarena, Assistant Executive Officer
 Jennifer Vieira, Commission Clerk
 Shaun Wahid, Alternate LAFCO Counsel

2. PUBLIC COMMENT

Milt Trieweiler spoke regarding his concerns regarding farmland. Jami Aggers spoke regarding her concerns about the City of Riverbank's River Walk Specific Plan proposal.

3. CORRESPONDENCE

- A. Specific Correspondence.
 None.
- B. Informational Correspondence.
 None.
- C. In the News.

4. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS

None.

5. CONSENT ITEMS

- A. **MINUTES OF THE SEPTEMBER 27, 2023, LAFCO MEETING**
(Staff Recommendation: Accept the Minutes.)
- B. **MUNICIPAL SERVICE REVIEW NO. 2023-05 AND SPHERE OF INFLUENCE UPDATE NO. 2023-05 – FOR THE EAST SIDE AND TURLOCK MOSQUITO ABATEMENT DISTRICT:** The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the East Side and Turlock Mosquito Abatement District. 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. 2023-13.)
- C. **YEAR-END FINANCIAL REPORT FOR FY 2022-2023**
(Staff Recommendation: Accept and file the report.)

Motion by Commissioner Bublak, seconded by Commissioner Chiesa, and carried with a 5-0 vote to approve the consent items, by the following vote:

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

6. PUBLIC HEARING

None.

7. OTHER BUSINESS

- A. **RESULTS OF THE PROTEST HEARING AND APPROVAL OF IMPARTIAL ANALYSIS FOR THE ZACHARIAS-BALDWIN MASTER PLAN REORGANIZATION TO THE CITY OF PATTERSON.** (Staff Recommendation: Authorize the Executive Officer to submit an impartial analysis for an election to be called by the City of Patterson for the Zacharias-Baldwin Master Plan Reorganization to the City of Patterson.)

Sara Lytle-Pinhey, Executive Officer, presented the item with a recommendation to submit an impartial analysis for an election to be called by the City of Patterson for the Zacharias-Baldwin Master Plan Reorganization to the City of Patterson.

Chair O'Brien opened the Public Hearing at 6:10 p.m.

Milt Trieweiler, spoke regarding farmland in the area.

Chair O'Brien closed the Public Hearing at 6:14 p.m.

Motion by Commissioner Withrow, seconded by Commissioner Chiesa and carried with a 5-0 vote to authorize the Executive Officer to submit an impartial analysis for an election to be called by the City of Patterson for the Zacharias-Baldwin Master Plan Reorganization to the City of Patterson, by the following vote:

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

8. COMMISSIONER COMMENTS

None.

9. ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON

None.

10. EXECUTIVE OFFICER'S REPORT

None.

11. CLOSED SESSION – 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

Chair O'Brien 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 6:15 p.m.

The Commission reconvened at 6:29 p.m. Chair O'Brien stated there was no reportable action.

12. ADJOURNMENT

A. Chair O'Brien adjourned the meeting at 6:30 p.m.

DRAFT

Sara Lytle-Pinhey, Executive Officer

**EXECUTIVE OFFICER'S AGENDA REPORT
FEBRUARY 28, 2024**

TO: LAFCO Commissioners

FROM: Javier Camarena, Assistant Executive Officer

SUBJECT: MSR No. 2024-01 & SOI Update 2024-01: Municipal Service Review and Sphere of Influence Update for the Empire Sanitary District

INTRODUCTION

This proposal was initiated by the Local Agency Formation Commission in response to State mandates, which require the Commission to conduct Municipal Service Reviews and Sphere of Influence Updates for all cities and special districts every five years, as needed. This current review is a routine update to the previous document, adopted by the Commission in 2017 for the Empire Sanitary District.

The District was formed in 1948, pursuant to the Sanitary District Act of 1923, to provide sanitary sewer services to the unincorporated community of Empire. The District is located in central Stanislaus County, east of the City of Modesto.

In 2015, the City of Modesto approved an expanded agreement with the Empire Sanitary District (ESD). Under the terms of the agreement, the City accepted the transfer of all ESD sewer infrastructure and took over maintenance, repair, and replacement obligations of all such infrastructure. ESD customers pay charges and rates to the City of Modesto.

DISCUSSION

The Municipal Service Review and Sphere of Influence Update process provides an opportunity for districts to share accurate and current data, accomplishments, and information regarding the services they provide. A copy of the draft update is then provided to the District for their review and comments.

For the current update, the review notes improvements completed by the City of Modesto. Improvements include, upsizing of sewer trunk lines and pipes within the District, including Yosemite Boulevard, 1st Street, and South Avenue. Other areas of the District are currently being reviewed. Improvements were made in order to provide higher capacity for growth.

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

ENVIRONMENTAL REVIEW RECOMMENDATIONS

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

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

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

ALTERNATIVES FOR COMMISSION ACTION

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

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

RECOMMENDED ACTION

Approve Option 1. Based on the information presented, Staff recommends approval of Municipal Service Review and Sphere of Influence Update for the Empire Sanitary District. Therefore, Staff recommends that the Commission adopt Resolution No. 2024-02 which:

1. Determines that the Municipal Service Review and Sphere of Influence Update qualify for a General Exemption from further California Environmental Quality Act (CEQA) review based on CEQA Regulations §15306 and §15061(b)(3);
2. Makes determinations related to the Municipal Service Review, as required by Government Code Sections §56425 and §56430; and,
3. Determines that the Sphere of Influence for the Empire Sanitary District should be affirmed as it currently exists.

Attachments:

- Exhibit A - Municipal Service Review and Sphere of Influence Update for the Empire Sanitary District*
- Exhibit B - Resolution No. 2024-02*

Exhibit A

**Municipal Service Review & Sphere of Influence
Update for the Empire Sanitary District**

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DRAFT



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



EMPIRE SANITARY DISTRICT

Prepared By:

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

Adopted: _____

STANISLAUS

LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS

Amy Bublak, City Member

Richard O'Brien, City Member

Vito Chiesa, County Member

Terry Withrow, County Member

Ken Lane, Public Member

Javier Lopez, Alternate City Member

Mani Grewal, Alternate County Member

Bill Berryhill, Alternate Public Member

STAFF

Sara Lytle-Pinhey, Executive Officer

Javier Camarena, Assistant Executive Officer

Jennifer Vieira, Commission Clerk

Rob Taro, Commission Counsel

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Municipal Service Review and Sphere of Influence Update For the Empire Sanitary District

Introduction

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

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

Service Review Factors to be Addressed

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

This Service Review will analyze the Empire Sanitary District. The most recent Sphere of Influence (SOI) update for the Empire Sanitary District was adopted in 2017 and proposed no changes to the District's SOI. The current update serves to comply with Government Code §56425 and will reaffirm the SOI for the District.

Sphere of Influence Update Process

A special district is a government agency that is required to have an adopted and updated Sphere of Influence. Section 56425(g) of the Cortese Knox Hertzberg 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. For these special districts, the spheres will delineate the service capability and expansion capacity of the agency, if applicable.

Service Review – Empire Sanitary District

Authority

This review will cover the Empire Sanitary District, which was organized under the Sanitary District Act of 1923, Health and Safety Code, Section 6400 et. seq.

Background

Special districts are local governments that are separate from cities and counties, yet provide public services such as fire protection, sewer, water, and street lighting. In California, there are over 3,300 special districts with a great diversity of purposes, governance structures, and financing mechanisms. There are 50 major types of special districts ranging from airports and fire protection to mosquito abatement and water conservation. Some districts are responsible for multiple public services or one specific type of public service, as is the case of the Empire Sanitary District.

Purpose

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

Governance

In 2015, as part of an extended agreement, the City of Modesto became the ex-officio Board of the District. The extended agreement will be later discussed in this review.

Formation

The Empire Sanitary District was formed on June 8, 1948.

Location and Size

The District is located in central Stanislaus County, east of the City of Modesto. The District encompasses an area of approximately 428 acres. Of note, there is a residential tract approximately 1 acre in size, which, although it is within the District's Sphere, according to LAFCO records, it has not been annexed to the District.

Sphere of Influence

The District's Sphere of Influence is approximately 428 acres. The entire District's boundaries are within the City of Modesto's Sphere of Influence. When the District's SOI was initially established by LAFCO in November 1984, the following alternatives were proposed:

1. A LAFCO policy that no annexation of District territory except the entire District at once will be approved.
2. The inclusion of LAFCO conditions of annexation approval that require the City to provide sewer service to any problem areas left in the District.

3. An agreement between the City and District under which the City operates the District's collection system. This would be similar to the agreement between the City of Ceres and the Ceres Fire District to alleviate a similar problem.

The Modesto Urban Area General Plan includes the Empire Sanitary District, and designates the area for residential and commercial land uses, which is consistent with the County's General Plan designations. At this time, the City has no plans in the foreseeable future to annex the area.

If and when the District territory is entirely annexed to the City, the District may be formally dissolved and merged with the City or continue as a subsidiary district, in which the City Council is designated and remain empowered to act as, ex-officio Board of Directors.

Personnel

The District does not have employees at this time. Outside services are completed through contractors.

Classification of Services

The District is authorized to provide the functions or classes of services (e.g. sewer services) as identified in this report. Due to recent changes in the Cortese-Knox-Hertzberg Act, the District would have to seek LAFCO approval to exercise other latent powers not currently provided

Services

The District was formed for the purpose of providing sanitary sewer services to approximately 1,488 residential and commercial customers within the unincorporated community of Empire. However, since 1969, the District has had a contractual agreement with the City of Modesto for sewer disposal services. Under the terms of the agreement, the City agreed to accept and treat the sewage collected in the District's system and the District agreed to pay a service charge for said service.

In 2003, the City of Modesto conducted a six-week capacity study, which determined that the District's collection system was at 90-percent capacity. Daily volumes of sewage collected from the system during the study time period averaged 168,761 gallons per day. The City's study at that time revealed that the District's main pipeline, which connects to the City's system, was at 90% flow capacity, which could potentially result in sanitary sewer overflows. In addition, the majority of the sewage is distributed through old and undersized pipelines. Therefore, the District is required to receive prior written consent from the City before allowing additional users to connect to the District's system.

On December 15, 2015, the City of Modesto approved an expanded agreement with the Empire Sanitary District (ESD). Under the terms of the agreement, the City accepted the transfer of all ESD sewer infrastructure and took over maintenance, repair, and replacement obligations of all such infrastructure. ESD customers continue to pay charges and rates to the City of Modesto.

Empire Sanitary District (ESD) remitted the District's Reserve Fund of approximately \$500,000 to the City. The funds have been dedicated to existing ESD infrastructure repairs and rehabilitation.

Support Agencies

The District is now being managed by the City of Modesto which maintains a collaborative relationship the Empire Municipal Advisory Council (MAC) and Stanislaus County.

Funding Sources

The District's main source of revenue is derived from monthly service charges and connection fees. Empire sewer customers pay the same rate as Modesto customers per the dissolution agreement. The District also receives a small portion of the shared property tax revenues from Stanislaus County. A final audit was completed before the Empire District Board was dissolved but since then, the City has retained all of the Empire District's financial records and no financial records are being managed by the District.

Service Review Determinations:

The following provides an analysis of the six categories or components required by Section 56430 for a Service Review for the Empire Sanitary District.

1. Growth and Population Projections for the Affected Area

The District serves approximately 1,488 residential and commercial customers with sanitary sewer service in the unincorporated community of Empire. According to the County's 2023-2031 Draft Housing Element Update, the town of Empire has the potential to add an estimated 30 dwelling units, based on current vacant and/or underutilized parcels. However, due to limited infrastructure and resources, it is not expected that any significant population growth will occur within the District boundaries at this time.

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

Based on annual median household income, the area within the Empire Sanitary District is identified as a Disadvantaged Unincorporated Community (DUC) as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act of 2000. No additional DUCs have been identified within or contiguous to the District's sphere of influence.

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

The present condition of the District's sewer system has improved since the City took over the ESD. The main sewer connection line to the City of Modesto's sewer trunk which aligns along Yosemite Boulevard and 1st Street was upsized in 2019 with a 15-in pipe to provide more capacity for existing and future growth within the District. The City also replaced and upsized a sewer pipe in South Avenue. The City is currently evaluating capacity concerns regarding the 8-inch main in Santa Fe Avenue. Additional connections to the District's sewer system still require prior written consent from the City of Modesto (e.g. Will Serve Letter) since this area is in the County; however, the major capacity constraint on the existing sewer system has been resolved.

The Empire Sanitary District provides sewer services. Additional services, such as water and structural fire protection are provided through the City of Modesto, other special districts, or by way of private systems.

4. Financial Ability of Agencies to Provide Services

Under the terms of the agreement with the City of Modesto, the City accepted the transfer of all Empire Sanitary District (ESD) infrastructure, and took over maintenance, repair, and replacement obligations of all such infrastructure. Current ESD customers are effectively Modesto out-of-boundary customers. ESD residential ratepayers are charged the same rate as Modesto customers. Commercial ratepayers are charged for sewer service based on metered water use. In addition, the ESD has remitted the District's reserve fund of

approximately \$500,000 to the City to be dedicated to existing ESD infrastructure repairs and rehabilitation.

5. Status of, and Opportunities for, Shared Facilities

The District does not currently share any facilities with other districts or agencies. However, as mentioned previously, the District has transferred management of the District to the City of Modesto.

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

The City of Modesto is the ex officio Board of the District and, therefore, sits as the Board of the Empire Sanitary District (ESD). At a later date, the City could and most likely will file an application with LAFCO seeking approval of full dissolution of the ESD pursuant to the provisions of the Cortese-Knox Hertzberg Local Government Reorganization Act of 2000. However, at this time there is no plan to dissolve the District.

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

None

Sphere of Influence Update for the Empire Sanitary District

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

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

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

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

Determinations:

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

The District's Sphere of Influence (SOI) includes approximately 428 acres. Territory within the District's boundaries consists of residential and commercial land uses. The District does not have the authority to make land use decisions, nor does it have authority over present or planned land uses within its boundaries. The responsibility for land use decisions within the District boundaries is retained by Stanislaus County.

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

The District was formed to provide sewer service within its boundary. The present and probable need for this service is not expected to diminish, as the residents within the District are dependent on the sewer services they receive.

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

The present capacity of the District facilities has improved since the City took over the District. In 2019, the City replaced the existing 10-inch main with a 15-inch pipe in Yosemite Avenue that conveys sewer from the Empire community to the City's sewer system. The City also replaced a deficient pipe in South Avenue in 2019 to improve sewer conveyance.

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

The unincorporated community of Empire is considered a community of interest within the District's boundaries.

Further, the City of Modesto is also considered to be a Community of Interest, as the entire District's boundaries are located within the City's Sphere of Influence. As previously mentioned, the City of Modesto is now managing all Empire Sanitary District (ESD) activity. In addition, there has been no indication by the City of their intent to annex all or a part of any territory within the District's boundaries in the near future.

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

There are no proposals to change the District's existing Sphere of Influence. The District's area covers the town of Empire, which is identified as a Disadvantaged Unincorporated Community (DUC) as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act of 2000.

The Empire Sanitary District provides sewer service for the District. Additional services, such as water and structural fire protection, are provided through the City of Modesto, other special districts, or by way of private systems.

APPENDIX “A” DISTRICT SUMMARY PROFILE

District: **EMPIRE SANITARY DISTRICT**

Location: Approximately 3 miles southeast of the City of Modesto

Service Area: Approximately 428 acres

Population*: 4,202 persons

Land Use: Low Density Residential and Commercial

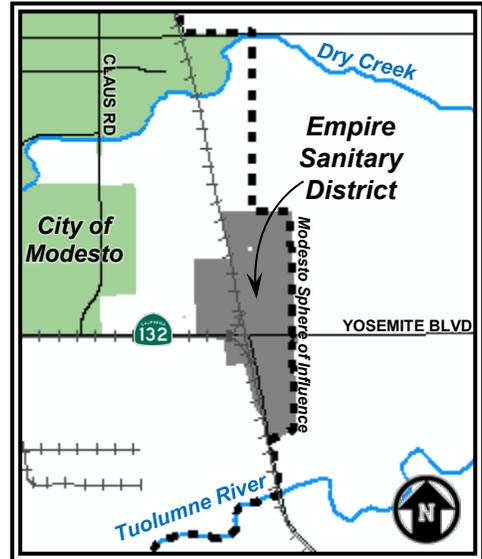
Date of Formation: June 18, 1948

Enabling Act: Sanitary District Act of 1923, Health and Safety Code, Section 6400 et seq

Governing Body: City of Modesto (Ex-Officio Board)

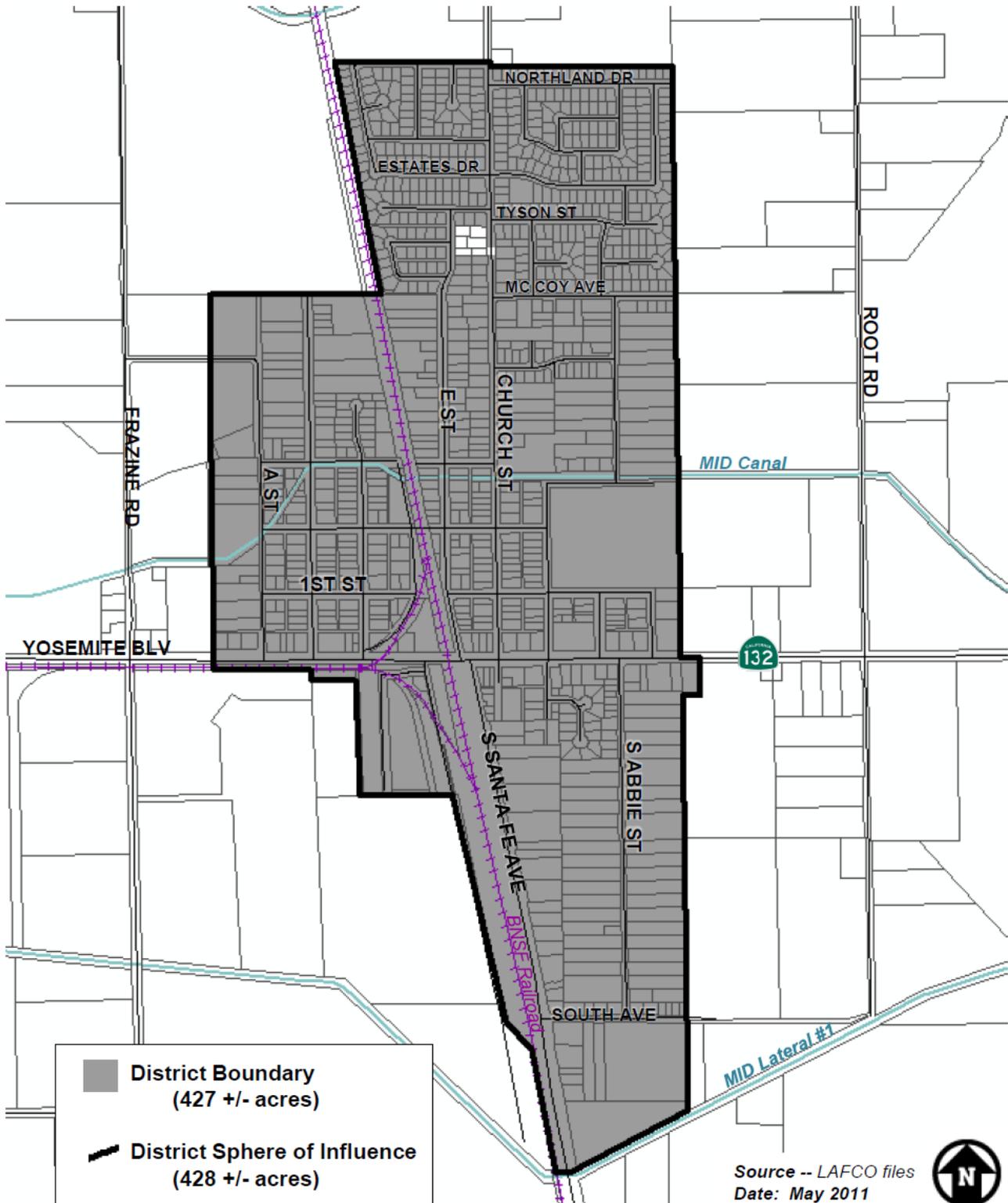
District Services: Domestic sewer service to the unincorporated community of Empire

Revenue Sources: Monthly service and connection fees; property taxes



**Source: Census.gov, 2020 Decennial Census*

MAP 1: EMPIRE SANITARY DISTRICT BOUNDARIES AND SPHERE OF INFLUENCE



APPENDIX “B”

REFERENCES

1. Previous MSR/SOI Update for the Empire Sanitary District, Adopted August 23, 2017.
2. Extended Agreement for Sewer Service signed in December 2015.
3. GEOTivity Letter dated January 29, 2003, regarding a capacity study, which monitored an existing Empire Sanitary District sewage pipe located on Hwy 132 & Codoni Road.
4. City of Modesto letter dated November 25, 2003, regarding “Sewer Connections to the City of Modesto’s Collection System”.
5. Stanislaus County Draft 2023-2031 Housing Element Update, August 2023.
6. 2009/2010 Stanislaus County Civil Grand Jury Report regarding the Empire Sanitary District, June 25, 2010.
7. Auditor-Controller Response to the 2009-2010 Stanislaus County Civil Grand Jury Report – Empire Sanitary District, dated July 16, 2010.
8. Empire Sanitary District’s Grand Jury Response Letter dated September, 8, 2010.
9. California State Controller’s Office, “Special District’s Annual Report”, April 26, 2011.
10. City of Modesto Council Agenda Report, November 30, 2015

INDIVIDUALS AND AGENCIES CONTACTED

1. Jim Alves, Senior Civil Engineer, City of Modesto

Exhibit B

Resolution No. 2024-02

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**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: February 28, 2024

NO. 2024-02

SUBJECT: Municipal Service Review No. 2024-01 and Sphere of influence Update No. 2024-01: Empire Sanitary District

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

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

WHEREAS, at the time and in the form and manner provided by law, the Executive Officer has given notice of the January 24, 2024 public hearing by this Commission on this matter;

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

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED by the Commission:

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

ATTEST: _____
Sara Lytle-Pinhey, Executive Officer

**EXECUTIVE OFFICER'S AGENDA REPORT
FEBRUARY 28, 2024**

TO: LAFCO Commissioners

FROM: Javier Camarena, Assistant Executive Officer

SUBJECT: MSR NO. 2024-02, SOI UPDATE 2024-02: MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR ROCK CREEK WATER DISTRICT

INTRODUCTION

This proposal was initiated by the Local Agency Formation Commission in response to State mandates, which require the Commission to conduct Municipal Service Reviews and Sphere of Influence Updates for all cities and special districts every five years, as needed. This current review is a routine update to the previous document adopted by the Commission in 2018 for the Rock Creek Water District. The District provides irrigation water to agricultural lands located on the northeastern portion of the County and also operates a small hydroelectric power generation facility.

DISCUSSION

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

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

The District currently has adequate capacity to provide the necessary irrigation services to customers within its existing service area. The District delivers agricultural irrigation water to its customers via the Salt Spring Valley Reservoir, which is located due east of the town of Milton, in Calaveras County.

ENVIRONMENTAL REVIEW RECOMMENDATIONS

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

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

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

ALTERNATIVES FOR COMMISSION ACTION

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

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

RECOMMENDED ACTION

Approve Option 1. Based on the information presented, Staff recommends approval of Municipal Service Review and Sphere of Influence Update for the Rock Creek Water District. Therefore, Staff recommends that the Commission adopt Resolution No. 2024-03 which:

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

Attachments:

- Exhibit 1 - Municipal Service Review and Sphere of Influence Update for the Rock Creek Water District*
- Exhibit 2 - Resolution No. 2024-03*

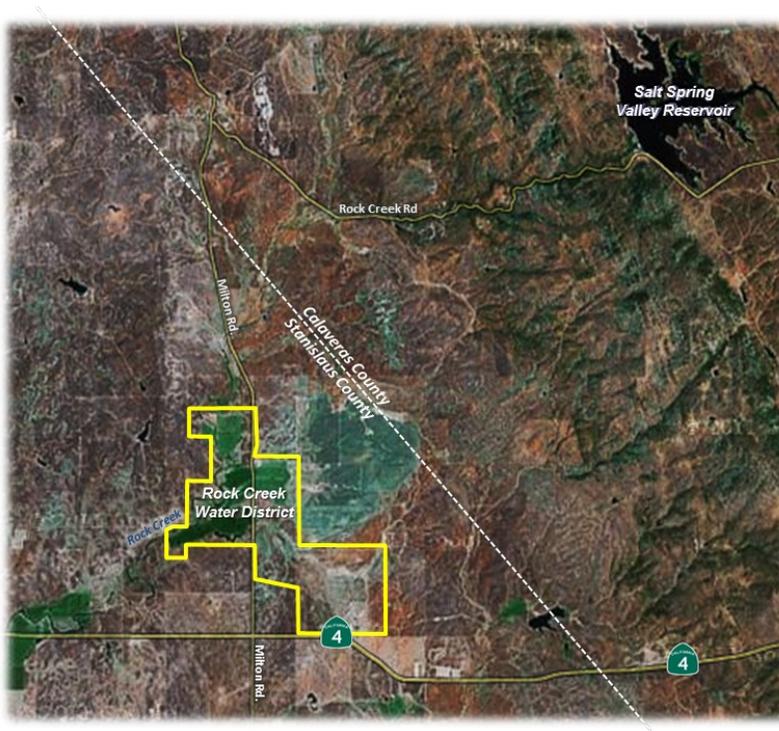
Exhibit 1

**Municipal Service Review & Sphere of Influence
Update for Rock Creek Water District**

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DRAFT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE



ROCK CREEK WATER DISTRICT

Prepared By:

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

Adopted: _____

STANISLAUS

LOCAL AGENCY FORMATION COMMISSION

COMMISSIONERS

Amy Bublak, City Member

Richard O'Brien, City Member

Vito Chiesa, County Member

Terry Withrow, County Member

Ken Lane, Public Member

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Municipal Service Review and Sphere of Influence Update For the Rock Creek Water District

Introduction

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

The legislative authority for conducting a municipal service review 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..." MSRs must have written determinations that address the following factors in order to update a Sphere of Influence. These factors were recently amended to include identification of disadvantaged unincorporated communities within or contiguous to the sphere of influence of an agency.

Municipal Service Review Factors to be Addressed

1. Growth and Population Projections for the Affected Area
2. The Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence
3. Present and Planned Capacity of Public Facilities, Adequacy of Public Services, and Infrastructure Needs or Deficiencies Including Needs or Deficiencies Related to Sewers, Municipal and Industrial Water, and Structural Fire Protection in Any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence
4. Financial Ability of Agencies to Provide Services
5. Status of, and Opportunities for, Shared Facilities
6. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies
7. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy

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

Sphere of Influence Update Process

A special district is a government agency that is required to have an adopted and updated sphere of influence. Section 56425(g) of the CKH Act calls for spheres of influence to be reviewed and updated every five years, as necessary. Stanislaus LAFCO processes municipal service reviews and sphere of influence updates concurrently to ensure efficient use of resources. For rural special districts, such as the Rock Creek Water District, which do not have the typical municipal-level services to review, this document will be used to determine what type of services the district is expected to provide and the extent to which it is actually able to do so. For this special district, the sphere will delineate its service capability and expansion capacity, if applicable.

Service Review – Rock Creek Water District

Authority

The District was organized under the California Water Code, Division 13, §34000 – 38501 (also known as the “Water District Act”). In addition, the Rock Creek Water District is considered a “landowner voter district”, as board members are elected by landowners within the District’s boundaries.

Background

No resource is more vital to California than water. From the agricultural areas, urban centers, industrial plants, to open space and recreational areas, the distribution of water has been critical to all land uses.

In California, there are hundreds of special water districts with a great diversity of purposes, governance structures, and financing mechanisms. Some districts are responsible for one type of specific duty, as in the case of the water district reviewed in this report, while other districts provide a wide range of public services.

Purpose

Water Districts that are formed pursuant to the Water District Act may be formed for purposes such as: to produce, store and distribute water for irrigation, domestic, industrial and municipal uses; to drain and reclaim lands; to collect, treat and dispose of sewage, waste and storm water; to generate hydroelectric power; to allocate water to crops and acreage; and, for districts that adopt a groundwater management plan, to protect groundwater from contamination.

Governance

A five member Board of Directors who are elected by landowners within the District boundaries, governs the District. Meetings are held on the third Tuesday of each month at 6:00 p.m. at the residence of Roma Orvis, located at 9601 E. Highway 4.

Formation

The Rock Creek Water District was formed on April 2, 1941.

Location and Size

The District encompasses approximately 1,844 acres, located in the rolling foothills at the base of the Sierra Nevada Mountain Range, in northeastern Stanislaus County, north of Highway 4. In 1949, the District annexed the Salt Spring Valley Reservoir, located in Calaveras County and all of its ditches.

Sphere of Influence

The Rock Creek Water District's Sphere of Influence (SOI) was originally adopted by the Commission in 1985. The most recent update, which proposed no changes to the District's SOI, was adopted in 2013. The current update serves to reaffirm the District's SOI, consistent with Government Code Section 56425. The District's Sphere of Influence is coterminous with its current boundaries.

Personnel

The District employs one part-time person, who operates the hydroelectric power generation facility during irrigation season. The District contracts out for legal, engineering and bookkeeping services.

Classification of Services

As part of the original MSR completed for the District, the District provided a listing of the services provided within their boundaries. The District is authorized to provide the functions or classes of services as identified in this report. Due to recent changes in the Cortese-Knox-Hertzberg Act, the District would have to seek LAFCO approval to exercise other latent powers not currently provided.

Services

The District delivers agricultural irrigation water to its customers via the Salt Spring Valley Reservoir, which is located due east of the town of Milton, in Calaveras County. The District annexed the reservoir in 1949, which included all of the ditches/pipelines. In addition, the District also sells irrigation water to one customer outside its Sphere of Influence. This agreement was part of an original pumping rights contract from the 1940s. The District also owns and operates a small hydroelectric power generation facility located at one of the main irrigation ditches. The District is authorized by the Federal Energy Regulatory Commission to sell power generated by this facility (up to 650 kw hours) to Pacific Gas & Electric (PG&E).

The District is part of a Groundwater Sustainability Agency (GSA) consisting of three regional partners, the Calaveras County Water District, Stanislaus County and Rock Creek Water District. The partnership was formed as required by the Sustainable Groundwater Management Act (SGMA) which requires local agencies with managing sustainable groundwater.

Support Agencies

The District maintains positive collaborative relationships with other agencies, including: Pacific Gas and Electric (PG&E), California Department of Water Resources, Federal Energy Commission, the US Fish and Wildlife Service, Calaveras County Water District and Stanislaus County.

Funding Sources

The District receives assessments and fees for providing agricultural water to its customers. The District also receives a large portion of its revenue from the sale of hydro-electrical power to PG&E. Revenues are also received from lease of the resort area near the Salt Spring Valley Reservoir.

Service Review Categories & Determinations

The following provides determinations related to the seven factors required by Section 56430 for a Municipal Service Review for the Rock Creek Water District:

1. Growth and Population Projections for the Affected Area

The District serves a rural area, in the northeastern portion of Stanislaus County, north of Highway 4, in the Rock Creek area. The area is designated as Agriculture on the County's General Plan and does not expect any significant population growth. The District currently serves four retail customers with irrigation water for agricultural purposes. Under a water rights agreement dating back to the 1940s, the District also serves one customer outside its boundaries (Groves Ranch).

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

Based on annual median household income and as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act of 2000, no Disadvantaged Unincorporated Communities (DUCs) have been identified within or contiguous to the District's sphere of influence.

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

At the present time, the District has both the ability and the capacity to serve its service area and has no unmet infrastructure needs or deficiencies. There are no known DUCs within or contiguous to the District's sphere of influence. Additional services, such as sewer, domestic water and structural fire protection, are provided through other special districts or by way of private systems.

4. Financial Ability of Agencies to Provide Services

Currently, the District appears to have the necessary financial resources to fund adequate levels of irrigation service within the District's boundaries. There is no overlapping or duplication of services within the District boundaries. The District maintains its rate schedule to charge the minimum fees as possible.

5. Status of, and Opportunities for, Shared Facilities

At this time, the District does not share any facilities with other districts or agencies.

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

It is reasonable to conclude that the District can adequately serve the area under its jurisdiction. A five member Board of Directors, elected by the landowners, governs the District. The Board conforms to the provisions of the Brown Act requiring open meetings. The District has a small, yet adequate staff to provide the necessary services to its customers.

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

None.

Sphere of Influence Update

In determining a 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 that they are relevant to the agency.
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.

The following determinations are made consistent with Government Code Section 56425 and local Commission policy for the Rock Creek Water District.

Sphere of Influence Determinations

1. Present and Planned Land Uses in the Area, Including Agricultural and Open-Space Lands

The Rock Creek Water District's Sphere of Influence (SOI) includes approximately 1,844 acres and is coterminous with the District's boundaries. Territory within the District boundaries consists of agricultural and rural land use areas. These uses are not expected to change. In addition, the District does not have the authority to make land use decisions. The responsibility for land use decisions within the District boundaries is retained by the County.

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

The District's present and probable need for facilities and services in the area is not expected to change, as the District's landowners are dependent on the irrigation water they receive.

3. Present Capacity of Public Facilities and Adequacy of Public Services That the Agency Provides or is Authorized to Provide

The District currently has adequate capacity to provide irrigation water to areas within its existing sphere of influence.

4. The Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines That They are Relevant to the Agency

There are no communities of interest within the District boundaries or Sphere of Influence.

5. For an Update of a Sphere Of Influence Of A City Or Special District That Provides Public Facilities Or Services Related To Sewers, Municipal And Industrial Water, Or Structural Fire Protection, The Present And Probable Need For Those Public Facilities And Services Of Any Disadvantaged Unincorporated Communities Within The Existing Sphere Of Influence.

No Disadvantaged Unincorporated Communities (DUCs) have been identified within or contiguous to the District's Sphere of Influence as defined in Section 56033.5 of the CKH Act. Additional services, such as sewer, domestic water and structural fire protection, are provided through other special districts or by way of private systems.

**APPENDIX “A”
DISTRICT SUMMARY PROFILE**

District:	ROCK CREEK WATER DISTRICT
Location:	Majority of District located in the northeastern portion of Stanislaus County, north of Highway 4, in the Rock Creek area.
Service Area:	Approximately 1,844 acres
Population*:	19 (estimate)
Land Use:	Agricultural
Date of Formation:	April 2, 1941
Enabling Act:	California Water Code, Division 13, Section 34000 et. seq. (Water District Act)
Governing Body:	5 Member Board of Directors, elected by landowners within District boundaries
Administration:	One part-time employee; the District also contracts out for engineering, legal and bookkeeping services
District Services:	Provision of irrigation water to agricultural lands and District-supplied electrical services via its own hydroelectric power generation facility
Budget:	Revenues: \$66,088 (Based on 2019 Audit) Expenses: \$88,272 (Based on 2019 Audit)
Revenue Sources:	Sale of Water and Hydro-Electrical Power

*Source: Population estimated utilizing Census 2020 data and the Stanislaus County ratio of 3.12 persons per household.

APPENDIX “B”

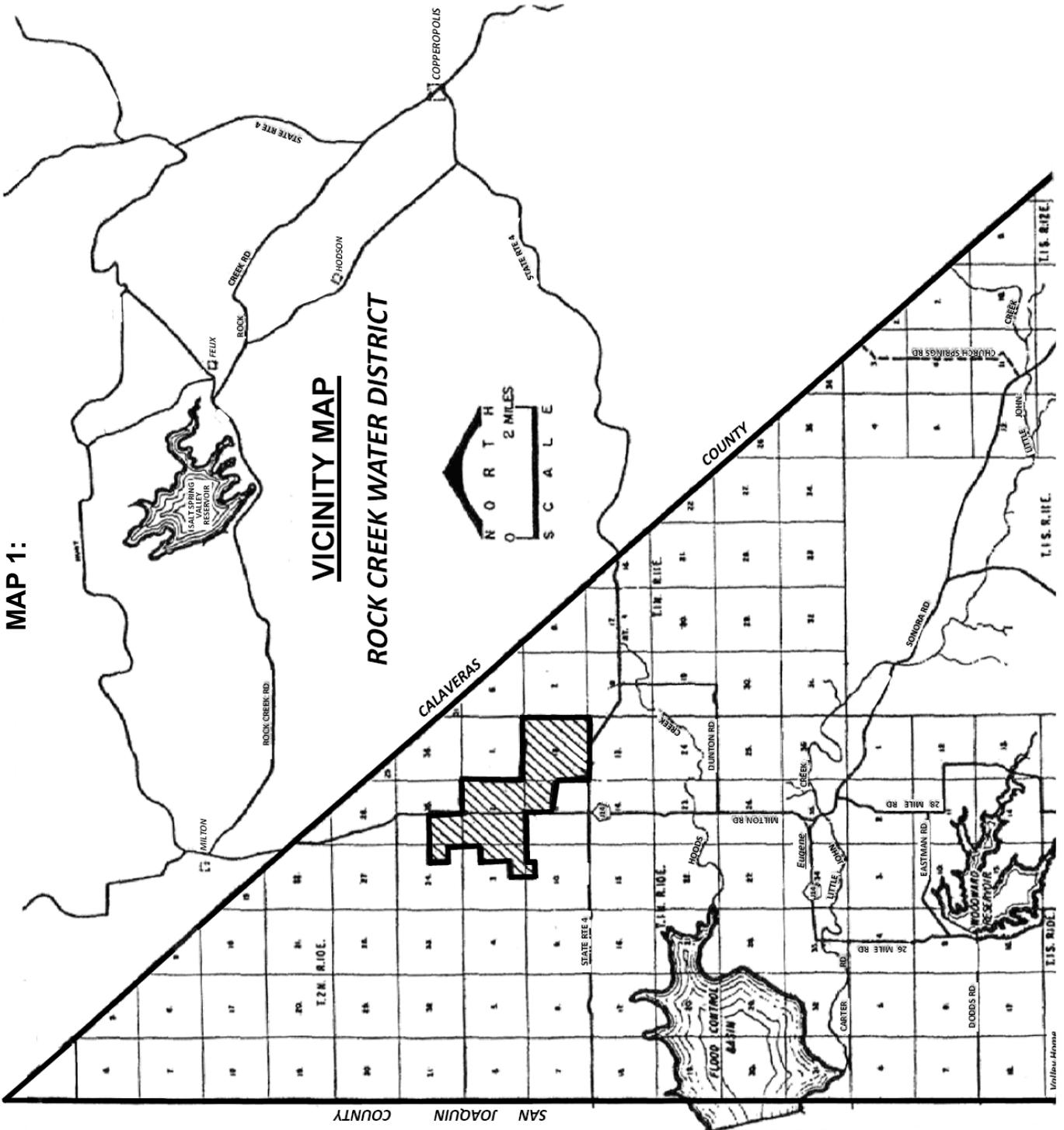
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1. Rock Creek Water District. *Audited Financial Statements*. December 31, 2019.
2. Rock Creek Water District. *Resolution 2008-02: Amendment of Bylaws*. November 15, 2008.
3. Stanislaus LAFCO. *Executive Officer’s Agenda Report: Consideration and Adoption of a Sphere of Influence for the Rock Creek Water District*. May 22, 1985.
4. Stanislaus LAFCO. *Municipal Service Review and Sphere of Influence Update - Rock Creek Water District*. June 27, 2018.
5. State of California Legislative Analyst’s Office Report. *Water Special Districts: A Look at Governance and Public Participation*. March 2002.
6. State of California, State Water Resources Control Board - Division of Water Rights Website (www.swrcb.ca.gov/waterrights).
7. United States Census Bureau. Quick Facts Stanislaus County Persons Per Household, 2017-2021 www.census.gov accessed November 14, 2023.

INDIVIDUALS AND AGENCIES CONTACTED

1. Don Harper. Board of Directors, Rock Creek Water District.

MAP 1:



**MAP 2: ROCK CREEK WATER DISTRICT
BOUNDARIES AND SPHERE OF INFLUENCE**

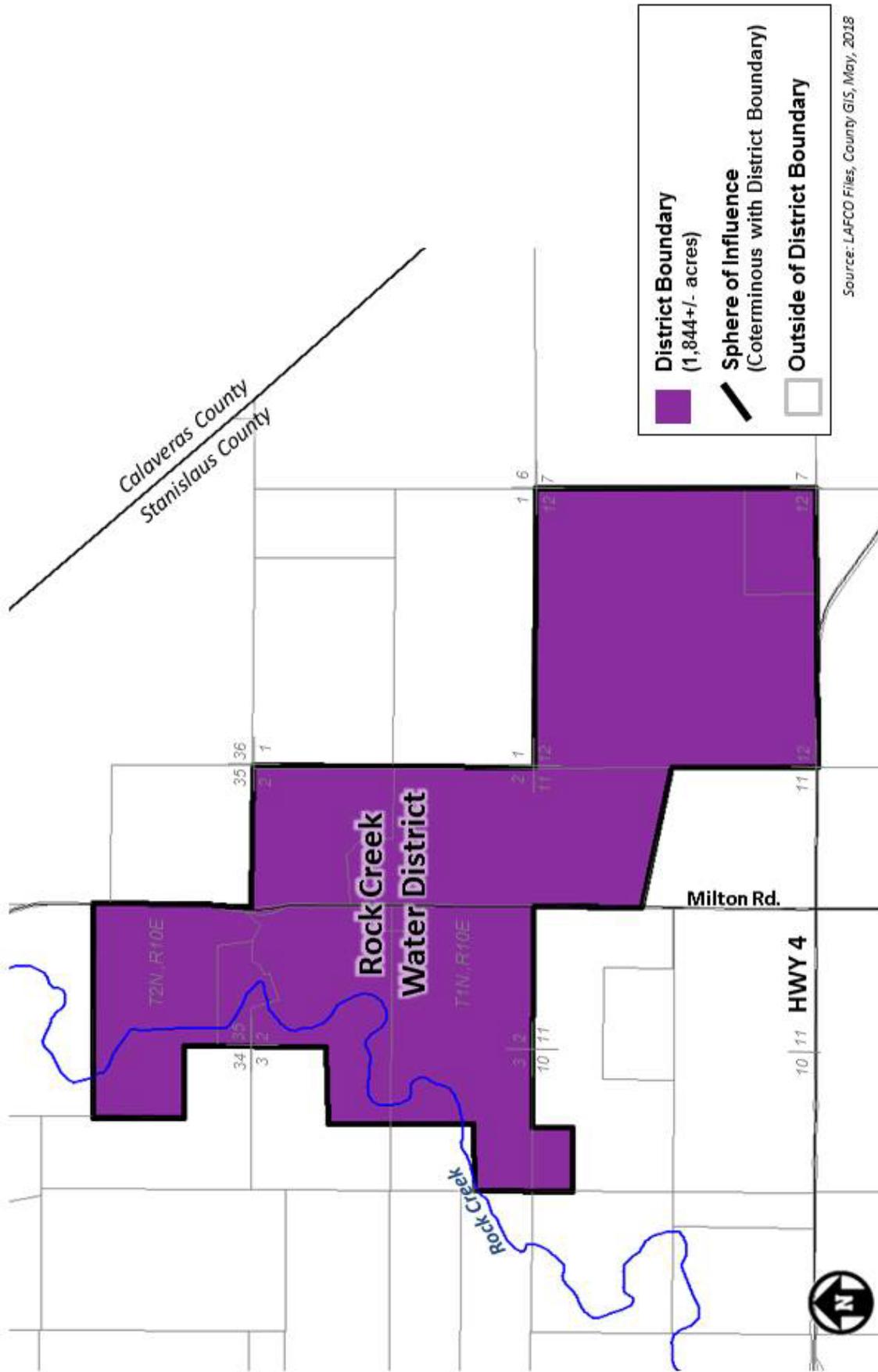


Exhibit 2

Resolution No. 2024-03

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**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: February 28, 2024

NO. 2024-03

SUBJECT: Municipal Service Review No. 2024-02 and Sphere of influence Update No 2024-02: Rock Creek Water District

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

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

WHEREAS, at the time and in the form and manner provided by law, the Executive Officer has given notice of the January 24, 2024 public hearing by this Commission on this matter;

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

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

WHEREAS, the Commission has duly considered the draft Municipal Service Review and Sphere of Influence Update on the Rock Creek Water District and the determinations contained therein;

WHEREAS, the Rock Creek Water District was established to provide irrigation water services within its boundaries;

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

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

NOW, THEREFORE, BE IT RESOLVED by the Commission:

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

ATTEST: _____
Sara Lytle-Pinhey, Executive Officer

**EXECUTIVE OFFICER'S AGENDA REPORT
FEBRUARY 28, 2024**

TO: LAFCO Commissioners

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

SUBJECT: MID-YEAR BUDGET REPORT FOR FISCAL YEAR 2023-2024

RECOMMENDATION

It is recommended that the Commission accept this financial update.

DISCUSSION

The Mid-Year Budget Report provides an overview of LAFCO's expenses and revenues through the second quarter for the Commission's information. The Commission's adopted budget for the current fiscal year is \$665,690. At mid-year, expenditures totaled \$323,270, which represents approximately 49% of the adopted budget. Below is an overview of LAFCO's expenses and revenues:

LAFCO FY 2023-2024 Mid-Year Comparison: Adopted Budget vs. Actual

	Adopted Budget (2023-2024)	Actual (Mid-Year)	% of Budget
EXPENSES			
Salaries & Benefits	\$557,935	\$273,253	49%
Services & Supplies	106,555	49,573	47%
Other Charges	1,200	444	37%
Total Expenses	\$665,690	\$323,270	49%
REVENUES			
City/County Contributions	\$625,690	\$625,690	100%
Applications & Other Revenues	20,000	22,719	114%
Interest Earnings	--	9,137	--
Total Revenues	\$645,690	\$657,546	102%
<i>Use of Fund Balance</i>	<i>20,000</i>		
<i>Total Budget</i>	<i>\$665,690</i>		

The following highlights the expense and revenue categories through mid-year:

➤ Salaries and Benefits:

Through the end of the second quarter, \$273,253 has been expended on Salaries and Benefits, representing approximately 49% of the total amount budgeted in this category for the fiscal year. The Commission budgeted an increase in the Salaries and Benefits category to accommodate potential impacts of reclassification of the Executive Officer and Assistant Executive Officer positions. Staff estimates at year-end, the overall Salaries and Benefits category will be within the budgeted amount.

➤ Services and Supplies:

At the end of the second quarter, expenditures under the Services and Supplies category totaled \$49,573. This represents 47% of the total amount budgeted. Of note is the following:

- Expenditures for the Commission's general liability insurance, membership dues, and office lease are billed as one-time expenses early in the fiscal year. Thus, the entire Services and Supplies budget category is expected to be well within budget amounts by year-end.
- One LAFCO computer was replaced during the first quarter following recommendation by the County's Information Technology Central Department. The computer was replaced using the County's discounted agreements and the unanticipated expense was covered by the Commission's Miscellaneous Expense account.

➤ Other Charges:

This budget category contains expenses associated with a shared copier lease and copy costs and is typically only billed twice a year. Copy costs have generally trended lower than anticipated.

➤ Revenues:

The County and nine cities have paid their apportionment shares totaling \$625,690. Revenue received from LAFCO application fees and services at mid-year totals \$22,719, already exceeding the \$20,000 estimated. Staff anticipates receiving additional application fees by year-end which may result in reduced need to use Fund Balance.

CONCLUSION

The Commission's Fiscal Year 2023-2024 Budget continues to be financially sound. Each category is projected to be near their budgeted amounts by year-end. Any funds anticipated to be remaining at the end of the fiscal year will be used to offset agency contributions in the following year's budget. No budget adjustments are recommended at this time. If future modifications are needed, Staff will immediately bring forth those requests to the Commission for consideration.

**EXECUTIVE OFFICER'S AGENDA REPORT
FEBRUARY 28, 2024**

TO: LAFCO Commissioners
FROM: Sara Lytle-Pinhey, Executive Officer *SLP*
SUBJECT: **INDEPENDENT AUDIT FOR FISCAL YEARS 2021-2022 AND 2022-2023**

RECOMMENDATION

It is recommended that the Commission accept and file the financial audit for fiscal years 2021-2022 and 2022-2023.

DISCUSSION

The Commission has requested that an audit of LAFCO's finances be completed every two years. The independent auditing firm, Hawks & Associates CPAs, Inc., has completed the LAFCO biennial audit for fiscal years 2021-2022 and 2022-2023.

The purpose of the audit is for an independent third-party to review and assess the Commission's financial records to determine their compliance with generally accepted governmental accounting standards. LAFCO currently contracts with the County Auditor-Controller Office for financial services and maintains its funds in the County Treasury, pursuant to an adopted Memorandum of Understanding. The outside audit provides an opportunity for a third-party to identify reporting errors and omissions as well as to make suggestions for improvements.

As with the prior audits, the auditor found that the financial statements present fairly the financial position of the Commission. The final audit is attached in full to this memo.

Attachment: Independent Audit for Fiscal Years 2021-2022 and 2022-2023

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January 12, 2024

To the Commissioners
Stanislaus Local Agency Formation Commission
Modesto, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stanislaus Local Agency Formation Commission (LAFCO) for the year ended June 30, 2022 and 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 2, 2023. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by LAFCO are described in Note 1 to the financial statements. New accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2022 and 2023. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management has estimated the present value of lease payments and operating right-of-use assets and lease liabilities.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The Disclosure of Related Party Transactions. This disclosure provides detailed information on the transactions between related parties and the Commission.

We believe the financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

To the Commissioners
Stanislaus Local Agency Formation Commission
January 12, 2024
Page 2 of 2

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 12, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants except the predecessor auditor.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Audit Findings or Issues

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Commissioners and management of LAFCO and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Hawks & Associates CPAs, Inc.

Stanislaus Local Agency
Formation Commission

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2022 AND JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Stanislaus Local Agency Formation Commission
Modesto, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stanislaus Local Agency Formation Commission (LAFCO) as of and for the years ended June 30, 2022, and 2023, and the related notes to the financial statements, which collectively comprise the LAFCO's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the LAFCO, as of June 30, 2022, and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the LAFCO, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the LAFCO's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the LAFCO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the LAFCO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024, on our consideration of the LAFCO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the LAFCO's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LAFCO's internal control over financial reporting and compliance.



Modesto, California
January 12, 2024

**Stanislaus Local Agency Formation Commission
Management's Discussion and Analysis Report
For the Year Ending June 30, 2022 and June 30, 2023**

As management of the Stanislaus Local Agency Formation Commission (the Commission), we offer readers of the Commission's financial statements this discussion and analysis of the financial activities of the Commission for the above years. We encourage readers to consider the information presented in this report in conjunction with the Commission's financial statements and the accompanying notes to the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis report is intended to serve as an introduction to the Commission's basic financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Commission. The financial statements also include various note disclosures that further describe the Commission's activities.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Commission's assets and liabilities, with the difference between the two reported as net position.

The Statement of Activities presents information showing how the Commission's net position changed during each fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows (accrual basis). Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. accounts payable and receivable).

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The Commission, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than government-wide financial statements, it is useful to compare the information presented. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and government wide statements.

Notes to Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE COMMISSION

The Commission has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis (MD&A) for State and Local Governments*.

The table below presents a condensed Statement of Net Position for the fiscal years ending June 30, 2022 and June 30, 2023, as well as the prior year ending June 30, 2021.

Condensed Statement of Net Position

	As of June 30:		
	2021	2022	2023
ASSETS			
Total Assets	<u>\$ 361,824</u>	<u>\$ 350,409</u>	<u>\$ 367,599</u>
LIABILITIES & NET POSITION			
Total Liabilities	<u>\$ 12,277</u>	<u>\$ 14,352</u>	<u>\$ 25,068</u>
Total Net Position	<u>\$ 349,547</u>	<u>\$ 336,057</u>	<u>\$ 342,531</u>

The Statements of Net Position present complete information on the Commission's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources, with the difference reported as net position. Changes in net position that occur over time may serve as an indicator of the Commission's financial position.

Changes in Net Position

State Law requires the County and the nine cities of Stanislaus County fund the Commission's budget each year. The Commission is also authorized to establish and collect fees for the purposes of offsetting agency contributions. It is the practice of the Commission to make use of unrestricted fund balance to help cover operating costs and minimize the fiscal impact on the local funding agencies. This practice of using unrestricted fund balance occasionally results in budgeting an operating shortfall, as was the case in the fiscal years ending June 30, 2022 and June 30, 2023.

Condensed Statement of Activities

	For the Year Ended June 30:		
	2021	2022	2023
Program Revenues			
Intergovernmental	\$ 453,175	\$ 498,034	\$ 553,480
Application Fees	51,331	15,332	23,000
General Revenues			
Interest & Other Income	<u>8,890</u>	<u>5,841</u>	<u>(7,173)</u>
Total Revenue	<u>\$ 513,396</u>	<u>\$ 519,207</u>	<u>\$ 569,307</u>
EXPENSES			
Personnel expenses	\$ 450,560	\$ 466,927	\$ 499,369
Services and Supplies	<u>55,254</u>	<u>65,770</u>	<u>63,464</u>
Total Expenses	<u>\$ 505,814</u>	<u>\$ 532,697</u>	<u>\$ 562,833</u>
CHANGE IN NET POSITION	\$ 7,582	\$ (13,490)	\$ 6,474
NET POSITION – BEGINNING OF YEAR	<u>341,965</u>	<u>349,547</u>	<u>336,057</u>
NET POSITION – END OF YEAR	<u>\$ 349,547</u>	<u>\$ 336,057</u>	<u>\$ 342,531</u>

Financial Analysis of the Commission's Governmental Fund

As noted earlier, fund accounting is used by the Commission to ensure and demonstrate compliance with finance-related legal requirements. For the fiscal year ending June 30, 2022, the Commission reported an ending fund balance of \$336,057. For the fiscal year ending June 30, 2023, the Commission reported an ending fund balance of \$342,531, for an increase of \$6,474.

Expenditures and revenues increased in fiscal years ending June 30, 2022 and June 30, 2023 as the Commission budgeted for cost-of-living adjustments for its three full-time employees and increases to the County's Cost Allocation Plan (CAP) charges.

BUDGETARY HIGHLIGHTS

The Commission practices bottom-line accounting, giving management the discretion to use excess funds in one account to offset deficits in other accounts. This allows management to minimize fiscal impact of unanticipated increases in contracted administrative services by controlling spending in other accounts. A Budgetary Comparison Schedule is included in the Required Supplementary Information (RSI) section of this report. In both years, revenues exceeded budgeted amounts, primarily due to application revenues exceeding those anticipated. Expenditures were also less than budgeted, due to various charges for services being lower than anticipated, including charges for legal services.

CAPITAL ASSETS

The Commission has no capital assets.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Commission is committed to fulfilling its State-mandated mission with as little fiscal impact to local agencies as possible. In preparing the budget for fiscal year 2023-2024, the Commission used spending baseline to estimate how much it would cost to continue the level of activities and services at next year's price for labor and supplies. The Commission's adopted fiscal year 2023-2024 budget is \$665,690, an overall increase of 12% from the prior year's adopted budget.

CONTACTING THE COMMISSION

These financial statements are designed to provide a general overview of the Commission's finances for all those interested. Through a memorandum of understanding, the County provides certain support functions, including financial management and accounting. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Stanislaus Local Agency Formation Commission, 1010 10th Street, Suite 3600, Modesto, CA 95354.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Investments, Unrestricted	\$ <u>350,409</u>
Total Current Assets	350,409
Total Assets	<u>\$ 350,409</u>
LIABILITIES	
Current Liabilities:	
Accrued Contract Labor	\$ <u>14,352</u>
Total Current Liabilities	14,352
Total Liabilities	14,352
NET POSITION	
Unrestricted	<u>336,057</u>
Total Net Position	<u>336,057</u>
Total Liabilities and Net Position	<u>\$ 350,409</u>

The accompanying notes are an integral part of these financial statements.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Governmental Activities
REVENUES	
Charges for Services	
Intergovernmental Revenue	\$ 498,034
Application Fees	<u>15,332</u>
Total Charges for Services	513,366
Interest Income	<u>5,841</u>
Total Revenue	519,207
EXPENSES	
Current Program - General Government	
Contract labor	466,927
Service, Supplies, & Other Charges	<u>65,770</u>
Total Program Expenses	532,697
CHANGE IN NET POSITION	(13,490)
NET POSITION - BEGINNING OF YEAR	<u>349,547</u>
NET POSITION - END OF YEAR	<u><u>\$ 336,057</u></u>

The accompanying notes are an integral part of these financial statements.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	GENERAL FUND
ASSETS	
Current Assets:	
Cash and Investments, Unrestricted	\$ 350,409
Total Current Assets	350,409
Total Assets	\$ 350,409
LIABILITIES	
Current Liabilities:	
Accrued Contract Labor	\$ 14,352
Total Current Liabilities	14,352
Total Liabilities	14,352
FUND BALANCE	
Unassigned	336,057
Total Fund Balance	336,057
Total Liabilities and Fund Balance	\$ 350,409

The accompanying notes are an integral part of these financial statements.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Governmental Activities
REVENUES	
Charges for Services	
Intergovernmental Revenue	\$ 498,034
Application Fees	15,332
Total Charges for Services	513,366
Interest Income	5,841
Total Revenue	519,207
EXPENDITURES	
Current Program - General Government	
Contract labor	466,927
Service, Supplies, & Other Charges	65,770
Total Expenditures	532,697
CHANGE IN FUND BALANCE	(13,490)
FUND BALANCE - BEGINNING OF YEAR	349,547
FUND BALANCE - END OF YEAR	\$ 336,057

The accompanying notes are an integral part of these financial statements.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUND TYPES TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2022

NET CHANGE IN TOTAL FUND BALANCES PER FUND FINANCIAL STATEMENTS	\$	(13,490)
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Amounts reported for governmental activities in the statement of activities are different because:

Prior year revenues received in the current year are recorded in the fund financial statement but are a reduction to receivable in the government-wide statement of net position.

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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(13,490)</u>
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The accompanying notes are an integral part of these financial statements.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Investments, Unrestricted	\$ 358,685
Interest Receivable	<u>829</u>
Total Current Assets	359,514
Other Assets	
Operating Right-Of-Use Asset	<u>8,085</u>
Total Current Assets	8,085
Total Assets	<u><u>\$ 367,599</u></u>
LIABILITIES	
Current Liabilities:	
Accrued Contract Labor	\$ 16,983
Total Current Liabilities	<u>16,983</u>
Long Term Liabilities	
Operating Lease Liabilities	<u>8,085</u>
Total Long Term Liabilities	8,085
Total Liabilities	25,068
NET POSITION	
Unrestricted	<u>342,531</u>
Total Net Position	<u>342,531</u>
Total Liabilities and Net Position	<u><u>\$ 367,599</u></u>

The accompanying notes are an integral part of these financial statements.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>
REVENUES	
Charges for Services	
Intergovernmental Revenue	\$ 553,480
Application Fees	<u>23,000</u>
Total Charges for Services	576,480
Interest Income	<u>(7,173)</u>
Total Revenue	569,307
EXPENSES	
Current Program - General Government	
Contract labor	499,369
Service, Supplies, & Other Charges	<u>63,464</u>
Total Program Expenses	562,833
CHANGE IN NET POSITION	6,474
NET POSITION - BEGINNING OF YEAR	<u>336,057</u>
NET POSITION - END OF YEAR	<u><u>\$ 342,531</u></u>

The accompanying notes are an integral part of these financial statements.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>GENERAL FUND</u>
ASSETS	
Current Assets:	
Cash and Investments, Unrestricted	\$ 358,685
Interest Receivable	<u>829</u>
Total Current Assets	<u>359,514</u>
Total Assets	<u><u>\$ 359,514</u></u>
LIABILITIES	
Current Liabilities:	
Accrued Contract Labor	<u>\$ 16,983</u>
Total Current Liabilities	16,983
Total Liabilities	16,983
FUND BALANCE	
Unassigned	<u>342,531</u>
Total Fund Balance	<u>342,531</u>
Total Liabilities and Fund Balance	<u><u>\$ 359,514</u></u>

The accompanying notes are an integral part of these financial statements.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	Governmental Activities
REVENUES	
Charges for Services	
Intergovernmental Revenue	\$ 553,480
Application Fees	23,000
Total Charges for Services	576,480
Interest Income	(7,173)
Total Revenue	569,307
EXPENDITURES	
Current Program - General Government	
Contract labor	499,369
Service, Supplies, & Other Charges	63,464
Total Expenditures	562,833
 CHANGE IN FUND BALANCE	 6,474
 FUND BALANCE - BEGINNING OF YEAR	 336,057
 FUND BALANCE - END OF YEAR	 \$ 342,531

The accompanying notes are an integral part of these financial statements.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Local Agency Formation Commission of Stanislaus County (the Commission) was created in 1963 by the California Legislature to encourage the orderly formation and development of local agencies, promote the efficient extension of municipal services, and protect against the premature conversion of agricultural and open space lands. In 2001, following the enactment of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the Commission became an independent agency separate from Stanislaus County. The financially independent Stanislaus LAFCO fund was established on July 1, 2001. As of June 30, 2022 and 2023, there are nine cities under the jurisdiction of the Commission of Stanislaus County.

The Commission is comprised of five regular and three alternate member. Each member is appointed pursuant to California Government Code Section 56000 et. Seq. and represents one of the following three interests:

County Members – two regular and one alternate member represent Stanislaus County. These members are County Supervisors. Appointments are made by the Board of Supervisors.

City Members – two regular and one alternate member represent the nine cities in Stanislaus County. The members are mayors or city council members. Appointments are made by the City Selection Committee.

Public Members – one regular and one alternate member represent the general public. Appointments are made by the County and city members of the Commission.

The Commission includes all activities (operations of its administrative staff and commission officers) considered to be a part of the Commission. The Commission reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its issuance of Statement No. 61, relating to the financial reporting entity to determine whether the Commission is financially accountable for other entities. The Commission has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the financial statements. In addition, the Commission is not aware of any entity that would be financially accountable for the Commission that would result in the Commission being considered a component unit of that entity.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Accounting

Government-Wide Statements

The statement of net position and the statement of activities report information on all of the Commission's activities. Fiduciary activities of the Commission are not included in these statements. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the Commission. Revenues that are not classified as program revenues are presented as general revenues.

Revenue

Revenue to finance the Commission's operation is primarily derived pursuant to Government Code Section 56381. Under this section, the Commission is required to adopt a fiscal budget which includes anticipated funding needed for the year. Stanislaus County is responsible for funding one half of the budgeted revenue and the nine cities within Stanislaus County are collectively responsible for funding the other one half of the budgeted revenue.

Implementation of New Accounting Pronouncements

For the fiscal year ended June 30, 2022, the Commission was required to adopt the following accounting pronouncements:

GASB Statement No. 87, "Leases"

For the fiscal year ended June 30, 2023, the Commission was not required to adopt any new accounting pronouncements.

Fund Accounting

The accounts of the Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liability, fund equity, revenues and expenditures or expenses, as appropriate.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Commission has only one fund group, government funds.

General Fund – The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

Fund Equity

The Commission reports under GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make nature and extent of the constraints placed on the government’s fund balances more transparent.

The following classifications describe the relative strength of the spending constraints:

Non-spendable Fund Balance – amounts that are not in spendable form (such as prepaid expenses) or are required to be maintained intact. The Commission does not have any non-spendable funds as of June 30, 2022 and 2023 in a form or that are legally or contractually required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantor, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by the Commission itself, using its highest level of decision-making authority (i.e., Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the Commission takes the same highest level of action to remove or change the constraint. Committed funds may be modified or rescinded only through resolutions approved by the Commissioners.

Assigned Fund Balance – amounts the Commission intends to use for a specific purpose. Intent can be expressed by the Commissioners or by an official or body to which the Commissioners delegate the authority. The Commission does not have any assigned funds as of June 30, 2022 and 2023.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned Fund Balance – all amounts not included in other spendable classification.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission's policy is first to apply restricted and then unrestricted funds. Similarly, the policy is to first use committed, then assigned, then unassigned amounts.

Capital Assets

Capital assets, which include property, plant and equipment assets, are reported in the government wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Property, plant and equipment of the Commission are depreciated using the straight-line method over the estimated useful lives. The Commission does not own any capital assets as of June 30, 2022 and 2023.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget and Budgetary Accounting

The Commissioners shall adopt a preliminary operating budget for the fiscal year commencing July 1. Public hearings are conducted at an advertised location to obtain public comments. Prior to June 15, the budget is adopted by vote of the Commissioners. Once approved, the Commissioners may amend the legally adopted budget when unexpected modifications are required. Under GASB Statement No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The Commission does not have any funds other than the General Fund. Therefore, budget comparison information is presented for the general fund only. For years June 30, 2022 and 2023 actual expenditures were lower than the budgeted amounts.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Commission leases certain buildings, equipment, and vehicles. The determination of whether an arrangement is a lease is made at the lease's inception. Under GASB Statement No. 87, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. The Commission only reassess its determination if the terms and conditions of the contract are changed.

Operating leases are included in other assets as operating lease right-of-use ("ROU") assets, long term liabilities as operating lease liabilities in the Commission's statement of net position.

ROU Assets represent the Commission's right to use an underlying asset for the lease term, and lease liabilities represent the Commission's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Commission uses the implicit rate when it is readily determinable. Since most of the Commission's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free discount rate based on the information available at lease commencement.

Operating lease ROU Assets also includes any lease payments made and excludes any leased incentives. The Commission's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Commission will exercise the option.

NOTE 2 CASH AND CASH EQUIVALENTS

The Commission considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Commission maintains all of its cash in the Stanislaus County Treasury. The County pools these funds with those of other agencies in the county and invests the cash as prescribed by the California Government Code. These pooled funds are carried at cost plus accrued interest, which approximates market value. Interest earned is deposited quarterly into participating funds.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022 AND 2023

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

The Commission's deposits in the County pool may be accessed at any time. Stanislaus County's credit rating is A+, by Standard and Poor's. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in Stanislaus County's financial statements which can be obtained by contacting Stanislaus County's Auditor-Controller's Office at 1010 Tenth Street, Suite 5100, Modesto, California, 95353. The Stanislaus County Treasure Oversight Committee oversees the Treasurer's investments and policies.

NOTE 3 RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 2022 and 2023, the Commission paid Stanislaus County, a related party, for legal services, operating support services, and contract employees as follows:

Fiscal Year Ended	Legal Services	Operating Support Services	Contract Employees	Total
June 30, 2022	\$ 3,185	\$ 25,919	\$ 466,927	\$ 496,031
June 30, 2023	\$ 11,158	\$ 25,969	\$ 499,369	\$ 536,496

The following summary of the amounts the Commission received during the fiscal years ended June 30, 2022 and 2023 from Stanislaus County and the nine cities within the County, related parties. The nine cities which provided funding to the Commission were City of Ceres, City of Hughson, City of Modesto, City of Newman, City of Oakdale, City of Patterson, City of Riverbank, City of Turlock, and City of Waterford.

Fiscal Year Ended	County	Cities	Total
June 30, 2022	\$ 251,455	\$ 246,579	\$ 498,034
June 30, 2023	\$ 276,740	\$ 276,740	\$ 553,480

The lease payments (Note 4) are made to the City of Modesto, a related party.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2023

NOTE 4 OPERATING LEASE

The Commission leases office space located on Tenth Street Place in Modesto, California under an operating lease expiring June 30, 2025. The Commission lease has remaining lease terms of 2 years. The total annual lease payment is \$4,178, adjusted annually. The total amounts paid during the years ended June 30, 2022 and 2023 were \$3,851 and \$4,178.

The following summarizes the line item in the statement of net position at June 30, 2022 and 2023:

	<u>2023</u>	<u>2022</u>
Other Assets		
Operating Lease Right-Of-Use Assets	<u>\$ 8,085</u>	<u>\$ -</u>
Long Term Liabilities		
Operating Lease Liabilities	<u>\$ 8,085</u>	<u>\$ -</u>

The following summarizes the weighted average remaining lease term as of June 30, 2022 and 2023:

	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term		
Operating Leases	2 years	-

The following is a schedule by years of future minimum lease payments required under a building lease that has initial or non-cancellable lease terms in excess of one year as of June 30, 2023:

<u>Year Ending June 30,</u>	
2024	\$ 4,179
2025	4,179
2026	-
2027	-
2028	-
Total Lease Payments	<u>8,358</u>
Less: Interest	<u>273</u>
Present Value of Lease Liabilities	<u>\$ 8,085</u>

The following summarizes the line items in the statement of activities which include the components of lease expenses for the year ended June 30, 2022 and 2023:

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2023

NOTE 4 OPERATING LEASE (CONTINUED)

	2023	2022
Operating Lease Expenses included in SG&A	\$ 4,179	\$ 3,851

NOTE 5 RISK MANAGEMENT

The Commission is exposed to various risks of losses related to tors; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission participates in Stanislaus County’s risk pool.

Information about coverage can be found in the County’s basic financial statements. In addition, the Commission also participates in the property and liability program offered by the Special District Risk Management authority (SDRMA). Contact information for the SDRMA is: 1112 1 Street, Suite 300, Sacramento, CA 95814.

NOTE 6 GOVERNING BOARD

As of June 30, 2023, the Commissioners of Stanislaus LAFCO were as follows:

Name	Position
Mani Grewal	Alternate County Member
Terry Withrow	County Member
Vito Chiesa	County Member
Richard O'Brien	City Member
Amy Bublak	City Member
Javier Lopez	Alternate Cities Member
Ken Lane	Public Memer
William Berryhill	Alternate Public Member

NOTE 7 BUDGETARY COMPLIANCE – NON-GAAP FINANCIAL STATEMENTS

By statute, the Commission prepares its annual budget on a non-GAAP basis of accounting as described in Note 1. A reconciliation of these non-GAAP statements to the GAAP statements is as follows:

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2023

NOTE 7 BUDGETARY COMPLIANCE – NON-GAAP FINANCIAL STATEMENTS
(CONTINUED)

Governmental	General Fund	General Fund
	2023	2022
Budget Basis	\$ 6,474	\$ (13,490)
Adjustments (net):		
Revenue Accruals	-	-
Expenditure Accruals	-	-
GAAP Basis	\$ 6,474	\$ (13,490)

NOTE 8 CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financing of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Commission’s 2023 financial statements and did not have an effect on the beginning net position of the General Fund. The Commission recognized \$8,085.00 in net book value for intangible right to use and a lease liability of - \$8,085.00 for an office space leased in July 2022.

NOTE 9 SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the Independent Auditor’s Report, the date the financial statements were available to be issued and has not noted any material events that are required to be disclosed.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget</u>
REVENUES				
Agency Contributions	\$ 493,158	\$ 493,158	\$ 498,033	\$ 4,875
Application & Other Revenues	20,000	20,000	15,332	(4,668)
Interest Earnings & Refunds	-	-	5,843	5,843
Total Revenues	<u>513,158</u>	<u>513,158</u>	<u>519,208</u>	<u>6,050</u>
EXPENDITURES				
Salaries and Wages	285,000	285,000	289,210	4,210
Retirement	89,990	89,990	89,814	(176)
FICA	22,500	22,500	21,954	(546)
Group Health Insurance	59,300	59,300	57,006	(2,294)
Unemployment Insurance	360	360	450	90
Benefits Admin Fee	190	190	-	(190)
Long Term Disability	425	425	389	(36)
Workers Compensatino Insurance	1,035	1,035	1,116	81
Auto Allowance	2,400	2,400	2,409	9
Professional Development	2,200	2,200	553	(1,647)
Deferred Comp Mgmt/Conf	3,980	3,980	4,026	46
Total Salaries and Benefits	<u>467,380</u>	<u>467,380</u>	<u>466,927</u>	<u>(453)</u>
Communications	1,290	1,290	1,008	(282)
Insurance	4,800	4,800	4,699	(101)
Fiduciary Liability Insurance	70	70	27	(43)
Memberships	10,560	10,560	10,002	(558)
Miscellaneous Expense	3,000	3,000	3,031	31
Indirect Costs	(460)	(460)	-	460
Office Supplies	1,500	1,500	736	(764)
Postage	1,200	1,200	509	(691)
Other Mail Room Expense	470	470	-	(470)
Professional & Special Serv	12,515	12,515	25,401	12,886
Auditing & Accounting	2,505	2,505	1,760	(745)
Engineering Services	2,000	2,000	136	(1,864)
Legal Services	12,000	12,000	3,185	(8,815)
Outside Data Proc Services	12,950	12,950	-	(12,950)
Publications & Legal Notices	1,000	1,000	518	(482)
Education & Training	2,500	2,500	(420)	(2,920)
Special Dept Expense	12,000	12,000	14,667	2,667
Other Supportive Services	350	350	-	(350)
Commission Expense	6,100	6,100	-	(6,100)
Other Travel Expenses	500	500	-	(500)
Salvage Disposal	130	130	131	1
Total Services and Supplies	<u>86,980</u>	<u>86,980</u>	<u>65,390</u>	<u>(21,590)</u>
Planning Dept Services	1,200	1,200	381	(819)
Total Services and Supplies	<u>1,200</u>	<u>1,200</u>	<u>381</u>	<u>(819)</u>
Total Expenditures	555,560	555,560	532,698	(22,862)
CHANGE IN FUND BALANCE	<u>\$ (42,402)</u>	<u>\$ (42,402)</u>	<u>\$ (13,490)</u>	<u>\$ 28,912</u>

The accompanying notes are an integral part of these financial statements.

STANISLAUS LOCAL AGENCY FORMATION COMMISSION
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget</u>
REVENUES				
Agency Contributions	\$ 533,910	\$ 553,480	\$ 553,480	\$ -
Application & Other Revenues	20,000	20,000	23,000	3,000
Interest Earnings & Refunds	-	-	(7,172)	(7,172)
Total Revenues	<u>553,910</u>	<u>573,480</u>	<u>569,308</u>	<u>(4,172)</u>
EXPENDITURES				
Salaries and Wages	304,900	313,905	316,209	2,304
Retirement	95,160	98,500	90,777	(7,723)
FICA	23,175	23,175	24,035	860
Group Health Insurance	61,080	61,080	58,270	(2,810)
Unemployment Insurance	460	460	450	(10)
Benefits Admin Fee	200	200	-	(200)
Long Term Disability	407	407	402	(5)
Workers Compensatino Insurance	1,330	1,330	1,327	(3)
Auto Allowance	2,400	4,200	2,409	(1,791)
Professional Development	2,200	2,500	1,062	(1,438)
Deferred Comp Mgmt/Conf	4,228	4,353	4,429	76
Total Salaries and Benefits	<u>495,540</u>	<u>510,110</u>	<u>499,370</u>	<u>(10,740)</u>
Communications	1,065	1,065	1,152	87
Insurance	4,950	4,950	4,823	(127)
Fiduciary Liability Insurance	65	65	33	(32)
Memberships	10,990	10,990	10,431	(559)
Miscellaneous Expense	3,000	3,000	(1,657)	(4,657)
Indirect Costs	(1,805)	(1,805)	-	1,805
Office Supplies	1,500	1,500	754	(746)
Postage	1,200	1,200	280	(920)
Other Mail Room Expense	350	350	-	(350)
Professional & Special Serv	14,940	14,940	25,399	10,459
Auditing & Accounting	2,040	2,040	1,919	(121)
Engineering Services	2,000	2,000	-	(2,000)
Legal Services	12,000	12,000	11,158	(842)
Outside Data Proc Services	15,525	15,525	-	(15,525)
Publications & Legal Notices	1,200	1,200	570	(630)
Education & Training	6,000	6,000	1,076	(4,924)
Special Dept Expense	-	-	2,404	2,404
Other Supportive Services	315	315	-	(315)
Commission Expense	6,100	6,100	-	(6,100)
Other Travel Expenses	600	600	208	(392)
Salvage Disposal	135	135	179	44
Lease Expense	-	-	4,179	4,179
Total Services and Supplies	<u>82,170</u>	<u>82,170</u>	<u>62,908</u>	<u>(19,262)</u>
Planning Dept Services	<u>1,200</u>	<u>1,200</u>	<u>555</u>	<u>(645)</u>
Total Services and Supplies	<u>1,200</u>	<u>1,200</u>	<u>555</u>	<u>(645)</u>
Total Expenditures	578,910	593,480	562,833	(30,647)
CHANGE IN FUND BALANCE	<u>\$ (25,000)</u>	<u>\$ (20,000)</u>	<u>\$ 6,475</u>	<u>\$ 26,475</u>

The accompanying notes are an integral part of these financial statements.



Hawks & Associates CPAs , Inc

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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Commissioners
Stanislaus Local Agency Formation Commission
Modesto, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stanislaus Local Agency Formation Commission (LAFCO), as of and for the year ended June 30, 2022 and 2023, and the related notes to the financial statements, which collectively comprise LAFCO’s basic financial statements, and have issued our report thereon dated January 12, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LAFCO’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LAFCO’s internal control. Accordingly, we do not express an opinion on the effectiveness of LAFCO’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LAFCO’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Modesto, California
January 12, 2024

**EXECUTIVE OFFICER'S AGENDA REPORT
FEBRUARY 28, 2024**

TO: LAFCO Commissioners

FROM: Javier Camarena, Assistant Executive Officer

SUBJECT: 2024 WORK PROGRAM - MUNICIPAL SERVICE REVIEW & SPHERE OF INFLUENCE UPDATES

RECOMMENDATION

Staff recommends that the Commission consider adoption of a work program to guide completion of Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) updates for 2024. The Commission may direct Staff to prioritize certain updates as needed.

DISCUSSION

One of LAFCO's responsibilities includes a periodic review of spheres of influence for each city and special district. As part of this process a municipal service review must also be completed, outlining the services provided by the agency and making a series of determinations. Stanislaus LAFCO typically combines these into one document (referred to as a MSR-SOI) for better use of staff time and resources.

The requirement for reviewing and updating a sphere of influence is outlined in Government Code section 56425(g) which states, "on or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence." Consistent with that section, Stanislaus LAFCO has generally made it a goal to initiate MSR-SOI updates for the special districts every five years, as these serve as a means for the Commission to check-in with various districts and service demands throughout the County.

For cities, the Commission has interpreted the "as necessary" provision in the above code section as coinciding with a city's General Plan update or proposed sphere of influence modification. City MSR-SOI updates are generally more detailed and time consuming than those of special districts and are often completed by a consultant in conjunction with an application to LAFCO.

The Commission's policies state that it is preferred that municipal service reviews be completed by LAFCO staff where possible to avoid additional costs of using outside consultants. The Commission's policies also state that in order to be cost-effective, MSR-SOI updates will be completed using existing information and documents that are available (e.g. master plans, general plans, budgets, etc) and are not intended to initiate new analyses.

Prior Year's Work Program

In 2023, LAFCO Staff completed MSR updates for the following districts:

- Salida Sanitary District
- Turlock & Eastside Mosquito Abatement Districts
- Oakdale Irrigation District
- Newman Drainage District
- Empire Sanitary District
- Rock Creek Water District

The Municipal Service Review update for the Fire Protection Districts (14 total) was begun in 2022 and is anticipated to be heard at the March 27, 2024 Commission meeting. A draft of the document was provided to the Districts in November 2023, with an extended time provided for their response and review.

2024 Goals - Special Districts

Staff will initiate MSR updates for the following additional special districts in 2024 to stay aligned with the five-year schedule:

- Crows Landing, Grayson and Westley Community Services Districts
- Eastside Water District
- East & West Stanislaus Resource Conservation Districts
- Hills Ferry, Knights Ferry and Patterson Cemetery Districts

A draft schedule for all the special districts, organized by the date of the last update is attached. The special districts are grouped together by the target year for adoption of a new MSR-SOI update.

City MSR Updates

City MSR-SOI updates are typically initiated by the cities and/or their consultant in conjunction with a general plan update and/or a proposed sphere of influence amendment. The most recent city MSR approved by the Commission was for the City of Patterson in July 2023, to accommodate a simultaneous Sphere of Influence amendment. A chart outlining the adoption dates for City MSRs is attached to this report. Staff will continue to coordinate with cities that may be updating general plans or master plans to ensure this information is incorporated into their subsequent MSR updates.

Current Efforts

In addition to the MSR-SOI updates, the following summarizes additional efforts currently underway by Staff.

- City of Patterson - Zacharias-Baldwin Master Plan Reorganization: The reorganization is subject to a special election that will be occurring in April 2024. Based on the outcome of the election, Staff will be completing final processing of the proposal.
- City of Riverbank - River Walk: A draft environmental impact report has recently been released by the City for the project and LAFCO Staff is currently reviewing the document for preparation of a comment letter.
- Policies and Procedures Update: Recent legislation modified sections of the Government Code affecting LAFCOs (specifically related to protest hearings). Staff is currently reviewing the entirety of the Commission's Policies and Procedures document to ensure referenced code sections are accurate. A comprehensive update is anticipated to be brought to the Commission this year.
- Staff continues to receive inquiries and pre-application meeting requests related to various upcoming city and district projects. Staff will continue to monitor these potential proposals.

CONCLUSION

Staff believes that the proposed work program can be reasonably completed throughout the year. Paid applications (e.g. annexations, out-of-boundary service extensions) have required processing deadlines that are given precedence over Municipal Service Reviews and Sphere of Influence updates and may delay individual updates. Likewise, tasks involved with upcoming projects (e.g. responses to environmental referrals, pre-application meetings, etc.) may also delay MSR-SOI goals. Staff will continue to keep the Commission apprised of the progress in meeting the goals of the 2024 Work Program throughout the year.

Attachments:

Special Districts MSR & SOI Update Schedule
Cities MSR & SOI Updates

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SPECIAL DISTRICTS
MSR & SOI UPDATE SCHEDULE - BY YEAR

	DISTRICT	LAST MSR COMPLETED
2024	Fire Protection Districts - Burbank-Paradise, Ceres Rural, Denair, Mountain View, Turlock Rural, Westport, Woodland, Hughson, Industrial, Keyes, Salida, Stanislaus Consolidated, West Stanislaus and Oakdale Rural	<i>Anticipated to be heard in 2024</i>
	Resource Conservation Districts - East Stanislaus and West Stanislaus	May 22, 2019
	Cemetery Districts - Hills Ferry, Knights Ferry and Patterson	August 28, 2019
	Community Services District - Crows Landing, Grayson, Westley	December 4, 2019
	Water District - Eastside Water District	December 4, 2019
2025	Community Services District - Denair and Keyes	January 22, 2020
	Healthcare & Hospital Districts - Del Puerto Healthcare, Westside Community Healthcare, and Oak Valley Hospital Districts	August 26, 2020
	Flood Control Districts - Orestimba Creek and Sand Creek	June 24, 2020
2026	County Service Areas (CSAs) -- 22 total	September 22, 2021
	Westside Irrigation & Water Districts - Patterson and West Stanislaus IDs; Eastin, El Solyo, Del Puerto, and Oak Flat WDs	February 24, 2021
2027	Water District - Western Hills Water District	January 26, 2022
	Community Services District - Monterey Park Tract	May 25, 2022
	Community Services District - Knights Ferry	April 27, 2022
	Irrigation Districts - Modesto Irrigation District	September 28, 2022
	Turlock Irrigation District	September 28, 2022
	Community Services District - Riverdale Park Tract	October 26, 2022
	Drainage District - Newman Drainage District	September 27, 2023
2028	Sanitary District - Empire Sanitary District	February 28, 2024
	Salida Sanitary District	April 26, 2023
	Water District - Rock Creek Water District	February 28, 2024
	Mosquito Abatement Districts - Turlock and Eastside	October 25, 2023
	Irrigation District - Oakdale Irrigation District	September 27, 2023

CITIES
ADOPTED MUNICIPAL SERVICE REVIEWS (MSRs) &
SPHERE OF INFLUENCE (SOI) UPDATES

CITY	MSR-SOI ADOPTION	NOTES
Ceres	February 22, 2012	<i>City completed a General Plan Update (no SOI proposal included).</i>
Hughson	August 24, 2005	-
Modesto	September 22, 2004	<i>City began a Comprehensive General Plan Update in 2020, has been advised of need for updated MSR.</i>
Newman	January 28, 2009	<i>Completed as part of SOI Modification in 2009.</i>
Oakdale	July 22, 2015	<i>Completed SOI modification (with simultaneous annexation) in 2015.</i>
Patterson	July 26, 2023	<i>Completed as part of SOI Modification in 2023</i>
Riverbank	July 27, 2016	<i>MSR approved as part of a SOI modification in 2016.</i>
Turlock	August 28, 2019	<i>MSR approved as part of minor SOI modification</i>
Waterford	August 22, 2007	-

Stanislaus LAFCO, Jan. 2024

**EXECUTIVE OFFICER'S AGENDA REPORT
FEBRUARY 28, 2024**

TO: LAFCO Commissioners

FROM: Jennifer Vieira, Commission Clerk

SUBJECT: Annual Election of Officers (Chairperson and Vice-Chairperson)

BACKGROUND

The Commission's adopted Policies and Procedures includes Rules of Order that establish the terms and rotation schedule for the annual election of the Chairperson and Vice-Chairperson. The established annual term of office for these officers is from February 1st through January 31st.

Based on the current rotation of officers, as established in the Commission's Rules of Order (Rule 4), the office of Chairperson and Vice-Chairperson are rotated annually. According to the sequence, the next Chairperson would be a County Member and the next Vice-Chairperson would be a Public Member.

Commissioner Vito Chiesa, as the current Vice-Chair, is eligible to be Chairperson, as well as Commissioner Terry Withrow. Commissioner Ken Lane is eligible for the Vice-Chairperson. (See attached Rotation Schedule.)

RECOMMENDATION

If the Commission agrees with the terms of office and the rotation of officers as per Rule 4 and the options above, it is recommended that the Commission adopt the attached Resolutions appointing a new Chairperson (County Member) and a Vice-Chairperson (Public Member) for the annual term of February 1, 2024, to January 31, 2025.

Attachments: Draft LAFCO Resolution No. 2024-01a & 2024-01b
Rotation Schedule

**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: February 28, 2024

NO. 2024-01a

SUBJECT: Annual Election of Officers (Chairperson)

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, in accordance with Government Code Section 56334 and Commission Rules of Order, the members of the Commission shall annually elect a Chairperson;

WHEREAS, the Commission’s Rules of Order, under Rule 4, provides for the systematic rotation of the Chairperson among its members;

WHEREAS, the term of the present officer expired on January 31, 2024; and,

WHEREAS, based on adopted Commission Policies and Procedures, the rotation of its members for the Chairperson, a County Member is in line for this office seat, respectively.

NOW, THEREFORE, BE IT RESOLVED that the Commission:

- 1. Elects Commissioner _____ as Chairperson for a term of office commencing February 1, 2024 through January 31, 2025.

ATTEST: _____
Sara Lytle-Pinhey
Executive Officer

**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: February 28, 2024

NO. 2024-01b

SUBJECT: Annual Election of Officers (Vice-Chairperson)

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, in accordance with Government Code Section 56334 and Commission Rules of Order, the members of the Commission shall annually elect a Vice-Chairperson;

WHEREAS, the Commission’s Rules of Order, under Rule 4, provides for the systematic rotation of the Vice-Chairperson among its members;

WHEREAS, the term of the present officer expired on January 31, 2024; and,

WHEREAS, based on adopted Commission Policies and Procedures, the rotation of its members for the Vice-Chairperson, a Public Member is in line for this office seat, respectively.

NOW, THEREFORE, BE IT RESOLVED that the Commission:

- 1. Elects Commissioner _____ as Vice-Chairperson for a term of office commencing February 1, 2024 through January 31, 2025.

ATTEST: _____
Sara Lytle-Pinhey
Executive Officer

COMMISSIONER ROTATION SCHEDULE

				<u>Rotation</u>
2/2014 - 1/2015	Chairperson Vice-Chairperson	Bublak DeMartini	City County	A
2/2015 - 1/2016	Chairperson Vice-Chairperson	DeMartini Hawn	County Public	B
2/2016 - 1/2017	Chairperson Vice-Chairperson	Hawn Bublak	Public City	C
2/2017 - 1/2018	Chairperson Vice-Chairperson	Bublak Withrow	City County	D
2/2018 - 1/2019	Chairperson Vice-Chairperson	Withrow Van Winkle	County City	E
2/2019 – 1/2020	Chairperson Vice-Chairperson	Van Winkle DeMartini	City County	A
2/2020 – 1/2021	Chairperson Vice-Chairperson	DeMartini Berryhill	County Public	B
2/2021 – 1/2022	Chairperson Vice-Chairperson	SKIPPED	Public City	C
2/2021 – 1/2022	Chairperson Vice-Chairperson	Bublak Withrow	City County	D
2/2022 – 1/2023	Chairperson Vice-Chairperson	Withrow O'Brien	County City	E
2/2023 – 1/2024	Chairperson Vice-Chairperson	O'Brien Chiesa	City County	A
2/2024 – 1/2025	Chairperson Vice-Chairperson		County Public	B