



**STANISLAUS LAFCO
LOCAL AGENCY FORMATION COMMISSION**

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

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

AGENDA
Wednesday, May 22, 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. Letter from Jeani Ferrari, Farmland Working Group, regarding the River Walk Specific Plan/Draft EIR, dated May 10, 2024.

2. Letter from the LAFCO Executive Officer regarding the River Walk Specific Plan/Draft EIR, dated May 15, 2024.

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 APRIL 24, 2024, LAFCO MEETING**
(Staff Recommendation: Accept the Minutes.)

- B. **SCHEDULE OF FEES AND DEPOSITS UPDATE.** (Staff Recommendation: Adopt the updated Schedule of Fees and Deposits.)

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.

- A. **FINAL LAFCO BUDGET FOR FISCAL YEAR (FY) 2024-2025.** The Commission will consider the adoption of the final LAFCO budget consistent with Government Code Sections 56380 and 56381. (Staff Recommendation: Approve the Final Budget and adopt Resolution No. 2024-07.)

7. OTHER BUSINESS

None.

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. 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

12. ADJOURNMENT

- A. Set the next meeting date of the Commission for June 26, 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: Proceedings before the Local Agency Formation Commission are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

Farmland Working Group

STRIVING TO PROTECT FOOD, FAMILIES AND FARMLAND

May 10, 2024

City of Riverbank

Executive Board

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Jeani Ferrari
Turlock, CA

Vice Chair
Suzanne Byrd
Modesto, CA

Treasurer/Secretary
Chance Carrico
Stockton, CA

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Modesto, CA
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Modesto, CA
Garrad Marsh
Modesto, CA
Steve Stewart
Waterford, CA

Attn: Miguel Galvez, Contract City Planner

6617 Third Street
Riverbank, CA 95367

Re: River Walk Specific Plan/Draft EIR Report, Riverbank, CA

Dear Mr. Galvez,

The Farmland Working Group (FWG) appreciates the opportunity to comment on the River Walk Specific Plan Public Draft 1-31-24 and River Walk Specific Plan Draft EIR Volume 1 and 2. Since 1999, FWG has been a voice for wise land use and the long-term capability for food production in our region – the world’s most productive farmland. After review of these documents, FWG has a variety of concerns regarding the incompleteness of these documents, the lack of compliance with other governmental agencies with overlapping jurisdiction with the City of Riverbank, and the lack of adherence to sound land use management practices that prevent detrimental impacts to current and future residents as well as the surrounding region.

It is unacceptable that Stanislaus County’s formal response to the Notice of Preparation for the EIR, dated July 5, 2021, in volume 2 of the recent draft EIR, was not included with all the other response letters from government entities with legal purview. Given the County’s jurisdiction over the property studied, its comments are germane and consequential. In its response, the County asserted that the proposed Sphere of Influence (SOI) expansion that encompasses the River Walk will not be in compliance with CEQA as a result of the lack of land use designation for 583 acres of land identified as Agricultural Resource Conservation Area. This issue has not been addressed or rectified in the current draft EIR. FWG believes this issue, in and of itself, is sufficient basis for not proceeding with the proposed certification of the EIR and subsequent SOI expansion request to LAFCO. In this same letter, the County also mentions concerns regarding agricultural resources, land use, hydrology, water quality, transportation and circulation that have not been adequately addressed in the draft EIR. Without the County’s letter in the original packet, FWG questions whether the City of Riverbank’s public outreach has been sufficient or complete.

The EIR does not adequately address the viability of a secure, long-term water supply. The SOI expansion and proposed River Walk project will be entirely reliant on ground water.

Farmland Working Group is a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code.
Our tax identification number is 31-1651684

www.farmlandworkinggroup.org

The City of Riverbank is part of the Modesto Subbasin. Recently, the Modesto Subbasin's Groundwater Sustainability Plan (GSP) was rejected by the State of California. As such, a determination of the quantity of the available potable water supply is not possible without an accepted GSP by the State of California that would confirm any potential mitigation measures that prevent overdraft of the basin. FWG asserts that proceeding with the SOI expansion without a legally adopted GSP would be reckless.

FWG has previously expressed concerns over building in a flood plain. The EIR is incomplete in fully addressing flood threats. The EIR states that Zone X will have a less than 1% chance of annual flooding because it is protected by levees. No reference is made in the entire EIR of the structural soundness of the levees that were *constructed over 70 years ago*. It is unlikely that the levees were constructed to current regulatory standards with the intent to protect a residential area. At minimum, an analysis of the levees needs to be completed to certify the EIR considering that Zone X comprises almost 50% of the total acreage in the EIR.

If approved in its current form, the SOI expansion and River Walk project would directly violate sound planning principles and policies of governmental entities with overlapping jurisdiction. Per section 3.10:

*"...the existing RTP/SCS mapping has not identified growth, or the land uses proposed within the Plan Area into its projections, or land use maps contained within the RTP/SCS. Therefore, implementation of the proposed Project may exceed the growth assumptions contained in the RTP/SCS. **As such, the proposed Specific Plan would result in growth in the City that is inconsistent with the underlying assumptions used to develop strategies in the RTP/SCS.**"*

There is no guarantee that the RTP/SCS would be amended to conform to needs outlined in the EIR given the fact the City of Riverbank has only one vote on StanCOG, the governing body that adopts the RTP/SCS. Additionally, given the long delays in obtaining transportation funds, it is a good practice to develop transportation plans and funding strategies well in advance.

The SOI expansion and Specific Plan also violate many Stanislaus Local Agency Formation Commission (LAFCO) policies. This was directly articulated in the Stanislaus LAFCO response letter to the Notice Of Preparation dated June 29th, 2021. To summarize, the SOI expansion and River Walk Specific Plan directly violate multiple LAFCO and State of California sphere of influence policies as well as the LAFCO policy of encouraging logical boundaries. The City of Riverbank does not have an updated Municipal Service Review (MSR) prepared and its sewer master plans are from 2007. The City of Riverbank would not be in compliance with Government Code Sections 56425 and 56430 if it were to pursue an SOI expansion without updates to these important documents.

Per section 3.10:

"The Riverbank Housing Element identifies development potential within the city limit (1,870 units) and 4,842 units within the SOI." Currently, Riverbank has enough zoned land inventory to build 6,712 units. Without a sphere expansion, Riverbank can comply with current and future State of California housing mandates referred to as the Regional Housing Needs Allocation (RHNA). The Cycle 6 (2023-2031) RHNA unit requirements for Riverbank are 3,591 total units. FWG understands that these units are for a variety of income levels and zoning densities. Given the multitude of strategies to comply with RHNA i.e. consideration of ADU's, density bonuses, etc., Riverbank currently has more than ample inventory to comply with current and future RHNA cycles. FWG also understands that RHNA estimates have historically dramatically overestimated the need for housing and are rarely if ever met in previous cycles.

Pursuing the SOI expansion given current available land would be a clear demonstration of a lack of adherence to infill development and rudimentary land use principles. It would also be a clear demonstration of a lack of adherence to LAFCO Policies 21 and 22 articulated in section 3.10.

Policy 21-Development of Vacant or Underutilized Land Prior to Annexation of Additional Territory, of the General Powers and Policy Guidelines documents states that the following shall be considered with regards to development of vacant and underutilized land prior to annexation of additional territory:

- a. Development of existing vacant non-open space and non-prime agricultural land within an agency's boundaries is encouraged prior to further annexation and development.*
- b. Annexation proposals to cities or districts providing urban services of undeveloped or agricultural parcels shall show: that urban development is imminent for all or a substantial portion of the proposal area; that urban development will be contiguous with existing or proposed development; and that a planned, orderly, and compact urban development pattern will result. Proposals resulting in leapfrog, noncontiguous urban development patterns shall not be approved.*

Policy 22-Agricultural Preservation Policy. Consistent with the legislative intent of LAFCO, the goals of this policy are as follows:

- Guide development away from agricultural lands where possible and encourage efficient development of existing vacant lands and infill properties within an agency's boundaries prior to conversion of additional agricultural lands.*
- Fully consider the impacts a proposal will have on existing agricultural lands.*
- Minimize the conversion of agricultural land to other uses.*
- Promote preservation of agricultural lands for continued agricultural uses while balancing the need for planned, orderly, development and the efficient provision of services.*

There is no doubt that the SOI expansion and River Walk project will be growth inducing given its location. This was articulated in the City of Modesto's response letter dated July 2, 2021. In this letter it is stated:

"The current proposal will undoubtedly result in additional future growth beyond the project area with additional impacts to adjacent communities. The proposed development is located in an area between three communities where regional discussions have not occurred."

Per section 3.10:

"Growth inducement may constitute an adverse impact if the growth is not consistent with or accommodated by the land use plans and growth management plans and policies for the area affected. Local land use plans typically provide for land use development supported by adequate urban public services, such as water supply, roadway infrastructure, sewer service, and solid waste service."

FWG is concerned that there will be severe adverse secondary effects that have not been fully articulated let alone mitigated in the draft EIR. Simply stated, Riverbank currently lacks a justifiable policy reason to further expand its boundaries. There are, however, many reasons to not proceed, most of which are adequate justification for not proceeding in isolation. There are additional reasons, not stated, that will be problematic for successful development projects in the stated area. The presence of active Williamson Act contracts and a gun range adjacent to proposed residential development will continue to be challenges.

A sphere expansion would not be in the best interests of the City, its residents, and the surrounding communities. Given the incompleteness of the EIR, the lack of regional planning to sustain the River Walk project, the continued lack of clarity on water availability, and the rapid conversion of prime farmland, Farmland Working Group recommends that city staff, planning commissioners, the mayor and council members take a pragmatic, fact-based approach and discontinue pursuing the SOI expansion and River Walk project.

On behalf of the Board,


Jeani Ferrari

Chairperson

Farmland Working Group

Enclosures (2)

CC: See next page

City of Riverbank, City Council

City of Riverbank, Planning Commission

Stanislaus Local Agency Formation Commission (LAFCo)

Sierra Club, Yokuts Group

Audubon Society, Stanislaus

Voters for Farmland

League of Women Voters of Stanislaus County

Friends of the Swainson's Hawk

June 29, 2021

Donna Kenney, Planning and Building Manager
City of Riverbank
6707 3rd Street
Riverbank, CA 95367

**SUBJECT: NOTICE OF PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT
FOR THE RIVER WALK SPECIFIC PLAN**

Dear Ms. Kenney:

Thank you for the opportunity to review the Notice of Preparation of an Environmental Impact Report (EIR) for the River Walk Specific Plan. As Lead Agency, the City of Riverbank is responsible for considering the effects, both individual and collective, of all activities involved in the project (Public Resources Code §21000 et seq). LAFCO, as a Responsible Agency, will utilize the CEQA documents prepared by the City in reviewing the proposed sphere of influence expansion and annexation.

The project proposes to expand the City's Sphere of Influence by 1,535 acres and annex approximately 1,000 acres. The following comments are provided for the City's consideration:

Sphere of Influence Policies

Stanislaus LAFCO's policies describe a Sphere of Influence as "the area around a local agency within which territory is eligible for annexation and the extension of urban services within a twenty-year period." Stanislaus LAFCO also adopts a Primary Area within the Sphere of Influence, representing the City's short-term growth area. Lands within the Primary Area are eligible for annexation and extension of urban services within a zero to ten-year period. Territory between an adopted Primary Area and Sphere of Influence is considered a transition area, anticipated to need services within ten to twenty years.

Consistency with these timeframes are a concern, as LAFCO recently approved an expansion of the City of Riverbank's Sphere of Influence in 2016, adding approximately 1,479 acres intended to accommodate the City's growth over the next 20 years. The City subsequently annexed approximately 400 acres of this area in 2019 for residential and commercial uses (known as Crossroads West).

In addition to the timeframes above, State law and locally-adopted LAFCO policies contain numerous provisions that are intended to prevent sprawl and encourage logical growth when considering Sphere expansions. The EIR should include a discussion regarding these policies, including those highlighted below:

- Amendment proposals involving Sphere expansion which contain prime agricultural land will not be approved by LAFCO if there is sufficient alternative land available for annexation within the existing Sphere of Influence. The City's analysis should identify

undeveloped areas already within the City limits and Sphere of Influence that could be developed with similar uses.

- Territory not in need of urban services, including open space, agriculture, non-contested, or contested and not upheld Williamson Act contracted lands, shall not be assigned to an agency's sphere of influence, unless the area's exclusion would impede the planned orderly and efficient development of this area.
- Sphere of influence boundaries shall, to the extent possible, maintain a separation between existing communities to protect open space and agricultural lands and the identity of an individual community.

As proposed, the City's Sphere of Influence would extend along the Stanislaus River to McHenry Avenue, adjacent to development in the unincorporated Del Rio community area. The EIR should also discuss how the proposal relates to overall regional planning for the area. If both the City and County's plans were developed to their extents, no separation of communities or agricultural land would remain north of Patterson and Ladd Rd in this area of Stanislaus County.

City-County Meeting Requirement

An expansion of a sphere of influence triggers a requirement for City of Riverbank representatives to meet with the County to discuss the proposed sphere and explore methods to reach agreement on its boundaries, development standards, and zoning requirements within the sphere (Government Code Section 56425b). This must occur prior to application to LAFCO for a sphere of influence modification. If an agreement is reached, LAFCO is required to give great weight to that agreement in the consideration of any proposed sphere of influence. If no agreement is reached, an application may be submitted and the Commission shall consider a sphere of influence for the City consistent with the policies adopted by the Commission.

Agricultural Resources

One of LAFCO's main charges, as put forth by the Legislature, is to protect and promote agriculture. LAFCO's policies state that development should be guided away from agricultural lands, including prime agricultural land. It appears that the majority of the 1,535-acre sphere of influence expansion area is also considered prime farmland. The EIR's analysis of impacts to agricultural lands should describe not only those lands categorized on the Department of Conservation's Important Farmland Map, but also those lands that fall within the LAFCO definition of prime agricultural land (Government Code Section 56064). The EIR should also identify a range of alternatives to the proposal, including alternatives that focus on lands already within the sphere of influence and non-prime lands.

Agricultural Preservation Policy

LAFCO's adopted Agricultural Preservation Policy will require the City to prepare a Plan for Agricultural Preservation ("Plan"). The Plan must include information regarding the proposal's direct and indirect impacts to agricultural resources, the availability of lands in the City's existing boundaries, and relevant General Plan policies related to agricultural preservation. The Plan also must specify the method or strategy proposed to minimize the loss of agricultural lands. The information provided in the Plan should be consistent with the EIR prepared by the City.

The City adopted a Sustainable Agricultural Strategy in 2016 that it used as its Plan for Agricultural Preservation for the City's current Sphere of Influence. The Plan identified many of the City's current General Plan policies, including Agricultural Resource Conservation Areas covering 1,300 acres west of the City, use of agricultural buffers, and overall policies related to infill development prior to consideration of additional annexation areas. The current proposal would remove the Agricultural Resource Conservation designation in the project area and represents a significant shift in General Plan policies, the impacts of which will need to be fully discussed and considered.

Logical Boundaries

As proposed, annexation of the River Walk Specific Plan area will leave the unincorporated Park Ridge / River Heights neighborhood surrounded by the City Limits on three sides and the County boundary on the fourth, creating an unincorporated island. LAFCO's policies and State law discourage the creation of islands or other distortion of a city's boundaries. This area currently relies on a private water system, would benefit from connection to City services, and should be included in any annexation proposal that would otherwise surround it.

Public Services

The proposal must show that the City has the necessary public services available to serve the development upon annexation, pursuant to LAFCO policies. This analysis must include detailed evidence of current service levels, sufficient sewer capacity, sufficient quantities and quality of water, financing mechanisms, as well as the means to provide adequate levels of fire and police protection. This information can also be used to prepare a "Plan for Services", as required by LAFCO Policy and State law (Government Code Section 56653). The Plan for Services shall include information on the present and future level of services and evidence that the annexing agency can at least maintain the current level of public services already provided within its boundaries.

Municipal Service Review Requirement

In accordance with Government Code Sections 56425 and 56430, when updating a Sphere of Influence, a Municipal Service Review (MSR) must also be prepared. The City's last MSR was completed in conjunction with the City's 2016 Sphere of Influence expansion and relied on water and sewer master plans from 2007. These plans should be updated to include the additional territory of the River Walk proposal.

Impacts on Special Districts

The proposed Specific Plan Area is currently within the boundaries of the Stanislaus Consolidated Fire Protection District, the Modesto Irrigation District, the Oakdale Irrigation District, and the Wendt Ranch Reclamation District. LAFCO will also consider impacts to these agencies. The Commission will deny proposals, pursuant to LAFCO policy, that would result in significant immitigable adverse effects upon other service recipients or other agencies servicing the affected area unless the approval is conditioned to avoid such impacts. The environmental analysis should identify any future annexation that will include new tax sharing agreements or assessments and include a discussion of any resulting impacts. The City is encouraged to consult with each of these districts to resolve any concerns identified prior to application to LAFCO.

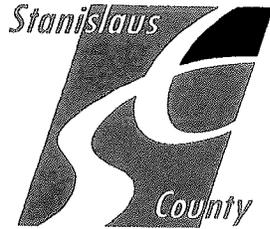
Please include LAFCO on the mailing list for any future environmental referrals involving this project, as we did not receive mailed notice of the NOP. If you have any questions, please contact our office at (209) 525-7660.

Sincerely,

A handwritten signature in black ink that reads "Sara Lytle-Pinhey". The signature is written in a cursive, flowing style.

Sara Lytle-Pinhey
Executive Officer

cc: LAFCO Commissioners
Robert J. Taro, LAFCO Counsel



CHIEF EXECUTIVE OFFICE

Jody L. Hayes
Chief Executive Officer

Patrice M. Dietrich
Assistant Executive Officer

Raul L. Mendez
Assistant Executive Officer

July 5, 2021

Sent Via Email to: dkenney@riverbank.org

Donna Kenney, AICP, MCRP
Planning and Community Development Manager
City of Riverbank
Development Services Department
6707 3rd Street
Riverbank, CA 95367

**SUBJECT: ENVIRONMENTAL REFERRAL – CITY OF RIVERBANK – RIVER WALK
SPECIFIC PLAN – NOTICE OF PREPARATION OF AN ENVIRONMENTAL
IMPACT REPORT**

Ms. Kenney:

This letter is to provide Stanislaus County's formal response to the above-referenced project. Stanislaus County has reviewed the subject project and provides the following comments:

In accordance with Government Code Section 56425, the County looks forward to meeting with the City of Riverbank to discuss the City's proposed Sphere of Influence (SOI) expansion and annexation of unincorporated lands. Consequently, the below comments represent the County's response to the City's Notice of Preparation of an Environmental Impact Report (EIR) for the River Walk Specific Plan. Please include the County in any future publications or referrals for the EIR and Specific Plan.

Reserve Designation

The project proposes to designate 583 acres of land currently identified as Agricultural Resource Conservation Area on the City of Riverbank's General Plan to a Reserve designation. The referral states that the Reserve designation "is intended for land that the City has not yet planned for a specific urban or resource land use." Additionally, the project referral states that "consideration for urban development, the area would need to have a land plan developed and processed through the standard application process, including a detailed environmental analysis."

**ENVIRONMENTAL REFERRAL – CITY OF RIVERBANK – RIVER WALK SPECIFIC PLAN –
NOTICE OF PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT July 5, 2021**

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The parcels identified as Reserve, consistent entirely of unincorporated land zoned for agricultural uses, the majority of which are also classified as prime agricultural farmland. Without a use or uses identified, compliance with CEQA cannot be achieved. An impact cannot be studied or mitigated without first knowing what the proposed land use could be and what potential impacts may occur as a result of those land uses. Furthermore, delaying an environmental analysis until a future period would circumvent CEQA's intent and encourage piecemeal analysis. Additionally, an environmental document should study the project's effects on the environment connection with past projects, current projects, and potential future projects to gain a complete understanding of the cumulative effects. A cumulative impact analysis cannot be achieved if the largest area of acreage is excluded from the project's environmental analysis.

Therefore, the following comments apply to both the Specific Plan as well as the Reserve designation identified outside of the Specific Plan area.

Agricultural Resources

The project area will include areas in the unincorporated County, identified as Agriculture in the County's General Plan and zoned A-2 (General Agriculture) These parcels will consist of land primarily considered to be prime farmland by the State of California's Department of Conservation Farmland Mapping and Monitoring program. The Land Use and Agricultural Elements of the County's General Plan provides for goals, policies, and implementation measures to preserve prime agricultural farmland. As the project proposes to convert agriculturally zoned land to residential, commercial and recreational uses and designate additional prime agricultural land as Reserve, the environmental document should address the following;

- Alternatives to permanent conversion of prime farmland to nonagricultural uses;
- Mitigation for unavoidable conversion of prime farmland;
- Identify implementation measures to minimize potential land use conflicts between the proposed project and adjacent unincorporated parcels that will remain zoned A-2 (General Agriculture); and
- Discussion of potential conflicts with any existing Williamson Act Contract within the project area.

Further, the project may also result in the following and as such consideration to these impacts should be assessed accordingly during the environmental analysis.

- Irreversible land use changes resulting in residential/industrial development not incidental to the commercial agricultural use of the land.
- Potential reductions in the availability or reliability of water supplies.
- Possible increased emissions of atmospheric pollutants including carbon monoxide.
- Reduced profitability of farming on surrounding farmlands resulting from increased incidences of agricultural crime including theft and vandalism.
- Reduced profitability of farming as a result of increased agricultural land prices/costs brought on by additional growth induced by the project.
- Potential of increased exposure of human population to pesticides, fertilizers, dust, noise and odors resulting from normal farming operations.

**ENVIRONMENTAL REFERRAL – CITY OF RIVERBANK – RIVER WALK SPECIFIC PLAN –
NOTICE OF PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT July 5, 2021**

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Land Use

In 2016, the City expanded its Sphere of Influence, adding approximately 1,479 acres. At that time, the County expressed support of the expansion as it could be found to promote logical and orderly development. Since the Sphere of Influence expansion in 2016, the City has annexed less than a third of the expansion area. This new proposed growth outside the City's Sphere of Influence appears premature and does not maintain a logical land use pattern. Furthermore, the project would create a new County island (Park Ridge/River Heights neighborhood).

Additionally, the Modesto Rifle Club (APN: 074-002-007), a legal-nonconforming use, exists within the proposed Reserve designation and will be adjacent to future residential development. The environmental document should include a discussion of land use compatibility, as well as identification of any potential impacts between the two uses.

The project referral states that a large portion of the Specific Plan is intended to be an age-restricted active adult community; however, no information is provided as to the mechanism to be used to ensure the age-restriction will be in perpetuity. Unless there is a mechanism that will ensure the age-restriction in perpetuity, the environmental document should include an analysis of alternatives that do not include age-restrictions, including alternatives that may include, but are not limited to, a broader range of public service needs.

Hydrology, Water Quality, and Utilities

Portions of the Specific Plan lie within a FEMA designated "Known Flood Zone". The environmental document should study potential impacts to any existing drainage or erosion patterns and if future development would impede or redirect any flood flows.

The proposed project excludes an existing residential development (Park Ridge Estates/River Heights neighborhood) that is located within unincorporated area of Stanislaus County but within the City of Riverbank LAFCO-adopted Sphere of Influence. The existing neighborhood has an independent water system from the City of Riverbank and is served by individual septic systems. The environmental document should study impacts to the hydrological, groundwater, or soil conditions of these unincorporated communities as a result of the proposed expansion of the City of Riverbank's public water and sewer system. Groundwater impacts to the surrounding agricultural lands, including the loss of recharge areas, should also be studied.

Public Services and Recreation

The environmental document should include an analysis of potential impacts to existing capacity of law enforcement, fire, school and recreational services as a result of the proposed development within the Specific Plan area and the area designated as Reserve. To ensure additional unincorporated lands are not utilized, the analysis should also include potential locations within the Specific Plan area for additional public service and recreational facilities needed to serve the new development. Lastly, per the requirements of Government Code Section 66477.2(b), the environmental document should include a discussion on how access to the Stanislaus River will be provided as development of the Specific Plan occurs and the impacts of new residents to the County's regional parks.

**ENVIRONMENTAL REFERRAL – CITY OF RIVERBANK – RIVER WALK SPECIFIC PLAN –
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Biological Resources

The project area is adjacent to the Stanislaus River as well as other potential qualifying bodies of water, the environmental document should include an assessment of impacts to any riparian or special status species habitat within the project area.

Transportation and Circulation

- Page 14 of the NOP Description describes Patterson Road as beginning at McHenry Avenue but is unclear whether Ladd Road, which continues as a name-change west to Stoddard Rd, will be part of the transportation analysis. Impacts of the project will also need to be evaluated west of the project.
- Page 15 states that Stanislaus County is widening “northern McHenry,” but this only includes the segment from Ladd Road to the County Line. McHenry Avenue from Kiernan Avenue to Ladd Road/Patterson Road will remain 2 lanes and should be evaluated as part of the EIR. The McHenry Avenue widening between Claribel Road/Kiernan Avenue and Ladd Road/Patterson Road is not in the Stanislaus County Public Facilities Fees program, nor is it programmed for CalTrans.
- To maintain safe transportation and circulation within the County network, the following additional facilities should be evaluated for project impacts related to traffic safety and operations per the Stanislaus County General Plan:
 1. Coffee Road: Patterson Road to Claribel Road;
 2. Coffee Road: Claribel Road south to Mable Avenue;
 3. Coffee Road at Claribel Road Intersection;
 4. Ladd Road/Patterson Road at McHenry Intersection;
 5. Ladd Road at Carver Road;
 6. Ladd Road at Tully Road;
 7. McHenry Avenue: Ladd Road/Patterson Road to Kiernan Avenue
 8. McHenry Avenue at Charity Way Intersection
 9. McHenry Avenue at St Francis Avenue
 10. McHenry Avenue at River Road (San Joaquin County)

There is a significant lack of information regarding the land use and circulation plan in the areas on the west designated as Reserve. If the areas are to be included in this project with no defined land uses, they should be evaluated as a worst-case demand impact on the transportation network.

Stanislaus County appreciates the opportunity to comment on this project and looks forward to further discussion regarding the City of Riverbank’s River Walk Specific Plan proposal to ensure that a proper environmental analysis is conducted.

Thank you for your time and consideration.

**ENVIRONMENTAL REFERRAL – CITY OF RIVERBANK – RIVER WALK SPECIFIC PLAN –
NOTICE OF PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT July 5, 2021
Page 5**

Regards,



Raul L. Mendez
Assistant Executive Officer

RLM:SM

cc: Jody Hayes, Chief Executive Officer
Thomas Boze, County Counsel
Angela Freitas, Director, Planning and Community Development
David Leamon, Director, Public Works Department
Stanislaus County Environmental Review Committee
Sean Scully, Riverbank City Manager

May 15, 2024

Sent by mail and e-mail to riverwalk@riverbank.org

Miguel Galvez, Contract Planner
City of Riverbank
6707 3rd St., Suite A
Riverbank, CA 95367

SUBJECT: DRAFT ENVIRONMENTAL IMPACT REPORT FOR RIVER WALK SPECIFIC PLAN

Dear Mr. Galvez:

Thank you for the opportunity to review the Draft Environmental Impact Report (DEIR) for the River Walk Specific Plan. As Lead Agency, the City of Riverbank is responsible for considering the effects, both individual and collective, of all activities involved in the project (Public Resources Code §21000 et seq). LAFCO, as a Responsible Agency, will utilize the CEQA documents prepared by the City when reviewing the proposed sphere of influence expansion and annexation of the Specific Plan area.

LAFCO previously commented on the Notice of Preparation (NOP) for this project and has reviewed the DEIR in accordance with State and locally adopted policies to discourage sprawl, preserve open space and agricultural lands, encourage the efficient provision of services and encourage the orderly development of local agencies (Government Code §56001, §56301).

The following comments are provided for the City's consideration regarding the DEIR.

Sphere of Influence Policies

Government Code §56425 defines a sphere of influence as a plan for the probable physical boundaries and service area of a local agency as determined by LAFCO. The sphere of influence is intended to be a long-term growth boundary consistent with an agency's General Plan. Stanislaus LAFCO also designates a "primary area" within the sphere of influence of cities that represents a more near-term growth area (typically zero to ten years). Only lands within the primary area are considered eligible for annexation. The sphere of influence and the primary area designation function as planning tools intended to carry out the Commission's role to promote logical and orderly development and guide timely changes of organization (annexations). Annexations within the primary area may be approved only when development is shown to be imminent.

The River Walk Specific Plan proposes a sphere of influence expansion of 1,522 acres and simultaneous annexation of 997 acres within the expansion area. The City's most recent Sphere of Influence expansion in 2016 was intended to accommodate the next 20 years of growth. The current proposal's description does not indicate how long full build-out of the Specific Plan is expected to occur, whether development will be phased, what portion is

intended to be a primary area, nor does it clearly substantiate the need for this additional territory relative to the City's current sphere of influence.

The DEIR's Project Description summarizes the proposed land uses for the project area, including the land between the proposed annexation and sphere of influence expansion. Page 2.0-1 of the DEIR states, "the remaining land within the Project Area is part of the SOI Amendment, and would be held as Reserve land for possible long-range planning at some future time." The DEIR further describes the Reserve category as "intended for land that the City has not yet planned for a specific urban, agricultural, or resource land use" (pg. 2.0-6).

The Commission has adopted numerous policies relative to spheres of influence, intended to encourage orderly growth and with the expectation that the agency has already engaged in long-range planning of these areas. The designation of this area as "Reserve" with deferred land use planning contradicts LAFCO's sphere of influence policies and specifically the following:

Territory not in need of urban services, including open space, agriculture, non-protected, or protected and not upheld Williamson Act contracted lands, shall not be assigned to an agency's sphere of influence, unless the area's exclusion would impede the planned orderly and efficient development of this area.

Further, inclusion of the Reserve area to the proposed sphere of influence can be considered growth inducing. While the DEIR finds growth inducement to be less than significant (Impact 3.10-3), inclusion of the Reserve area within the proposed sphere of influence creates an expectation of urbanization in the area as it is ultimately intended to accommodate future growth by the City.

LAFCO Staff also noted concerns during the project's Notice of Preparation (NOP) regarding consistency with the following sphere of influence policy:

Sphere of influence boundaries shall, to the extent possible, maintain a separation between existing communities to protect open space and agricultural lands and the identity of an individual community.

As proposed, the City's Sphere of Influence would extend along the Stanislaus River to McHenry Avenue, adjacent to development in the unincorporated Del Rio community area. If both the County's community plan and City's proposed Sphere of Influence were developed to their extents, no separation of communities or agricultural land would remain north of Patterson and Ladd Rd in this area of Stanislaus County. While the DEIR briefly identifies the Del Rio areas location west of the proposal, there is no discussion regarding regional planning or long-term separation between these communities.

Agricultural Resources

The majority of the proposal consists of prime farmland. The DEIR describes LAFCO, City and County policies regarding agricultural resources. Stanislaus LAFCO's adopted Agricultural Preservation Policy requires cities to prepare a Plan for Agricultural Preservation for an annexation proposal that includes a detailed analysis of the direct and indirect impacts to agricultural resources, a vacant land inventory and absorption study evaluating lands within the

existing boundaries of the jurisdiction that could be developed for the same or similar uses, existing and proposed densities, consistency with regional planning efforts, and the method or strategy proposed to minimize the loss of agricultural land. The Policy also includes findings that the Commission will make relative to the timing and scale of proposals.

Page 3.2-23 of the DEIR states that, “development of the Specific Plan area to urban uses has been anticipated by the City since approval of the General Plan and certification of the General Plan EIR,” concluding that there is a less than significant impact to conflicts with existing agricultural zoning. This statement fails to recognize that a large portion of the proposal area was previously designated on the City’s General Plan as “Agricultural Resource Conservation” and is now designated as a reserve for future urbanization.

Page 3.2-11 of the DEIR identifies six parcels in the annexation area with active Williamson Act contracts. For clarification, Williamson Act contracts are not *automatically* terminated upon annexation. Pursuant to Government Code §56738, the City must identify whether it intends to succeed to contracts that meet the criteria for termination during its adoption of a resolution of application to LAFCO. If the City intends to not succeed to qualifying contracts that were protested and upheld, the City must then record the appropriate documentation to terminate the contracts at the same time that LAFCO records the Certificate of Completion for the annexation (Government Code §51243.5(h)). Additionally, while the DEIR states that the area encumbered by Williamson Act contracts intends to continue with agricultural uses, it should also be made clear that the intent of the City to terminate these contracts means that those property owners will no longer receive any property tax incentive, regardless of whether the land remains in agricultural production.

It is noted that the City proposes Mitigation Measure 3.2-1 for the preservation of agricultural land at a 1:1 ratio and Mitigation Measure 3.2.2, requiring that the applicant prepare a Plan for Agricultural Preservation, consistent with LAFCO’s policies. The City is encouraged to retain these mitigation measures during potential approval of the environmental documents for the project.

Land Use Planning & Overall Consistency with LAFCO Policies

LAFCO’s policies encourage compact and efficient growth, with a preference for infill development on those areas already within the City limits followed by areas within the Sphere of Influence (Policies 21 & 22). Similarly, the City’s Sustainable Agricultural Strategy and General Plan policies prioritize infill development and development within the existing Sphere of Influence prior to additional expansions or conversions of areas designated Reserve.

With regards to land availability within the existing City limits and SOI, the DEIR cites the Riverbank Housing Element’s total inventory of 6,712 potential housing units being available in these areas (pg. 3.10-30). The section then reasons that, “development opportunities throughout the city limits and SOI do not provide for contiguous parcels that provide opportunities for large areas of master planned development similar to that proposed by the Specific Plan.” As cited, the prior Housing Element, dated February 2016, did not include the City’s subsequent Sphere of Influence expansion, which greatly expanded the vacant land inventory. Ultimately, the prior period’s Housing Element concluded that there was surplus of 2,300 housing units. The subsequent Sphere of Influence expansion was also intended to provide contiguous parcels for large specific/master plan areas with contiguous areas that have

not yet been developed. Considering this, the City must clearly demonstrate its need for additional acreage, consistent with its General Plan priorities and the LAFCO's policies.

Logical Boundaries

LAFCO's policies and State law discourage the creation of islands or other distortion of a city's boundaries. As noted in our NOP response, the unincorporated Park Ridge / River Heights neighborhood is currently substantially surrounded by the City Limits on two sides, in conjunction with the County boundary to the north on its third side. Annexation of the River Walk Specific Plan area will leave the unincorporated Park Ridge / River Heights entirely surrounded, creating an unincorporated island.

In accordance with its policies regarding elimination of islands and other distortions of boundaries, the Commission has historically requested that prior to skipping over an existing, contiguous neighborhood or potentially creating an island, an applicant should first attempt to include the area in its proposal.

As described, the Specific Plan area includes all those areas proposed to be annexed to the City of Riverbank. However, it is noted on numerous figures that the Specific Plan, shown synonymously with the proposed annexation area, excludes a small area within the City's existing Sphere of Influence along Cipponeri Road (APNs 074-005-010 through 013). While mentioned in the text that this area will also be included in the proposed annexation, it will also need to be accurately reflected in maps delineating such.

Public Services

The proposal must show that the City has the necessary public services available to serve the development upon annexation, pursuant to LAFCO policies. This analysis must include detailed evidence of current service levels, sufficient sewer capacity, sufficient quantities and quality of water, financing mechanisms, as well as the means to provide adequate levels of fire and police protection. This information can also be used to prepare a "Plan for Services", as required by LAFCO Policy and State law (Government Code §56653). The Plan for Services shall include information on the present and future level of services and evidence that the annexing agency can at least maintain the current level of public services already provided within its boundaries.

According to the DEIR, the existing Wastewater Treatment Plant (WWTP) currently receives approximately 1.6 million gallons per day (mgd) of wastewater. The DEIR acknowledges on page 3.14-2 that while the Regional Water Quality Control Board has permitted the plant a capacity of 7.9 mgd, the actual capacity is closer to 1.6 mgd, and the plant is nearing capacity (DEIR 3.14-2). The DEIR also states that the specific plan area is estimated to need approximately .69 mgd and that the WWTP has been "initially analyzed" for upgrades to treat 2.29 mgd to accommodate this growth. However, it is unclear if this takes also takes into consideration the ongoing growth within the Crossroads West Specific Plan how the cumulative needs will be accommodated.

Municipal Service Review Requirement

Page 3.10-33 of the DEIR states, "ultimately, LAFCO will determine whether the proposed annexation would first require an update to the Riverbank Municipal Service Review." As

previously stated in LAFCO's response to the NOP, an updated Municipal Service Review is a requirement and must be completed prior to or in conjunction with the proposed Sphere of Influence expansion.

The City's last Municipal Service Review was completed in conjunction with the City's 2016 Sphere of Influence expansion and relied on water and sewer master plans from 2007. The City has not indicated when or if these plans will be updated to include the additional territory of the River Walk proposal.

Impacts on Special Districts

The proposed Specific Plan Area is currently within the boundaries of the Stanislaus Consolidated Fire Protection District, the Modesto Irrigation District, the Oakdale Irrigation District, and the Wendt Ranch Reclamation District. LAFCO considers impacts to these districts as well as any simultaneous boundary changes that may need to occur.

As identified in LAFCO's NOP response, the Wendt Ranch Reclamation District, is located entirely within the boundary of the River Walk Specific Plan. The District was originally created in 2007 for the purpose of maintaining the 2.2-mile long levee system; however, it is unknown if maintenance activities have occurred since. The DEIR is unclear what mechanism is planned for continued levee maintenance, and what the City's intent is regarding the Wendt Ranch Reclamation District following annexation (e.g. whether the City will assume these responsibilities by creating a subsidiary district or dissolving the District).

Page 3.12-3 of the DEIR describes an expired fire services contract in 2019 involving Stanislaus Consolidated Fire Protection District. This section should be updated to reflect the current contract between the District and City of Modesto as of 2022, as it relates to the ongoing District functions.

A portion of the proposed annexation is located within the boundaries of the Oakdale Irrigation District (OID). Historically, annexations to the City of Riverbank have included simultaneous detachment from OID. LAFCO would expect the same with the current proposal and this should be included as one of the proposed actions in the project's description.

City-County Meeting Requirement

An expansion of a sphere of influence triggers a requirement for City of Riverbank representatives to meet with the County to discuss the proposed sphere and explore methods to reach agreement on its boundaries, development standards, and zoning requirements within the sphere (Government Code §56425b). This must occur prior to application to LAFCO for a sphere of influence modification. If an agreement is reached, LAFCO is required to give great weight to that agreement in the consideration of any proposed sphere of influence.

Project Alternatives

While an analysis of project alternatives need not include every possible alternative, an alternative that focuses on similar uses on lands already within the City's Sphere of Influence is a reasonable expectation to be considered in the document and is noticeably absent. Page 5.0-6 of the Alternatives section dismisses areas within the existing Sphere of Influence as not

being “a feasible alternative to for the Project applicant” with little other analysis or explanation. Further, the DEIR’s analysis comparing how each alternative satisfies project objectives assumes that the “No Project” alternative also means that no housing supply would or could be expanded elsewhere within the City’s Sphere of Influence. Additional information regarding the determination that development of these areas is infeasible is needed.

Thank you for consideration of these comments. If you have any questions, please contact our office at (209) 525-7660.

Sincerely,



Sara Lytle-Pinhey
Executive Officer

cc: LAFCO Commissioners
Shaun Wahid, LAFCO Counsel



**STANISLAUS LOCAL AGENCY FORMATION COMMISSION
MINUTES
April 24, 2024**

1. CALL TO ORDER

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

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

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

Commissioners Absent: Mani Grewal, Alternate County Member
Javier Lopez, Alternate City Member
Bill Berryhill, Alternate Public Member

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

Staff Absent: Javier Camarena, Assistant Executive Officer

2. PUBLIC COMMENT

Milt Trieweler spoke regarding preserving farmland. Karen Conrotto 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 MARCH 27, 2024, LAFCO MEETING**

(Staff Recommendation: Accept the Minutes.)

B. **MUNICIPAL SERVICE REVIEW NO. 2024-03 AND SPHERE OF INFLUENCE UPDATE NO. 2024-03 – HILLS FERRY, KNIGHTS FERRY AND PATTERSON CEMETERY DISTRICTS:**

The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Hills Ferry, Knights Ferry and Patterson Cemetery Districts. 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. 2024-06.)

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

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

6. PUBLIC HEARING

A. **PROPOSED LAFCO BUDGET FOR FISCAL YEAR (FY) 2024-2025.** The Commission will consider the adoption of the proposed LAFCO budget consistent with Government Code Sections 56380 and 56381. (Staff Recommendation: Approve the Proposed Budget and adopt Resolution No. 2024-05.)

Sara Lytle-Pinhey, Executive Officer, presented the item with a recommendation to approve the Proposed Budget.

Chair Chiesa opened the Public Hearing at 6:12 p.m.

Milt Trieweler spoke.

Chair Chiesa closed the Public Hearing at 6:15 p.m.

Motion by Commissioner Withrow, seconded by Commissioner Lane and carried with a 5-0 vote to approve the Proposed Budget and adopt Resolution No. 2024-05, by the following vote:

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

7. OTHER BUSINESS

None.

8. COMMISSIONER COMMENTS

None.

9. ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON

None.

10. EXECUTIVE OFFICER'S REPORT

The Executive Officer introduced Shaun Wahid as the new LAFCO Counsel. May's LAFCO meeting will include the FY 2024-2025 Final Budget, a possible Out-of-Boundary Service Application from the City of Turlock and a Closed Session for the Executive Officer's Annual Performance Review.

11. ADJOURNMENT

A. Chair Chiesa adjourned the meeting at 6:18 p.m.

DRAFT

Sara Lytle-Pinhey, Executive Officer

**EXECUTIVE OFFICER'S AGENDA REPORT
MAY 22, 2024**

TO: LAFCO Commissioners

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

SUBJECT: SCHEDULE OF FEES AND DEPOSITS UPDATE

RECOMMENDATION

It is recommended that the Commission adopt an updated Schedule of Fees and Deposits to be effective June 1, 2024.

DISCUSSION

Government Code section 56383 allows LAFCOs to recover costs by charging fees, provided that the fees do not exceed the estimated reasonable cost of providing those services for which the fee is charged. LAFCO collects application fees for review of boundary changes, sphere of influence requests, out-of-boundary service extensions, and other LAFCO services. The majority of these fees are deposits. Projects are then cost-accounted to reflect the actual cost of processing the application. Should the cost be less than the deposit, the difference is refunded to the applicant. Should the cost exceed the deposit, the applicant is immediately notified and invoiced.

The last update of LAFCO's fee schedule occurred in 2022 and included an increase to the deposit for activation of latent powers, fire service contracts and the addition of a deposit for time extension requests.

For the current update, Staff reviewed common application types to ensure that the deposits more closely reflected actual costs, including updated weighted labor rates.

Updated Fees & Deposits

The following outlines the recommended changes:

- The deposits for annexations, detachments, and reorganizations have been increased by \$500 each to accommodate weighted labor rates.
- The deposits for fire service contract review and out-of-boundary service extensions have each been increased by \$500, also to accommodate weighted labor rates.
- A new deposit for areawide out-of-boundary service extension proposals has been added, to reflect the additional time spent on these requests due to the inclusion of multiple parcels.
- The line item for special meetings has been removed. Staff found this additional deposit to be unnecessary as special meetings are only scheduled by Staff on rare instances when a regular meeting date needs to be moved. The deposit for the original application would be used in this instance, without the need for an additional deposit.

No other changes to the Schedule of Fees and Deposits are needed at this time. Staff will continue to track costs associated with applications and return to the Commission in future years if changes to deposit amounts are needed.

Attachment: Proposed LAFCO Schedule of Fees and Deposits

SCHEDULE OF FEES AND DEPOSITS
 (Effective **June 1, 2024**)

1. FILING FEES

All fees listed below are considered deposits unless otherwise noted. Deposit amounts will be combined for applications requesting multiple boundary changes or actions. Please verify the appropriate deposit amount with LAFCO Staff prior to submitting an application.

A. Boundary Changes

City or District Annexation	\$3,500 \$4,000
City or District Detachment	\$3,500 \$4,000
City or District Reorganization	\$4,000 \$4,500

B. District Formation, Consolidation, Dissolution

Formation of a Special District (includes SOI Adoption)	\$8,500
District Consolidation/Merger	\$4,000
District Dissolution	\$4,000
Establishment of a Subsidiary District	\$3,500
Activation of Latent Powers (Additional Service) by a District.....	\$3,500 \$4,000

C. Sphere of Influence Amendment and/or Non-Scheduled Municipal Service Review Update

.....	\$5,000
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D. Incorporation \$15,000

E. Disincorporation \$5,000

F. Out-of-Boundary Service Extension Request

1. Executive Officer Review (Flat Fee)	\$ 500
2. Commission Review	\$1,500 \$2,000
3. Areawide Proposal (Multiple Parcels)	\$2,500

G. Fire Service Contract Review ~~\$2,000~~
\$2,500

H. Request for Reconsideration \$1,500
This fee shall be returned to the applicant if the Commission determines

that the reconsideration is required to correct a procedural defect in its earlier action.

I. <u>Special Meeting Request</u>.....	\$1,500
J.I. <u>Continuance Request or Time Extension Request</u> <u>by Applicant</u>	\$1,500

2. SUPPLEMENTAL FEES

A. Notice of Hearing: Actual Cost

Section 56157 of the Government Code requires that for certain applications, notice be provided to registered voters and owners of within the affected territory as well as those within 300 feet of the exterior boundary. The applicant will be required to reimburse LAFCO for the direct cost of this noticing.

B. Outside Consultant(s) Fees: Actual Cost

An additional fee may be charged based on actual cost to hire outside consultant(s) to prepare incorporation feasibility studies, comprehensive fiscal analyses or special studies.

C. County Surveyor: Actual Cost

LAFCO utilizes the services of the County Surveyor for review of legal descriptions. The first two hours of staff time associated with these tasks are factored into the application deposit. Projects requiring more than two hours of County Surveyor review are charged at actual cost.

D. Mapping Fees: Actual Cost

The County may also assist LAFCO in updating its boundary maps on the Geographical Information System (GIS). The first two hours of staff time associated with these tasks are factored into the application deposit. Projects requiring more than three hours of GIS mapping are charged at actual cost.

E. Service/Duplication Costs:

The majority of LAFCO records, including meeting videos, minutes, and reports, are available electronically at no charge. Hardcopies of documents, additional Staff research, and pre-application services will be charged according to the following chart Additional services not listed will be charged at actual cost.

Document Copying – Black & White	\$0.10 per page
Staff Research & Studies	Limited to one half-hour of staff time, then actual cost

Pre-Application Fees	Limited to one half-hour of staff time, then actual cost
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F. Outside Legal Counsel Fees: Actual Cost

LAFCO may require the services of outside legal counsel to process an application. An additional fee may be charged at the discretion of the Executive Officer based on the actual cost to hire outside counsel.

3. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) FEES

CEQA compliance is required for most LAFCO actions; these fees are in addition to the Filing Fees.

CEQA Exemption – LAFCO as Lead Agency	\$57
Initial Study – LAFCO as Lead Agency	Actual Cost
Prepare Negative Declaration - LAFCO as Lead Agency	Actual Cost
Prepare EIR – LAFCO as Lead Agency	Actual Cost
Stanislaus County Clerk/Recorder Filing Fees*	\$57
Fish & Wildlife Filing Fees*	
- Negative Declaration	\$2,764.00 \$2,916.75
- Mitigated Negative Declaration	\$2,764.00 \$2,916.75
- Environmental Impact Report (EIR)	\$3,839.25 \$4,051.25

*Other agency fees – subject to change without notice.

4. OTHER ACTIONS

A. Non-Scheduled Municipal Service Reviews Actual Cost

B. Petition Verification Actual Cost

Petition verifications are performed in-house whenever possible; however, some proposals require petition checks to be performed by either the County Elections Department or Assessor’s Office. These departments will bill LAFCO for the service, which is then passed on to the applicant.

5. STATE CONTROLLER’S REVIEW OF COMPREHENSIVE FISCAL ANALYSIS – FOR AN INCORPORATION PROPOSAL

For any request made pursuant to Government Code Section 56801, the requestor shall include a deposit of \$25,000 to cover the costs of the State Controller’s review. The requestor may be required to deposit additional amounts, as requested by the Executive Officer, to complete the review. Upon completion of the State Controller’s review and final billing to LAFCO, the requestor will either be: (a) refunded the amount that the deposit exceeds the actual cost of the State Controller’s review; or (b) charged the amount that the actual cost of the State Controller’s review exceeds

the deposit(s). (The deposit amount includes a 10% administration and coordination fee, which is non-refundable.)

6. WORKSHOP FEES

Proponents or opponents of actions pending before the Commission may request that a workshop be held in their area. If the Executive Officer agrees to conduct such a workshop session, the requesting party shall reimburse LAFCO all costs associated therewith.

7. FEE POLICIES

- A. All deposits are initial payments toward the actual costs of processing (“project costs”). Project cost includes all staff time and materials. Materials include, but are not limited to, charges for advertisement of hearings, map and legal description review (up to 2 hours), postage, copies, signature verification, in addition to fees for project reviews by affected agencies.
- B. If the actual costs exceed the deposit, the Executive Officer shall bill the applicant. The application shall not be processed further until the additional costs are paid. All final bills must be paid by the applicant prior to filing the Certificate of Completion.
- C. The Commission may, at its sole discretion, contract for outside assistance to assist in processing and review of an application before it. The types of assistance include, but are not limited to, legal, engineering, environmental, planning, appraisal, management, and clerical fields. The estimated or actual costs, as determined by the Commission for such assistance shall be deposited with the Executive Officer before an application will be processed further.
- D. Applicants are also responsible for payment of appropriate State Board of Equalization fees. The Executive Officer will determine the appropriate fee in accordance with the State Board of Equalization fee schedule. The fee, payable to the “State Board of Equalization”, shall be collected by the Executive Officer prior to the Certificate of Completion.
- E. Filing fees and deposits may be appealed before the Commission prior to the submittal of an application. A request for waiver shall be submitted in writing to the LAFCO Executive Officer and shall specify the reasons for the request. The appeal will be considered at the next regular meeting of the Commission.
- F. If the actual project costs are less than the deposit, the LAFCO Staff will refund the unused portion of the deposit to the applicant. For an application that has been denied, a refund of the unused portion (if applicable) shall be issued. The refund shall be made after the reconsideration period has closed. For an application that is approved, the refund shall be made when the LAFCO file is closed (typically when LAFCO receives written notice from the

State Board of Equalization that the boundary change has been accepted).
Refunds may not include fees which LAFCO collects for outside agencies.

**EXECUTIVE OFFICER'S AGENDA REPORT
MAY 22, 2024**

TO: LAFCO Commissioners

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

SUBJECT: FINAL LAFCO BUDGET FOR FISCAL YEAR 2024-2025

RECOMMENDATION

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

1. Adopt Resolution No. 2024-07, approving the Final Budget for Fiscal Year 2024-2025 as presented.
2. Direct Staff to transmit the adopted Final Budget to the Board of Supervisors, each City, each Independent Special District, and the County Auditor, in accordance with State law.
3. Request that the County Auditor apportion and collect the net operating expenses of the Final Budget from the County and nine cities in accordance with Government Code Sections 56381(b)(2) and 56381(c).

DISCUSSION

At the April 24, 2024 meeting, the Commission reviewed and approved the Proposed Budget for Fiscal Year (FY) 2024-2025. The Final Budget, as summarized in the table below, reflects this approval. No changes are needed to the accounts as they were originally proposed. The Final Budget includes operating expenses totaling \$723,670 and reflects a 9% increase as compared to the current year's budget. Table 1, below, summarizes the Final Budget categories.

Table 1: LAFCO Final Budget Summary

Expenses	Current Budget FY 2023-2024	Proposed & Final Budget FY 2024-2025	% Change (Proposed v. Current)
Salaries & Benefits	\$557,935	\$610,695	9%
Services & Supplies	106,555	111,775	5%
Other Charges	1,200	1,200	0%
Total Expenses	\$665,690	\$723,670	9%
Revenues			
Agency Contributions	\$625,690	\$693,670	11%
Application & Other Revenues	20,000	20,000	0%
Total Revenues	\$645,690	\$713,670	11%
<i>Anticipated Use of Undesignated Fund Balance</i>	\$20,000	\$10,000	-50%

EXECUTIVE OFFICER'S AGENDA REPORT
MAY 22, 2024
PAGE 2

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

No changes are recommended to the accounts as originally presented in the Proposed Budget. Application revenues in the current fiscal year continue to exceed original estimates, with additional fees expected to be received near the end of the fiscal year. Should revenues exceed the current year-end estimate, these will be factored in as available fund balance during the next budget year.

CONCLUSION

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

Approval of the Final Budget will enable the Commission to perform its core responsibilities effectively, and continue its work on MSR/SOI updates, policy development, and current projects.

Attachments: Draft LAFCO Resolution No. 2024-07
Final Budget Detail Fiscal Year 2024-2025

Copy of the Proposed Budget Staff Report, dated April 24, 2024 (for reference)

**Draft LAFCO Resolution No. 2024-07
with Final Budget Detail**

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**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: May 22, 2024

NO. 2024-07

SUBJECT: Adoption of the Final LAFCO Budget for Fiscal Year 2024-2025

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

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

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

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

WHEREAS, the Commission conducted a public hearing on April 24, 2024 and approved a Proposed Budget for Fiscal Year 2024-2025, as submitted by the Executive Officer;

WHEREAS, the Commission considered the Final Budget for Fiscal Year 2024-2025 at a duly noticed public hearing on May 22, 2024;

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

NOW, THEREFORE, BE IT RESOLVED that the Commission:

1. Finds that the Final Budget for Fiscal Year 2024-2025 will allow the Stanislaus Local Agency Formation Commission to fulfill the purposes and programs of the Cortese-Knox-Hertzberg Local Government Reorganization Act.
2. Adopts the Final Budget for Fiscal Year 2024-2025, with total operating expenses of \$723,670, as outlined in the attachment.

3. Directs Staff to transmit the adopted Final Budget for Fiscal Year 2024-2025 to the Board of Supervisors, each City, each Independent Special District, and the County Auditor, pursuant to Government Code Section 56381(a).
4. Requests that the County Auditor apportion and collect the net operating expenses of the Commission's Final Budget for Fiscal Year 2024-2025 in the amount of \$713,670 from the County and each of the nine cities no later than July 1, 2021 for the amount each entity owes in accordance with Government Code Sections 56381(b)(2) and 56381(c).
5. Authorizes the Executive Officer and the County Auditor to determine the method of collection if a city or the County does not remit its required payment within 60 days, as outlined in 56381(c).

DRAFT

ATTEST:

Sara Lytle-Pinhey
Executive Officer

Attachment: Final Budget for Fiscal Year 2024-2025

Stanislaus LAFCO
FINAL FISCAL YEAR 2024-2025 BUDGET

Account	FY 23-24 Adopted Budget	FY 23-24 Estimated Year-End	FY 24-25 FINAL BUDGET	Increase or (Decrease)	% Change
Salaries and Benefits					
50000+ Salaries and wages	\$ 350,000	\$ 344,500	\$ 375,500	\$ 25,500	7%
52000 Retirement	103,000	104,250	115,875	12,875	13%
52010 FICA	26,600	26,420	29,500	2,900	11%
53000 Group health insurance	62,900	66,025	72,500	9,600	15%
53020 Unemployment insurance	460	420	500	40	9%
53051 Benefits admin fee	200	-	-	(200)	-100%
53081 Long term disability	425	425	470	45	11%
54000 Workers compensation insurance	1,450	1,965	3,050	1,600	110%
55000 Auto allowance	4,800	4,800	4,800	-	0%
55080 Professional development	2,500	2,500	2,500	-	0%
55130 Deferred comp mgmt/conf	5,600	5,665	6,000	400	7%
Total Salaries and Benefits	\$ 557,935	\$ 556,970	\$ 610,695	\$ 52,760	9%
Services and Supplies					
60400 Communications (ITC - Telecom)	\$ 1,225	\$ 1,152	\$ 1,200	\$ (25)	-2%
61000 Insurance (SDRMA)	5,235	5,275	5,500	265	5%
61030 Fiduciary liability insurance	15	12	15	-	0%
61070 Crime & fidelity insurance	40	36	40	-	0%
62200 Memberships (CSDA, CALAFCO)	11,700	11,250	11,700	-	0%
62400 Miscellaneous expense	5,000	(340)	5,500	500	10%
62600 Office supplies	1,500	1,000	1,500	-	0%
62730 Postage	1,200	900	1,200	-	0%
63000 Professional & special serv	34,025	35,560	45,795	11,770	35%
Building maint & supplies	4,600	4,250	5,000	400	9%
Office lease	4,505	4,390	4,785	280	6%
Utilities	1,600	1,600	1,900	300	19%
Janitorial	1,400	1,400	1,400	-	0%
Purchasing	420	420	1,010	590	140%
HR/Risk Mgt overhead	3,250	3,460	4,200	950	29%
Oracle ERP	1,525	1,525	-	(1,525)	-100%
IT Services (ITC)	12,150	13,940	15,700	3,550	29%
<i>New</i> File Management Update (ITC)	-	-	7,200	7,200	<i>new</i>
Video Streaming (ITC)	1,000	1,000	1,000	-	0%
Mtg Recording (Final Cut Media)	1,800	1,800	1,800	-	0%
Licenses: GIS & Adobe (ITC)	1,775	1,775	1,800	25	1%
63090 Auditing & accounting	14,200	14,580	4,325	(9,875)	-70%
County Auditor Services	2,200	2,850	4,325	2,125	97%
Independent Auditor (Biennial Audit)	12,000	11,730	-	(12,000)	-100%
63400 Engineering services	2,000	200	2,000	-	0%
63640 Legal services	16,000	16,000	16,000	-	0%
65000 Publications & legal notices	1,200	1,200	1,200	-	0%
65660 Special dept. exp (commissioners)	6,415	4,500	8,500	2,085	33%
65780+ Education & training	6,000	6,600	6,500	500	8%
67040 Other travel exp (local mileage)	600	600	600	-	0%
67200 Salvage disposal	200	150	200	-	0%
Total Services and Supplies	\$ 106,555	\$ 98,675	\$ 111,775	\$ 5,220	5%
Other Charges					
73024 Planning dept services	\$ 1,200	\$ 950	\$ 1,200	\$ -	0%
Total Other Charges	\$ 1,200	\$ 950	\$ 1,200	\$ -	0%
TOTAL EXPENSES	\$ 665,690	\$ 656,595	\$ 723,670	\$ 57,980	9%
TOTAL REVENUES					
40680+ Agency Contributions	625,690	625,690	693,670	67,980	11%
36414 Application & Other Revenues	20,000	27,100	20,000	-	0%
17000+ Interest Earnings & Refunds	-	12,000	-	-	<i>nb</i>
Use of Undesig. Fund Balance	\$ 20,000	(8,195)	\$ 10,000	\$ (10,000)	-50%

Stanislaus LAFCO
FINAL FISCAL YEAR 2024-2025 BUDGET
Reserve Funds & Undesignated Fund Balance

Estimated Fund Balance June 30, 2024	\$	350,726
<i>General Fund Reserve (15%)</i>		(108,500)
<i>Accrued Leave Fund (Cash-Out Liability)</i>		(125,000)
<i>Long-Term Liability Reserve</i>		(100,000)
Undesignated Fund Balance (Est.)	\$	17,226

**Proposed Budget Staff Report,
dated April 24, 2024 (for reference)**

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TO: LAFCO Commissioners

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

SUBJECT: PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2024-2025

RECOMMENDATION

It is recommended that the Commission:

1. Receive the Executive Officer's report and accept public testimony regarding the Proposed LAFCO Budget.
2. Adopt Resolution No. 2024-05, approving the Proposed LAFCO Budget for Fiscal Year 2024-2025.
3. Schedule a public hearing for May 22, 2024, to consider adoption of the Final LAFCO Budget for Fiscal Year 2024-2025.

EXECUTIVE SUMMARY

The Proposed Fiscal Year (FY) 2024-2025 Budget includes operating expenses totaling \$723,670 and reflects an 9% increase as compared to the FY 2023-2024 budget. This is attributable to new salary ranges as a result of the reclassification, County cost-of-living increases and a 15% increase to the County's health insurance costs. The table below summarizes the Proposed Budget and includes a comparison to the current year's budget.

Table 1: LAFCO Proposed Budget Summary

Expenses	Current Budget FY 2023-2024	Proposed Budget FY 2024-2025	% Change (Proposed v. Current)
Salaries & Benefits	\$557,935	\$610,695	9%
Services & Supplies	106,555	111,775	5%
Other Charges	1,200	1,200	0%
Total Expenses	\$665,690	\$723,670	9%
Revenues			
Agency Contributions	\$625,690	\$693,670	11%
Application & Other Revenues	20,000	20,000	0%
Total Revenues	\$645,690	\$713,670	11%
<i>Anticipated Use of Undesignated Fund Balance</i>	\$20,000	\$10,000	-50%

An analysis of the Commission's estimated year-end fund balance is also included in this report. Following allocations of reserve funds, Staff recommends the use of \$10,000 in undesignated fund balance to offset agency contributions. A chart depicting individual accounts for the

Proposed Fiscal Year 2024-2025 Budget is attached to this report.

BACKGROUND

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

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

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

Following adoption of a final budget, the County Auditor will allocate and charge LAFCO's final net budget to the County and nine cities as required by Government Code Section 56381(b).

EXPENSES

The expense portion of the Proposed Budget is divided into three main categories: Salaries and Benefits, Services and Supplies, and Other Charges. The following are highlights from various accounts in the Proposed Budget.

SALARIES AND BENEFITS (Accounts 50000+)

Expenses in the salaries and benefits category are projected to increase by 9% overall during Fiscal Year 2024-2025. LAFCO's employee benefits mirror the County's benefits, including health insurance and retirement (through StanCERA), pursuant to a Memorandum of Understanding between the County and the Commission. Similarly, LAFCO Staff receives increases to base salaries (e.g. cost-of-living increases) concurrently with respective County positions. Estimates for salaries and benefits are typically provided by the County during each budget cycle and are incorporated into the LAFCO Budget. The Proposed Budget includes a County-approved 3.5% cost-of-living increase that will take effect the first pay period after July 1, 2024, as well as step increases consistent with the County's salary ranges. Additionally, the County has seen a 15% increase in health insurance costs, beginning in the current calendar year, that are reflected in the Proposed Budget.

SERVICES AND SUPPLIES (Accounts 60000+)

The proposed expenditures in the Services and Supplies category have increased by \$5,220 as compared to the FY 2024-2025 budget. The services and supplies category also includes items associated with the County's Cost Allocation Plan (CAP) charges. CAP charges reimburse the

EXECUTIVE OFFICER'S AGENDA REPORT

APRIL 24, 2024

PAGE 3

County for various services provided by agreement to LAFCO, including County payroll, information technology, accounts payable/receivable, mailroom services, building services, legal services and overhead charges. The following are highlights for various line items in the Services and Supplies category.

Insurance – SDRMA (Account #61000)

Like many other LAFCOs, the Commission uses the Special District Risk Management Authority (SDRMA) for its general liability insurance. SDRMA's rates had remained relatively stable over the last decade, with only a slight increase in the current year based on overall rate increases in the insurance market. LAFCO also takes advantage of safety discounts and longevity credits. As a result, the overall increase was less than anticipated in the current year and is projected to have a minimal increase in the upcoming fiscal year.

Professional & Special Services (Account #63000)

This account includes costs for office space, utilities, as well as overhead charges from the County for human resources, risk management, and purchasing. Charges for building maintenance services and utilities are billed on a pass-through basis and have increased based on inflation. Account #63000 also includes a one-time increase of \$7,200 for County IT staff to assist in updating LAFCO's electronic file management system. The original system was created in-house by former County Staff approximately 15 years ago using ColdFusion and has not been updated since. County IT recently notified LAFCO that the system has exhausted its life and would either require costly annual security updates or migration to a more secure file system. County IT has offered their assistance to complete this process, which will result in overall time and cost savings, with no interruption to LAFCO's operations.

Special Dept. Expense – Commissioners (Account #65660) & Education & Training (Account #65780+):

CALAFCO recently increased its registration rates for conferences and staff workshops. Likewise, rates for travel and hotels have increased. CALAFCO is currently considering changing the model for its in-person conferences. While Staff strives to take advantage of free training opportunities where possible, proposed increases in these two accounts will continue to allow for the opportunity for participation of the Commission and Staff in conferences and training.

OTHER CHARGES (Accounts #70000+)

This category includes one account (#73024) for copy costs and a shared portion of the copier lease with the County Planning Department. While copy costs trended lower in the current fiscal year, it is recommended to maintain the item at \$1,200.

REVENUES

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

Application revenues, although charged at actual cost, represent a very small percentage of LAFCO revenues (typically 3-5%). The majority of Staff’s duties are considered unfunded State mandates, including preparation of municipal service review updates, informational reports, responses to inquiries, and coordination with local and state agencies. For FY 2024-25, Staff proposes maintaining application fee revenue estimates of \$20,000. Application fees that are received in any given year can vary widely, so this item is estimated conservatively. Any additional revenue received above this amount will be factored in during the Commission’s next budget cycle.

FUND BALANCE & RESERVES

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

Table 2 outlines the changes to the fund balance based on projected operating revenues and expenses in the current fiscal year. The actual amount of fund balance will be calculated at year’s end (typically by September). However, based on the beginning year fund balance and projected revenues and expenses, Staff has estimated a year-end fund balance of \$350,726 for the current fiscal year.

Table 2: LAFCO Fund Balance

Fund Balance July 1, 2023		\$ 342,531	
	Estimated Year-End	Budgeted FY 23-24	<i>Variance with Budget Over / (Under)</i>
Revenues			
City/County Contributions	\$ 625,690	\$ 625,690	\$ -
Application Revenue	27,100	20,000	7,100
Interest	12,000	-	12,000
Total Revenues	\$ 664,790	\$ 645,690	\$ 19,100
	Estimated Year-End	Budgeted FY 23-24	<i>Difference</i>
Expenses			
Salaries and Benefits	\$ 556,970	\$ 557,935	\$ (965)
Services and Supplies	98,675	106,555	(7,880)
Other Charges (Copier)	950	1,200	(250)
Total Expenses	\$ 656,595	\$ 665,690	\$ (9,095)
Revenue Less Expenditures	\$ 8,195	\$ (20,000)	\$ 28,195
Estimated Fund Balance June 30, 2024		\$ 350,726	

Reserve Funds & Long-Term Pension Liability

The Commission’s Reserve Fund Policy identifies two reserve categories to be calculated annually and allocated during the annual budget process: an Accrued Leave Fund (based on accumulated cash-out liability) and a General Fund Reserve (15% of operating expenses). The Commission also requested a reserve fund be included to represent long-term liabilities. Proposed reserve funds for FY 2024-2025 are shown in the following table.

Table 3: Proposed Reserve Funds

General Fund Reserve (15%)	\$ 108,500
Accrued Leave Fund (Cash-Out Liability)	125,000
Long-Term Liability Reserve	100,000
<i>Total Reserves</i>	<i>\$ 333,500</i>

The Commission's addition of a Long-Term Liability Reserve was in response to an accounting requirement known as GASB 68. GASB 68 requires employers to report long-term unfunded pension liabilities on their balance sheets. The estimated unfunded portion of the pension can vary significantly each year based on investment returns and contribution rates. It can be viewed as an indicator of the overall health of the StanCERA retirement system from year to year. Accounting and budgeting for retirement costs are based on retirement contribution rates that are updated annually using actuarial analysis and adopted by the StanCERA Board. The rates are subsequently approved by the County Board of Supervisors.

Long-term pension liability is no longer reported directly on the Commission's balance sheet and is instead reported on the County's overall pension liability. This is based on LAFCO's employees being classified by the County Auditor as "contract employees," with the Commission reimbursing benefits costs to the County. Previously, estimates of unfunded pension liability were based on what LAFCO's proportion would be of the StanCERA system's overall unfunded pension liability and *not* actual amounts for LAFCO employees based on their years of service, retirement date, etc. Staff from the County Auditor's office identified that there are many uncertainties with regards to the exact amount and timing of the long-term pension liability.

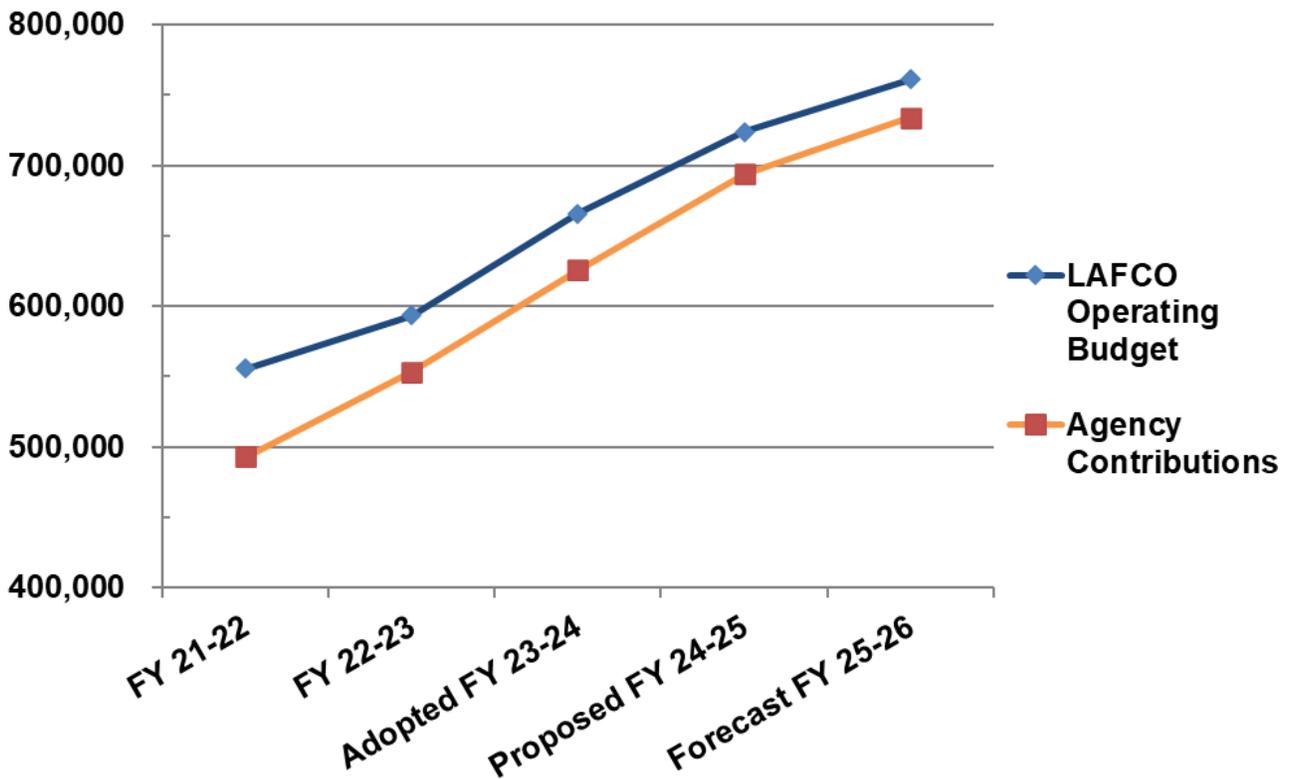
Fund Balance Status – Use of Undesignated Funds

As the Commission has been depleting the remainder of its undesignated fund balance, agency contributions will continue to see a corresponding increase in their allocation amounts. For the Proposed Budget, an estimated \$17,226 in undesignated fund balance is available to offset agency contributions. The majority of this amount (\$10,000), in addition to \$20,000 in estimated application revenues will help to offset contributions; however, as anticipated, agency contributions are now gradually rising to meet the Commission's actual operating expenses. A forecast of the following year's budget shows that agency contributions will soon be closer to matching the Commission's operating expenses (see Table 4 and Figure 1 on the next page).

Table 4: Total Budget & Agency Contributions

	Proposed FY 24-25	Forecasted FY 25-26
Total Budget	\$ 723,670	\$ 761,000
Agency Contributions	693,670	734,000
Fund Balance Beg. (Estimated)	350,726	340,726
Drawdown (Projected Use of Fund Balance to Reduce Agency Contributions)	(10,000)	(1,000)
Fund Balance End (Year End Est.)	340,726	339,726
Designated Reserves: 15% Reserve	108,500	114,150
<i>Accrued Leave (Cash-Out Liability)</i>	125,000	125,000
<i>Long-Term Liability Reserve</i>	100,000	100,000
<i>Total Reserves</i>	333,500	339,150
Estimated Undesignated Fund Balance for Use in <u>Following</u> Year	\$ 7,226	\$ 576

Figure 1: Forecast of Agency Contributions

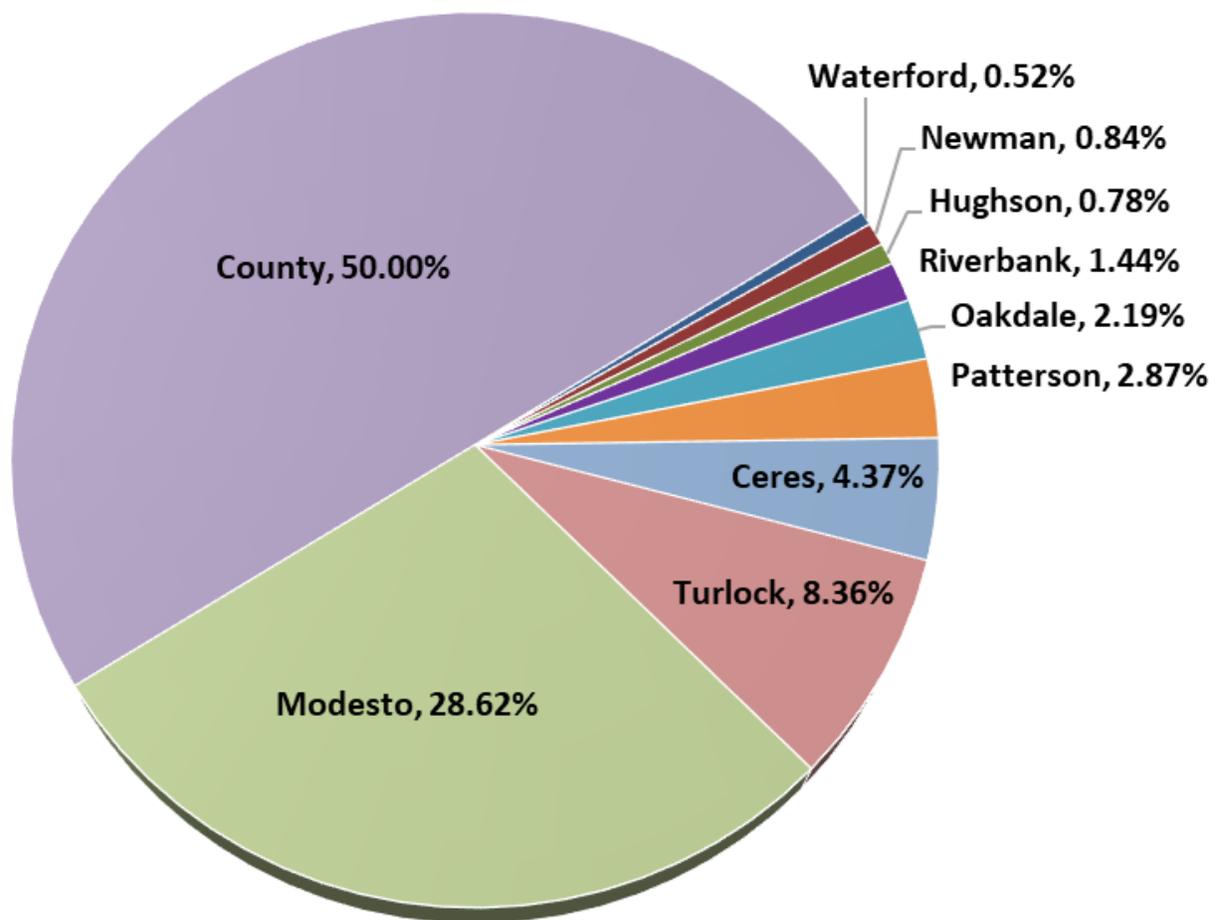


Agency Contributions

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

Combined, the County and City of Modesto contribute about 79% of the Commission's budget, with the remainder split amongst the other cities (see Chart 1 below). Contribution amounts fluctuate from year to year amongst the cities, as their revenues increase or decrease relative to each other. Cities with larger increases in revenues may see their LAFCO contribution increase at a higher rate than other cities. Likewise, if a city has very low reported revenues, they may see their contribution amount *decrease*, even with an increase in LAFCO's budget. Table 5 on the next page outlines the County and Cities' contributions to the LAFCO budget for the current year and an estimate of the contributions for FY 2024-2025 based on the proposed budget.

*Chart 1: City/County Allocations (Estimated FY 2024-2025)**



* City allocations are based proportionally on total revenues, as reported by the most recent State Controller Annual Cities Revenue Report.

Table 5: Estimated Agency Contributions FY 2024-2025*

	State Controller Reported Revenues (FY 21-22)	% of LAFCO Budget	Current FY 23-24 Contribution	Estimated FY 24-25 Contribution*	Total Change	% Increase (Decrease)
Ceres	84,319,467	4.37%	25,410	30,348	4,938	19.43%
Hughson	15,073,065	0.78%	5,572	5,425	(147)	(2.65%)
Modesto	551,545,961	28.62%	180,836	198,509	17,673	9.77%
Newman	16,231,411	0.84%	4,751	5,842	1,091	22.95%
Oakdale	42,125,314	2.19%	13,416	15,162	1,746	13.01%
Patterson	55,225,986	2.87%	16,487	19,877	3,390	20.56%
Riverbank	27,834,697	1.44%	8,418	10,018	1,600	19.01%
Turlock	161,211,664	8.36%	54,844	58,022	3,178	5.80%
Waterford	10,092,232	0.52%	3,111	3,632	521	16.75%
All Cities	963,659,797	50%	312,845	346,835	33,990	10.86%
County Contribution		50%	312,845	346,835	33,990	10.86%
Total Agency Contributions		100%	\$ 625,690	\$ 693,670	\$ 67,980	10.86%

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

WORK PROGRAM & APPLICATION ACTIVITY

Staff completed the 2023 work program of municipal service review updates, including an update for the fire protection districts. During the current fiscal year, Staff also processed two district annexations, five service extensions applications, as well as a large-scale city sphere expansion and annexation. Staff continues to see steady pre-application activity with at least one city annexation and three district applications on the horizon for the coming fiscal year.

CONCLUSION

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

Attachments: LAFCO Resolution No. 2024-05
 Proposed Fiscal Year 2024-2025 Budget Detail

**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: April 24, 2024

NO. 2024-05

SUBJECT: Adoption of the Proposed LAFCO Budget for Fiscal Year 2024-2025

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

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

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

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

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

WHEREAS, the Commission mailed notices of the Proposed Budget to the County Board of Supervisors, the nine cities and the independent special districts; published a notice; and

WHEREAS, the Commission has conducted a public hearing on April 24, 2024, to consider the Proposed Budget for Fiscal Year 2024-2025, as submitted by the Executive Officer.

NOW, THEREFORE, BE IT RESOLVED that the Commission:

1. Finds that the Proposed Budget for Fiscal Year 2024-2025 will allow the Stanislaus Local Agency Formation Commission to fulfill the purposes and programs of the Cortese-Knox-Hertzberg Local Government Reorganization Act.
2. Adopts the Proposed Budget for Fiscal Year 2024-2025 as outlined in Exhibit 1, in accordance with Government Code Section 56381(a).

3. Hereby schedules the public hearing to consider the adoption of the Final Budget for Fiscal Year 2024-2025, for the Commission's May 22, 2024 meeting.

ATTEST:

Sara Lytle-Pinhey
Executive Officer

Attachment: Proposed Fiscal Year 2024-2025 Budget

Stanislaus LAFCO
PROPOSED FISCAL YEAR 2024-2025 BUDGET

Account	FY 23-24 Adopted Budget	FY 23-24 Estimated Year-End	FY 24-25 PROPOSED BUDGET	Increase or (Decrease)	% Change
Salaries and Benefits					
50000+ Salaries and wages	\$ 350,000	\$ 344,500	\$ 375,500	\$ 25,500	7%
52000 Retirement	103,000	104,250	115,875	12,875	13%
52010 FICA	26,600	26,420	29,500	2,900	11%
53000 Group health insurance	62,900	66,025	72,500	9,600	15%
53020 Unemployment insurance	460	420	500	40	9%
53051 Benefits admin fee	200	-	-	(200)	-100%
53081 Long term disability	425	425	470	45	11%
54000 Workers compensation insurance	1,450	1,965	3,050	1,600	110%
55000 Auto allowance	4,800	4,800	4,800	-	0%
55080 Professional development	2,500	2,500	2,500	-	0%
55130 Deferred comp mgmt/conf	5,600	5,665	6,000	400	7%
Total Salaries and Benefits	\$ 557,935	\$ 556,970	\$ 610,695	\$ 52,760	9%
Services and Supplies					
60400 Communications (ITC - Telecom)	\$ 1,225	\$ 1,152	\$ 1,200	\$ (25)	-2%
61000 Insurance (SDRMA)	5,235	5,275	5,500	265	5%
61030 Fiduciary liability insurance	15	12	15	-	0%
61070 Crime & fidelity insurance	40	36	40	-	0%
62200 Memberships (CSDA, CALAFCO)	11,700	11,250	11,700	-	0%
62400 Miscellaneous expense	5,000	(340)	5,500	500	10%
62600 Office supplies	1,500	1,000	1,500	-	0%
62730 Postage	1,200	900	1,200	-	0%
63000 Professional & special serv	34,025	35,560	45,795	11,770	35%
Building maint & supplies	4,600	4,250	5,000	400	9%
Office lease	4,505	4,390	4,785	280	6%
Utilities	1,600	1,600	1,900	300	19%
Janitorial	1,400	1,400	1,400	-	0%
Purchasing	420	420	1,010	590	140%
HR/Risk Mgt overhead	3,250	3,460	4,200	950	29%
Oracle ERP	1,525	1,525	-	(1,525)	-100%
IT Services (ITC)	12,150	13,940	15,700	3,550	29%
<i>New</i> File Management Update (ITC)	-	-	7,200	7,200	<i>new</i>
Video Streaming (ITC)	1,000	1,000	1,000	-	0%
Mtg Recording (Final Cut Media)	1,800	1,800	1,800	-	0%
Licenses: GIS & Adobe (ITC)	1,775	1,775	1,800	25	1%
63090 Auditing & accounting	14,200	14,580	4,325	(9,875)	-70%
County Auditor Services	2,200	2,850	4,325	2,125	97%
Independent Auditor (Biennial Audit)	12,000	11,730	-	(12,000)	-100%
63400 Engineering services	2,000	200	2,000	-	0%
63640 Legal services	16,000	16,000	16,000	-	0%
65000 Publications & legal notices	1,200	1,200	1,200	-	0%
65660 Special dept. exp (commissioners)	6,415	4,500	8,500	2,085	33%
65780+ Education & training	6,000	6,600	6,500	500	8%
67040 Other travel exp (local mileage)	600	600	600	-	0%
67200 Salvage disposal	200	150	200	-	0%
Total Services and Supplies	\$ 106,555	\$ 98,675	\$ 111,775	\$ 5,220	5%
Other Charges					
73024 Planning dept services	\$ 1,200	\$ 950	\$ 1,200	\$ -	0%
Total Other Charges	\$ 1,200	\$ 950	\$ 1,200	\$ -	0%
TOTAL EXPENSES	\$ 665,690	\$ 656,595	\$ 723,670	\$ 57,980	9%
TOTAL REVENUES					
40680+ Agency Contributions	625,690	625,690	693,670	67,980	11%
36414 Application & Other Revenues	20,000	27,100	20,000	-	0%
17000+ Interest Earnings & Refunds	-	12,000	-	-	<i>nb</i>
Use of Undesig. Fund Balance	\$ 20,000	(8,195)	\$ 10,000	\$ (10,000)	-50%

Stanislaus LAFCO
PROPOSED FISCAL YEAR 2024-2025 BUDGET
Reserve Funds & Undesignated Fund Balance

Estimated Fund Balance June 30, 2024	\$	350,726
<i>General Fund Reserve (15%)</i>		(108,500)
<i>Accrued Leave Fund (Cash-Out Liability)</i>		(125,000)
<i>Long-Term Liability Reserve</i>		(100,000)
Undesignated Fund Balance (Est.)	\$	17,226