



**STANISLAUS LAFCO
LOCAL AGENCY FORMATION COMMISSION**

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Chair Vito Chiesa, County Member
Vice Chair Ken Lane, Public Member
Sue Zwahlen, City Member
Terry Withrow, County Member
Amy Bublak, City Member
Vacant, Alternate City Member
Mani Grewal, Alternate County Member
Bill Berryhill, Alternate Public Member

**AGENDA
Wednesday, January 22, 2025
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. PRESENTATION

- A. Presentation of a Plaque for Outgoing Commissioner O'Brien.

3. 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.

4. CORRESPONDENCE

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

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

C. "In the News."

5. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS

6. CONSENT ITEMS

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

A. **MINUTES OF THE OCTOBER 23, 2024 LAFCO MEETING**
(Staff Recommendation: Accept the Minutes.)

B. **MID-YEAR BUDGET REPORT FOR FISCAL YEAR 2024-2025**
(Staff Recommendation: Accept and file the report.)

7. PUBLIC HEARING

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

None.

8. OTHER BUSINESS

A. **2025 WORK PROGRAM – MUNICIPAL SERVICE REVIEW & SPHERE OF INFLUENCE UPDATES.** (Staff Recommendation: Adopt the 2025 Work Program.)

B. **ANNUAL ELECTION OF OFFICERS.** (Staff Recommendation: Appoint a Chairperson and Vice-Chairperson and adopt Resolution No. 2025-01a and 2025-01b.)

9. COMMISSIONER COMMENTS

Commission Members may provide comments regarding LAFCO matters.

10. ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON

The Commission Chair may announce additional matters regarding LAFCO matters.

11. EXECUTIVE OFFICER'S REPORT

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

A. On the Horizon.

12. ADJOURNMENT

A. Set the next meeting date of the Commission for February 26, 2025.

B. Adjournment

LAFCO Disclosure Requirements

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

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

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

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

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

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

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

IN THE NEWS

Newspaper Articles

- Westside Connect, October 23, 2024, “Land values plunge as groundwater law dims farm prospects.”
- Turlock Journal, October 25, 2024, “Keyes soon to have the ‘best and safest water ever.’”
- Ceres Courier, October 29, 2024, “Ceres Housing Element update snagged in state bureaucracy.”
- Modesto Bee, December 4, 2024, “Stanislaus Consolidated to raise development fee to pay for new fire station in Riverbank.”
- Westside Connect, December 5, 2024, “West Side Community Ambulance Board shifts focus to Healthcare District’s future following Measure A failure.”
- Oakdale Leader, December 18, 2024, “Fire service discussions focused on the future.”
- Modesto Bee, January 2, 2025, “Studies focus on 3,200-acre development in Stanislaus County. Process raises some eyebrows.”
- Westside Connect, January 2, 2025, “Westside Community Ambulance Board welcomes new board members with the Healthcare District’s financial situation a priority.”
- Westside Connect, January 2, 2025, “Following Brazil’s resignation, Westside Ambulance Board to elect new board president in upcoming meeting.”
- Westside Connect, January 2, 2025, “City of Newman to increase water rate and fees next month.”

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Land values plunge as groundwater law dims farm prospects

The value of farmland in parts of the San Joaquin Valley, California's agricultural heartland, has fallen rapidly this year as commodity prices lag and implementation of the state's Sustainable Groundwater Management Act casts a shadow on the future of farming in the region.

In 2014, when SGMA was adopted, the value of farmland without reliable surface water access began to decline. But within the past several months, those values have plummeted, according to appraisers, realtors and county assessors.

"It's very dramatic," said Janie Gatzman, owner of Gatzman Appraisal in Stanislaus County, who until last month served as president of the California chapter of the American Society of Farm Managers and Rural Appraisers.

Last month, Gatzman presented data based on hundreds of real estate transactions to congressional staff. Her analysis showed San Joaquin Valley vineyards and nut tree orchards had declined in value by 25% to 50% within the previous eight months.

Since March, almond orchards without reliable surface water in the valley have lost more than half their value, according to ASFMRA's figures. In parts of Tulare County, Gatzman said, some pistachio orchards have sold this year for a quarter of what they were worth last year.

Others who value farmland in the San Joaquin Valley reported similar trends. In Madera County, the value of more than 500 agricultural properties has fallen below their purchase value within the past two years, said Brian Glover, deputy assessor for the county, a scale of decline he had never seen in two decades assessing properties for the county.

Low crop prices, rising input costs and high interest rates have played a big role in the decline of farmland values, experts said. But appraisers said those cyclical factors do not explain the freefall in land values seen this year in parts of the valley.

"We continue to see this divergence between the values of properties that have multiple sources of water and properties that are reliant on wells only," Gatzman said. "That is SGMA's influence."

The sharp drop in land values this year—a decade after SGMA was adopted—came as implementation of the law ramped up. This year, state regulators intervened for the first time. They placed two of the valley's subbasins on probation, taking over control from the local agencies charged with implementing the law to enforce stricter measures to curb groundwater pumping.

The probation hearings in Sacramento set a new tone for SGMA enforcement and "added a whole next-level amount of risk" to purchasing farmland in affected areas, said Michael Ming, owner of Alliance Appraisal in Kern County and president of the California chapter of ASFMRA.

Initially, when the law was adopted, "we knew something was going on, but we didn't know in advance what it might look like in each subbasin," Gatzman said. "Everybody understands completely now that water is being restricted in these areas."

IN THE NEWS – Westside Index, October 23, 2024- Continued

Behind the decline in land values, appraisers said, is a growing awareness that SGMA is leaving certain properties with limited farming capacity. It will be especially difficult in some places to produce the fruits

and nuts that blanket much of the San Joaquin Valley and account for most of its \$36 billion in yearly farm revenue.

Groundwater has supplied about 40% of water used in California in typical years and as much as 60% in drought years, serving as a lifeline for orchards and vineyards that need water year in and year out.

“Pumping is the buffer stock for fluctuations in the surface supply,” said Richard Howitt, professor emeritus of agricultural and resource economics at the University of California, Davis. “That is what enables you to have perennial crops.”

But experts said—and farmers agreed—overdrafting aquifers was not sustainable. It shrank underground water storage, caused swaths of land to sink, damaging infrastructure, and dried up shallow wells.

Stephanie Anagnoson, Madera County director of water and natural resources and manager of the county's groundwater agency, receives an email every time a household reports its well has gone dry. The emails arrive nearly every other day.

The pumping reductions required to stabilize aquifers could result in as much as 20% of the San Joaquin Valley's 4.5 million acres of irrigated farmland coming out of production, according to an analysis by the Public Policy Institute of California.

Under SGMA, critically overdrafted groundwater basins such as those in the valley have until 2040 to achieve sustainability. But since 2020, when groundwater agencies submitted their sustainability plans, they have also been required to avoid outcomes such as unreasonable further depletion, subsidence and water quality degradation.

“The law doesn't say you have to end overdraft overnight,” said Ellen Hanak, water policy expert at PPIC. “You can get there gradually, over the 20 years, with one important proviso, which is you are not supposed to cause ‘undesirable results’ along the way. That issue can end up making it necessary to cut back on pumping faster in some places.”

And it has. Within the first years of implementation, farmers have faced pumping restrictions they say threaten the viability of their farms.

In Madera County, some farmers in “white areas” that do not receive surface water from an irrigation district must pay penalties this year on any water they pump that exceeds 27.4 inches. But almonds, the county's No. 1 crop, need 40 to 50 inches of water per year.

Amrik Singh Basra, who farms 300 acres of almonds in a white area in the county, said he has minimized pumping to keep his trees producing without incurring too costly a penalty. But he is still paying a price, both in penalties and production.

“When we look at the trees,” Basra said, “we can see they are not getting enough water.”

He has lost yield, with some of the crop turning out flat and shriveled, and his land's reduced farming capacity has caused it to lose more than half its value.

IN THE NEWS – Westside Connect, October 24, 2024- Continued

“How quickly it’s come on in recent years has been a surprise,” said Doug Phillips, president of Schuil Ag Real Estate in Tulare County, referring to SGMA’s impact on land values. “I don’t think much changed initially, but it certainly has changed now.”

The value declines have been greatest, appraisers said, in white areas that depend entirely on groundwater, which comprise about 20% of the valley’s irrigated farmland, and in districts with expensive and unreliable water deliveries.

“There is just no appetite for those properties unless you discount it so steeply,” Gatzman said. “That’s why the value has fallen.”

The loss of farmers’ land equity has implications for the agricultural finance sector that are compounding the challenges farmers face.

Many growers rely on yearly lines of credit to cover the cost of labor, water, fuel, fertilizer, pesticides and other inputs needed to farm their crop.

“Generally, small-scale growers don’t have finances to cover all the expenses up front, so they ask for operational loans from the bank,” said Arshdeep Singh, who grows lemons and mandarins in Fresno County and serves as director of the Punjabi American Growers Group, representing 400 farmers in California. “When I sell my crop, I pay that loan back.”

The crop typically serves as collateral for the loan. But when commodity prices are down—as they have been this year, with many almond and winegrape growers operating at a loss—banks use land equity as collateral for the loans, allowing growers to continue farming through inevitable downturns.

Jill Jelacich, American AgCredit’s head of banking for the Central Valley, said that when crop prices are down and land equity is reduced, lenders may not be able to extend credit to farmers.

“If a loan is no longer performing and the collateral value is insufficient, lenders are exposed to losses,” Jelacich said. “Further, with fallowing acreage, repayment capacity of a borrower may decline.”

The drop in land values has cost some banks. Those that made long-term mortgage or land development loans in white areas have become overextended on properties suddenly worth less than the amount of unpaid debt.

“There are alarms going off everywhere,” said Stephen Kritscher, an independent loan broker in Yolo County who consults for agricultural lenders and borrowers across the state. “When those things start happening, lenders get really cautious about where they put their money.”

Numerous banks declined to say whether they were approving fewer operating loans this year in the San Joaquin Valley. Farmers and lending consultants said they appeared to be—at least in areas facing water constraints.

“Lenders are very concerned, and most of them are pulling back from business that they would have done a year or two years ago,” Kritscher said. “If your water is short, you’re going to have serious challenges getting any kind of financing.”

Justin Morehead, a former banking manager whose family farms in Tulare County, spoke last month at the state probation hearing for the Tule Subbasin, spelling out the crisis facing some farmers.

IN THE NEWS – Westside Connect, October 24, 2024- Continued

“The banks, now looking at appraised land values that have shed 60% to 70% in five years, are reluctant to lend to the local family farm. Unable to continue farming, the owner will either be forced to sell or foreclose with the bank,” Morehead said. “This is not a hypothetical exercise to us. This is the reality our family is facing.”

Michael Naito, former president of the Madera County Farm Bureau who farms in the county, said he is seeing an increasing number of orchards either abandoned or pushed over and piled up without being replaced by a new crop.

“Everyone’s equity base has decreased, and it’s costing a lot more to farm,” he said. “There comes a point where you can’t do it anymore.”

Appraisers, brokers and realtors said that in selling farm properties, they have worked this year with more people than ever before from banks’ special assets departments, which manage distressed properties such as those facing bankruptcy or foreclosure or being sold as a last resort to pay off debt.

The number of such properties, which often sell at a discount, being sold this year in the San Joaquin Valley has driven down the entire market for farmland as all sellers are forced to compete with the discounted prices.

“It’s definitely adjusting values” for the whole region, said Phillips, the Schuil Ag Real Estate president.

Gatzman, who grows almonds in addition to running her appraisal business, said she is afraid of what the spiraling effect of poor commodity prices, declining land values and a wary banking sector could mean for farmers.

In August, Gatzman presented recent land value trends to leaders at the California Department of Food and Agriculture. Last month, she traveled with other ASFMRA leaders to Washington, D.C., where she met with Rep. Glenn Thompson, R-Pa., who chairs the House Committee on Agriculture, and with staff members of Rep. Tom McClintock, R-Calif., and Sen. Alex Padilla, D-Calif.

“As appraisers, we’re the canaries in the coal mine when it comes to land values,” Gatzman said. “We’re trying to get the word out that this is a huge issue.”

— *Courtesy of the California Farm Bureau.*

Keyes soon to have the ‘best and safest water ever’

By Kristina Hacker

Keyes Community Services District general manager Ernie Garza wants the people of Keyes to know that they don't have to be “afraid of the faucet.”

Earlier this month, construction began on a long-awaited water filtration project in Keyes that will eliminate the chemical called 1,2,3-trichloropropane from being a threat to the town's drinking water system. In 1992, 123 TCP was added to the list of chemicals known to the state to cause cancer, pursuant to California's Safe Drinking Water and Toxic Enforcement Act. It has been used as a cleaning and degreasing solvent and also is associated with pesticide products, according to the state water resources control board.

The majority of funding for the \$15 million Keyes project comes from President Joe Biden's Bipartisan Infrastructure Law (\$10 million). Since the Bipartisan Infrastructure Law passed in 2022, approximately \$29.9 billion has been announced for transportation – to invest in roads, bridges, public transit, ports and airports – and roughly \$3 billion has been announced for clean water and water infrastructure. California received \$3.7 billion to connect everyone in the state to reliable high-speed internet.

The remaining funding for the Keyes water project comes from the United States Environmental Protection Agency through an agreement with the state water resources control board and from the district itself.

“Keyes residents need to know that we're going to have the best and safest water ever,” said Garza.

The Keyes project received funding from the infrastructure bill in 2022, but due to delays in getting the plans approved, the construction price increased and the district had to seek further funding from the state.

Two long years later, and the empty lot on the corner of Brianna and Jennie avenues, next the to Keyes Community Center, is being made ready for the placing of the granular activated carbon filter tanks.

All of Keyes' drinking water comes from four groundwater wells. The well water is treated at the district's arsenic treatment plant before being piped into homes and businesses. When the 123 TCP filtration system is completed — estimated right now at December 2025 — water from the wells will be piped into the new filtration system before going to the arsenic treatment plant and then to customers' faucets.

“There will be no need for Keyes residents to buy bottled water,” said Garza, who explained that for one penny customers can buy one gallon of water from the KCSD, which is way more cost effective than spending over a dollar a gallon at the store.

“A lot of people here don't trust the faucet because of all the horror stories they've heard about people getting sick,” said Garza, who drinks all his water from the faucet even now. “We're really blessed to not have to worry about our water being contaminated.”

Garza explains more about the project in a video that can viewed in English at: <https://youtu.be/j8WOGqSEJvk> and in Spanish at: https://youtu.be/sxe_5jl-Nvo

Ceres Housing element update snagged in state bureaucracy.

By Jeff Benziger

The city of Ceres submitted its Housing Element to the General Plan but it's being held up by bureaucrats in the California Department of Housing and Community Development (HCD).

Bob Kachel, a longtime member of the Ceres Planning Commission who will soon be stepping down, last week asked about the status of the Housing Element, which must be updated every seven years and approved by the state. He was told by Community Development Director Lea Simvoulakis that the document has hit a snag. The Housing Element is a required piece of a city General Plan which outlines the housing goals for all household income levels. In recent years, however, the city hasn't come anywhere near those housing goals but not for trying. The building industry drives construction in any city and is dependent on market conditions, interest rates and other factors.

"We received a second comment letter and we were not happy about it, our consultant," said Simvoulakis.

City officials had a conference with HCD officials and showed them the draft Housing Element.

"They seemed to like what we're showing them," she explained. "We got extra information provided by Public Works and Engineering. They seem to unofficially say that they like our changes."

Kachel commented that his experience with HCD as a paid planner with Stanislaus County – a job from which he retired – was not fun.

Simvoulakis said Ceres is "not alone in this circle of endless HCD talk." EMC Planning Group had housing elements approved for two other cities "so hopefully we'll be their third city."

Kachel indicated that while a Housing Element is not seen by citizens as a "nobody cares" issue, he said it's very important to remain updated because "if you don't have a Housing Element ... you can be in big trouble when it comes to approving or not approving projects because it just allows developers to just bypass, more or less, the planning process and we don't want to be in that situation."

Simvoulakis inherited the burden of carrying the Housing Element since coming to Ceres in April. The Housing Element was crafted by her predecessor, Christopher Hoem and the city's consultant, EMC Planning Group. She was hoping the state would give its stamp of approval to the document before the end of the year.

IN THE NEWS – Modesto Bee, December 4, 2024

Stanislaus Consolidated to raise development fee to pay for new fire station in Riverbank.

By Ken Carlson

Stanislaus County supervisors approved an increase in development impact fees Tuesday for a large fire protection district.

The new fee will be 81 cents per square foot on new construction within the boundaries of the Stanislaus Consolidated Fire District. The district will assess the impact fee on building permits issued after Feb. 1, 2025.

Stanislaus Consolidated provides emergency services in Riverbank, Waterford, Empire, Hickman, La Grange, Modesto's airport neighborhood and Beard Industrial Tract.

It plans to use the fee revenue to build a fire station in the Crossroads West area of Riverbank. Legally, the funds can pay for land, structures, vehicles and firefighting equipment.

The increased fee will cost \$1,620 on a 2,000-square-foot home. The fire district also needs approval from the Riverbank City Council.

The district's current development fees, last updated in 2007, range from 24 cents per square foot for buildings with sprinklers in Riverbank to 49 cents per square foot in Waterford.

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West Side Community Ambulance Board shifts focus to Healthcare District's future following Measure A failure

With Measure A not passing, the West Side Community Ambulance Board members discussed the future of the West Side Community Healthcare District during Monday's meeting.

The measure would have introduced a parcel tax of \$69 per parcel as a means of funding the district's ambulance services in Newman, Gustine, Santa Nella, and Stevinson. For residents who could have a serious health condition at any point, the nearest hospitals for those cities are located in Turlock, Modesto, and Merced - making it more than a 12-minute drive.

For the measure to go through, two-thirds of the overall votes needed to support the measure. According to Stanislaus County's General Election results, 56.2% supported the measure. In comparison, nearly 50.4% of voters in Merced County voted against the measure, according to the county's General Election results.

Dennis Brazil, who resigned from his role as President of the board due to him moving to a different area zone, said that he and the board were surprised about the measure not passing, especially since they received support in favor of the measure from local communities.

"Very unfortunate that the measure did not pass," Brazil said. "The community that is in our boundaries is going to find out how critical ambulance service is."

Multiple options from the district's subcommittee were presented as the next course of action following the measure not passing:

- Prepare for a potential cease of the district's operations due to expenses exceeding revenue.
- Consider usability and interest of citizen-sponsored initiative to increase revenue.
- Pursue financial assistance from both Stanislaus and Merced counties and other potential stakeholder
- Pursue operational or managerial assistance from affected government agency
- Commitment to having dedicated coverage within the district or the entire district including both Stanislaus and Merced counties.
- A combination of one or more of the recommendations mentioned above

During the meeting, the board discussed a citizens-initiated ballot measure as another way to possibly get the measure enacted. For it to go through, it needs a majority vote, such as 51%, instead of two-thirds. Stanislaus and Merced counties must agree to the citizens-initiated measure on the ballot and hold a special election.

The board later approved to pursue the possibility of a citizens-initiated measure on the ballot.

David Varnell, a board member, supported the idea of a citizens-initiative measure and believed that it could work.

"Let's keep this running and with the support of our employees, I think we can make this thing work," Varnell said. "It's going to take a lot of work."

Varnell also spoke about the importance of having a nearby ambulance service as it pertains to the timetable of the service's arrival.

IN THE NEWS – Westside Connect, December 5, 2024- Continued

"I got a family that lives here and I don't want to have my family wait for somebody else to respond from Los Banos or wherever," Varnell said. "I still believe that we need to all pull together and get this measure in the right direction."

Shaun Felber, a board member until next week, also shared a similar sentiment as he voiced his disapproval of the option to declare bankruptcy, mentioning the message it could send.

"I don't like the bankruptcy option, it's more of a band-aid [option]," Felber said. "If I was one of our medics and my company was filing for bankruptcy, I would be looking for another job."

Previously, there was a local hospital that accommodated residents in the area, the West Side Community Hospital. According to the West Side Community Ambulance website, the hospital -opened in 1937- served as the local acute care hospital within the rural area of Newman. However, due to financial implications, the hospital closed in 1956 which caused concerned residents to pursue the idea of a hospital district.

In the following year, residents voted for the West Side Community Healthcare District to form with board members appointed by the Board of Supervisors from Stanislaus and Merced counties. The district purchased the hospital later that year.

Due to the hospital's financial situation and an attempt to run a sub-acute program for neurological patients, the hospital closed again in 1993.

Fire service discussions focused on the future

By Kristi Mayfield

Though the contract will remain in place for a few years, residents in the outlying areas of Knights Ferry and Valley Home are keenly aware of the potential impact for changes to their fire and emergency services in the not-too-distant future.

Earlier this month, at the Community Club in Knights Ferry, residents and emergency services providers along with the members of the Oakdale Fire Protection District Board including Vice Chair Paul Rivera and members Mike VanDyke and Eric Feichter, continued their discussions on the future of fire service. The talks focused on the current contract with Modesto Fire Department and what they would do when the contract ends in a few years. Board members reminded the residents that in order to move forward, some kind of financial agreement – whether that comes in the form of increased taxes or special measures to help increase the flow of money coming into the department – would have to be implemented.

“If you pay a little extra every year, we wouldn’t be in this situation every ten years,” Feichter said to the crowd.

He also reiterated how important it is to stick together, how the communities of Knights Ferry, Valley Home and Oakdale should come together and pool their resources to find a solution to this problem. He proposed having one meeting that included the folks from all three towns instead of having separate meetings every couple of weeks to increase knowledge sharing and develop a more united front when making future decisions.

Modesto Fire Assistant Fire Chief Timothy Tietjen reminded everyone that the decision didn’t have to be made immediately, that they had time to evaluate options.

“We are your fire department and we are your neighbors, we care about this community,” Tietjen said when addressing concerns about the lack of staffing at both the Valley Home and Knights Ferry fire stations.

For his part, Rivera respectfully disagreed with Tietjen regarding the timeline, reminding everyone that time is of the essence with regard to making decisions.

“Everyone is struggling to stay afloat and we are doing everything that we can to make it work and sustain the fire department,” said Rivera. He went on to remind everyone that waiting to make decisions is part of the reason that they are in this situation now, not acting sooner to pass measures that would’ve increased funding has created this problem.

The Board also informed residents they are urgently working on possible solutions and that they are currently evaluating possible paths forward with Stanislaus Consolidated Fire Department in addition to other local entities and that they would also send a letter to the Stanislaus County Office of Emergency Services Fire Warden’s Office to request assistance as well to determine the best steps forward.

The next meeting concerning of the local fire board is scheduled for Thursday, Dec. 19 at 10 a.m. at the Valley Home Fire Station, 13200 Valley Home Road.

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IN THE NEWS – Modesto Bee, January 2, 2025

Studies focus on 3,400-acre development in Stanislaus County. Process raises some eyebrows.

By Ken Carlson

Salida's 3,383-acre expansion plan is finally under environmental review to study traffic impacts, basic infrastructure needs, effects on wildlife, and the feasibility of city incorporation.

In 2007, the Salida Community Plan was an initiative proposed for a countywide vote, but county supervisors in a 3-2 decision that August approved the contents of the initiative, rather than putting it on the ballot. The plan included land use areas just north of Modesto capable of producing 27,800 jobs and 5,000 homes, possibly adding 15,000 residents.

By December 2007, the nation was in the grips of the Great Recession and a home mortgage crisis. The Salida Community Plan remained on the books during the recovery years. Today, there's renewed interest in development, such as the 145-acre Scannell Properties project, proposing 2.5 million square feet of warehouses, distribution centers and manufacturing at the northwest corner of Kiernan Avenue and Dale Road.

County leaders agreed early last year that a programmatic environmental study was needed to consider the overall impacts of the Salida plan, before individual projects like Scannell can move forward.

In July, county supervisors approved a \$900,000 agreement for Sacramento-based Ascent Environmental to prepare the overarching environmental study and also include a feasibility analysis on city incorporation of Salida. One purpose of the 2007 initiative was a larger tax base for Salida and fiscal self-sufficiency for the unincorporated town of 14,800 residents.

Questions of conflict of interest have arisen because Ascent also is preparing an environmental study looking at the specific impacts of the Scannell project.

County Counsel Thomas Boze said Tuesday there is no conflict. Ascent is capable of doing objective work for both studies. When a county hires outside consultants to prepare an EIR under the California Environmental Quality Act, the consultants are essentially assisting county staff members in completing the work, Boze said.

The developer is paying for costs of the study, but the county retains control over the document, Boze said. "The document is ours," Boze explained. "The report has to be approved by the Board of Supervisors."

In another legal question, the county contracted with Ascent for the Salida Plan EIR without first requesting proposals from consulting firms. A county staff report justified the decision, noting that overlapping technical assessments are needed for both the Salida Plan and Scannell project environmental studies, and Ascent was already conducting some of that work.

"It is not time or cost effective to bring in another consultant that will be duplicating work already being performed," the county report said.

Sean McMorris of Common Cause California, a nonprofit focused on promoting accountability in government, said the downside of the RFP process for local governments is it takes more time. But the process serves to build trust with the public.

IN THE NEWS – Modesto Bee, January 2, 2025- Continued

“The upside is: They can get the best deal and also can set parameters for participants in the RFP,” said McMorris, the transparency, ethics and accountability program manager for Common Cause.

McMorris said he didn’t think it’s illegal for the same consulting firm to prepare the programmatic EIR while handling the environmental work for a project in the Salida development area. But the public may think something is awry.

“We hope that people who do EIRs are ethical and don’t have predisposed outcomes before they come in,” McMorris said. “For the people who do these EIRs, it is a business. They want to have happy clients so the clients use them over and over again.”

Jessica Babcock, senior project manager for Ascent, said at a Salida Municipal Advisory Council meeting in late September the project EIR is being prepared under a three-party agreement with the county, Scannell Properties and Ascent Environmental. She said both of the environmental studies will contain unbiased information.

Study considers a variety of issues

The programmatic EIR is looking at larger planning considerations and ways to address overarching issues of developing the 3,383-acre Salida expansion.

Babcock said there’s no clear picture on whether to expand the wastewater treatment plant of Salida Sanitary District or build new facilities to serve Salida’s expansion area. The study also will consider needs such as a Sheriff’s Department satellite office combined with a fire station.

A number of “sub-consultants” are working on the program EIR, including: Fehr & Peers, doing traffic modeling; West Yost Associates, looking at water and wastewater infrastructure; and Economics & Planning Systems, analyzing incorporation feasibility.

County Supervisor Terry Withrow has said the Salida Community Plan could be a possible location for an innovation campus supporting the county’s bioindustrial initiative.

The Salida Plan, situated along the Kiernan Avenue traffic corridor, between Sisk and Dale roads, also could attract proposals for distribution centers, raising issues of air pollution and whether the lower pay scale of that industry is desirable for the county.

The community plan includes land designated for 5,000 homes and about 1,260 acres for industrial development, 490 acres for business parks and 280 acres of commercial uses.

Timeline for completing EIR

A draft environmental report should be ready for release in the spring. That will trigger the start of a 60-day period for public comments on the study’s findings. The final EIR, with responses to public comments, will be completed roughly a year from now.

The final study requires approval from the Board of Supervisors.

Katherine Borges, a Salida resident, said at the September Salida MAC meeting that new projects should not use septic tank systems because of the high water table in Salida.

IN THE NEWS – Modesto Bee, January 2, 2025 - Continued

Brad Johnson, a Salida municipal council member, asked skeptically if any other area of the county has a plan for 27,800 jobs.

To cover costs of the program EIR, the county will pull \$682,785 from the General Fund, \$291,220 from the Salida Planning Fund and \$75,000 from the Salida Incorporation Study fund balance. As the Salida plan is developed over time, the county will collect fees from individual development projects to reimburse for the General Fund money.

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Westside Community Ambulance Board welcomes new board members with the Healthcare District's financial situation a priority

The Westside Community Ambulance Board embarked on a new era on Dec. 16 with the election of a new board president and vice president.

David Varnell - formerly the board's vice president for nine years —will replace Dennis Brazil as Board President. Brazil, who previously served as president for five years, told the board in a November meeting that he was resigning because he was moving away from the zone he represented, Zone 4 (Gustine City).

Kenneth Helms will take over as the board's Vice President. He was formerly a board member for more than four years.

Monday's meeting also officially welcomed new board members Bob Vargas and Sandy Walsh-Guajardo to the board.

In November's general election, Vargas won his race for representative of Healthcare District's Zone 1, Rural Newman, against former board member Shaun Felber, receiving 62% of the overall vote, according to Stanislaus and Merced Counties election results. Vargas has served as a full-time paramedic since 1990. Vargas said he decided to run for a board member to help address any concerns of "inappropriate spending."

Representing Zone 2, Newman City, Walsh-Guajardo - currently working as a tax preparer and notary - said she joined the board because she wanted to be more active within the Newman community and see what she can do to help the district.

"It's my hometown and it's where I want to stay for the rest of my life," Walsh-Guajardo said. "I don't believe that you should criticize anything if you're willing to step up and do something."

The West Side Community Healthcare District's financial situation was discussed during Monday's meeting. For Varnell, it's currently the district's biggest issue, mentioning that they are losing money.

"It costs us around \$4,000 to take a patient in and with our Medicare, Medicare pays only \$400 of that. That's all it's paid. That's what we get for that. So, we have to write the rest off," Varnell said.

According to data from the California State Controller's Office, the district generated \$2.37 million in revenue and spent \$2.26 million in 2023. Two of the biggest contributors to last year's expenditures were personnel services and general and administrative expenses at \$1.27 million and \$662,657, respectively.

Helms also shared the same sentiment as Varnell, mentioning that the district could close if there is no suggestion on how to handle the finances.

"We're not doing so well with our funding," Helms said. "We're also going to start looking at our collections, our ambulance bill collections because a lot of times, a lot of those go unpaid. We need to make sure we're doing all we can to pursue insurances and stuff, to make sure we're getting reimbursed."

IN THE NEWS – Westside Connect, January 2, 2025 - Continued

Karin Freese, the CEO of Del Puerto Healthcare District, spoke at Monday's meeting where she offered to help the West Side Healthcare District with anything that required Del Puerto's expertise. Varnell mentioned that Freese will be involved in an ad hoc committee that will look into what the district needs to do to get into a stable condition.

Regarding the finances of the district, Freese said she offered an evaluation of the district including a potential business plan to help the board evaluate West Side's future.

"It's simply an information gathering tool and to be able to present an analysis of hopefully a sustainable business plan to the West Side board," Freese said.

Freese also added that Varnell requested the committee to do an evaluation of the district's financial resources, revenue components and address some of the "operational challenges" within the ambulance business.

"We're here and available, and we look forward to working with the staff and board of Westside to be able to build a brighter future," Freese said.

Following Brazil's resignation, Westside Ambulance Board to elect new board president in upcoming meeting

While a career in a specific profession may seem destined to happen for someone, sometimes it's not what they initially envisioned and Dennis Brazil was no different. Instead, he saw himself involved in a field rooted in his upbringing: Agriculture.

Growing up in Los Banos, Brazil, he was one of four siblings. He and his brother were involved with their family's business, Brazil Hay Express, a trucking company that focuses on providing high-quality hay. Both of them handled a multitude of tasks including driving trucks, handling forklift equipment, and hauling hay and alfalfa for dairies and cattle. He worked at Brazil Hay Express until 1990 and joined Kagome USA as the Operations Manager.

It seemed that Brazil had his career path set but when he later moved to Gustine, he was presented with an opportunity from then-Mayor Rich Ford. Ford, who is also a current Gustine City Council member, told Brazil that he did not plan on running for mayor in 2010.

"He's really the one that came and told me that he was not going to run for mayor, that he was done and doing to take a break. He said, 'I think you should run.' And I said, 'No not me. I'm not interested in doing it,'" Brazil said.

After initially declining to run for mayor, Brazil eventually changed his mind.

"As a little bit of time passed, I had some people in the community reach out about it in Gustine and a couple of the current council members at the time. So, I said, 'You know what? I'll give it a try.' And as they said, the rest is history," Brazil said.

After receiving nearly 63% of the overall vote in 2010, Brazil was elected Mayor of Gustine, starting his political career and involvement within multiple local governments.

Fast forward to the present day and Brazil recently resigned as Board President of the Westside Community Ambulance board, ushering in a new era for the West Side Community Healthcare District. Brazil had to resign because he moved out of his district boundaries.

An election of officers in an upcoming meeting on Monday will determine who will take over the vacant board member positions including Board President.

Brazil joined the Westside Community Ambulance Board in 2018 to help the district get back on track. During his tenure as Gustine's Mayor, he felt the district needed leadership to combat some of its issues. Brazil mentioned that the district's financial future was in question and wanted to find every possible cost-saving measure.

"The district was not doing good financially and we were operating on a shoestring budget," Brazil said.

According to data from the California State Controller's Office website, the West Side Community Healthcare District overspent past its annual revenue five times between 2012 and 2017.

The biggest differential between revenue and expenditure was in 2016 when the district overspent generated revenue by \$420,000. Out of the \$2.07 million spent, \$962,582 went toward salary and wages, \$473,068 was spent on services and supplies, \$343,256 was contributed to employee benefits, \$277,863

IN THE NEWS – Westside Connect, January 2, 2025 - Continued

was spent on general and special revenue funds and the remaining \$8,621 were contributed to fixed assets.

When Brazil took over as board president in 2019, some notable actions during his tenure included finalizing a union contract, updating the district policy manual and procedures and handling the shortage of first responders.

Throughout all the years that Brazil remained on the board, the district recorded its highest revenue in 2022, at \$2.59 million. The revenue's biggest contributor was Charges for Services, which generated \$1.49 million.

Brazil said he was satisfied with the changes during his tenure, except for not getting Measure A, which focused on providing ambulance services in rural areas within the West Side Community Healthcare District, to go through.

"Everything but the measure was accomplished, and it's unfortunate because the district is really going to suffer if we can't figure out a way to get the financials balanced," Brazil said.

Brazil is not the only board member who's concerned about the district's future following Measure A not passing. Kenneth Helms said it's a big deal if there are not enough ambulances on the Westside.

"I mean, you're talking, 20-30 minutes plus," Helms said.

With a new board set to take over, Brazil advised every member to understand the importance of being on the Westside Community Ambulance board.

"When you raise your right hand and you take that oath, listen to those words very carefully because that's what you were elected for, to serve the people and to serve under oath," Brazil said. "If you get on a board and you don't do that, pretty tough to look at yourself in the mirror every day."

City of Newman to increase water rate and fees next month

Starting January 9, 2025, Newman residents will see an increase in water rates, fees and other related services after the city council voted unanimously for the change at a recent meeting..

With the change, rate increases will vary depending on the monthly service charge per meter. Currently, a five-eighth-inch, three-fourth-inch and one-inch meter will go up from the current rate of \$28.42 to \$32.24 per month next year. The most substantial increase is the 10-inch meter where it goes from \$1,648.22 to \$1,870.02, a \$221.80 increase.

For the monthly water service meter replacement fee, a five-eighth-inch fee will increase from its current price of \$1.45 to \$2.73 next year. The 10-inch water meter monthly replacement fee will increase to \$137.79 next year, a \$58 increase from the current fee price.

With the agenda item passing, the city will be required to publish a second summary of the item within 15 days of the adoption.

In March 2024, the city contracted Hansford Economic Consulting LLC - a firm that specializes in infrastructure analysis, economic development studies, and water analysis with economic analysis - to conduct a study on Newman's water enterprise fund.

According to a water rates study done by the firm, projections were made for costs that are projected to have a yearly increase. Based on historical increases and discussions with the city staff, personnel costs could increase by 7%, electric costs and utility costs may increase by 10% and other annual expenses could increase by 3% or 5%.

The study also mentioned that while the city is meeting its target cash balance, the balance will be short in the future if rates are not increased.

Following the Sept. 10 meeting, notices were given to residents residing in properties that will be affected by the new water rate as required by Proposition 218. According to the meeting staff report, the city council received 105 protests on the change, thus not meeting the required amount of 1,787 for the item to not go through.

Mayor Casey Graham said while he understands the concern about the increased rates especially when the cost of necessities such as groceries increased within the last year, he believes it's important for meters and plumbing to be replaced to help maintain good drinking water.

"Looking at from a standpoint as the city can be able to continue to provide pretty fresh water. These rates have to reach a certain extent We want to try to keep that as minimal as possible," Graham said.

Currently, the city is paying off a \$9.4 million loan from the State Water Board Drinking Water State Revolving Fund program for the construction of Well 10, located northwest of the city. Newman is making an annual payment of \$236,300 and the loan is expected to be paid off in 2063.

Additionally, the study also mentioned that the total water system capital improvement costs are estimated at \$4.86 million with \$4.07 million from existing players and \$780,000 from new customers.

With operating expenses expected to increase annually, the annual operating revenue from the increased rates could generate a surplus of net revenue. According to Hansford's study, the projected operating revenue for next year is expected to be \$3.1 million with use fees being its largest contributor at \$1.5

IN THE NEWS – Westside Connect, January 2, 2025 - Continued

million. After paying off next year's projected operating expenses of \$2.8 million and the annual loan payment, Newman will have \$93,906 in net revenue. From January 2025 to January 2023, the total net revenue will be more than \$2 million.

Following the decision to vote on increasing the water rates and fees, the city council also voted unanimously for a low-income utility rate subsidy.

According to the staff report, the city council requested staff to draft a low-income subsidy program for water customers when the first reading of the ordinance for increased water rates was held.

The subsidy will decrease the cost of all utilities including residential water, wastewater and refuse charges by 20%, according to the staff report. The program's funding will be from the General Fund and based on current qualified residents, it could have a projected annual impact of \$3,427.20 on the General Fund.

For residents who want to qualify, they will need to complete a City Service Subsidy Application and provide their most recent Form 1040 or 1040ez tax return or proof of receiving assistance from any of the assistance programs such as CalFresh, Supplemental Security Income and Medicaid/Medi-Cal for those who are under and over age 65.



STANISLAUS LOCAL AGENCY FORMATION COMMISSION MINUTES

October 23, 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, County Member
Terry Withrow, County Member
Richard O'Brien, City Member
Bill Berryhill, Alternate Public Member

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

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

2. PUBLIC COMMENT

Jeani Ferrari spoke regarding sustainable growth and farmland protection. Jami Aggers spoke regarding her concerns about the City of Riverbank's River Walk Specific Plan proposal and gave the Commission a copy of the City's agenda item for the initiative.

3. CORRESPONDENCE

- A. Specific Correspondence.

None.
- B. Informational Correspondence.

None.
- C. In the News

4. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS

None.

5. CONSENT ITEMS

- A. **MINUTES OF THE SEPTEMBER 25, 2024, LAFCO MEETING**
(Staff Recommendation: Accept the Minutes.)
- B. **LEGISLATIVE UPDATE**
(Staff Recommendation: Accept the update.)
- C. **YEAR-END FINANCIAL REPORT FOR FY 2023-2024**
(Staff Recommendation: Accept and file the report.)
- D. **MUNICIPAL SERVICE REVIEW NO. 2024-06 AND SPHERE OF INFLUENCE UPDATE NO. 2024-06 – CROWS LANDING, GRAYSON AND WESTLEY COMMUNITY SERVICES DISTRICTS:** The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Crows Landing, Grayson and Westley Community Services 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. 2024-11.)

Motion by Commissioner O'Brien, seconded by Commissioner Withrow, and carried with a 4-0 vote to approve the consent items, by the following vote:

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

6. PUBLIC HEARING

- A. **PROPOSED AMENDMENT TO POLICY 15 – OUT-OF-BOUNDARY SERVICE CONTRACTS OR AGREEMENTS:** The Commission will consider an amendment to Policy 15 to clarify the Executive Officer's approval authority related to out-of-boundary service applications for existing development. The amendment also adds language encouraging agencies to verify whether existing approvals or exemptions apply. The adoption of the amendment is a continuing administrative or maintenance activity and is therefore not a "project" for the purposes of the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(2), and has no possibility of a significant effect on the environment. (Staff Recommendation: Approve the amendment and adopt Resolution No. 2024-12.)

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

Chair Chiesa opened the Public Hearing at 6:16 p.m.

No one spoke.

Chair Chiesa closed the Public Hearing at 6:16 p.m.

Motion by Commissioner Withrow, seconded by Commissioner O'Brien, and carried with a 4-0 vote to approve the amendment and adopt Resolution No. 2024-12, by the following vote:

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

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 informed the Commission of the following:

- Staff is awaiting an application from the City of Hughson for annexation of St. Anthony's Church.
- Staff is working on the 2025 Work Program and Municipal Service Review updates.
- The December 4, 2024 meeting is tentative. Should it be canceled, the next meeting will be January 22, 2025.

11. ADJOURNMENT

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

DRAFT

Sara Lytle-Pinhey, Executive Officer

**EXECUTIVE OFFICER'S AGENDA REPORT
JANUARY 22, 2025**

TO: LAFCO Commissioners

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

SUBJECT: MID-YEAR BUDGET REPORT FOR FISCAL YEAR 2024-2025

RECOMMENDATION

It is recommended that the Commission accept this financial update.

DISCUSSION

The Mid-Year Budget Report provides an overview of LAFCO's expenses and revenues through the second quarter for the Commission's information. The Commission's adopted budget for the current fiscal year is \$723,670. At mid-year, expenditures totaled \$344,175, which represents approximately 48% of the adopted budget. Below is an overview of LAFCO's expenses and revenues:

LAFCO FY 2024-2025 Mid-Year Comparison: Adopted Budget vs. Actual

	Adopted Budget (2024-2025)	Actual (Mid-Year)	% of Budget
EXPENSES			
Salaries & Benefits	\$610,695	\$300,660	49%
Services & Supplies	111,775	43,420	39%
Other Charges	1,200	95	8%
Total Expenses	\$723,670	\$344,175	48%
REVENUES			
City/County Contributions	\$693,670	\$693,670	100%
Applications & Other Revenues	20,000	5,000	25%
Interest Earnings	--	14,290	--
Total Revenues	\$713,670	\$712,960	99%
<i>Use of Fund Balance</i>	<i>10,000</i>		
<i>Total Budget</i>	<i>\$723,670</i>		

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

➤ **Salaries and Benefits:**

Through the end of the second quarter, \$300,660 has been expended on Salaries and Benefits, representing approximately 49% of the total amount budgeted in this category for the fiscal year. Retirement and health insurance costs have remained within what was originally estimated. Staff anticipates that at year-end, the overall Salaries and Benefits category will be within the budgeted amount.

➤ Services and Supplies:

At the end of the second quarter, expenditures under the Services and Supplies category totaled \$43,420. This represents 39% of the total amount budgeted. Of note is the following:

- Expenditures for the Commission's general liability insurance, membership dues, and office lease are billed as one-time expenses early in the fiscal year. Thus, the entire Services and Supplies budget category is expected to be well within budget amounts by year-end.
- Certain accounts in the Services and Supplies category (e.g. legal services, engineering services) are charged at actual cost, as needed. These expenses can fluctuate throughout the year based on the complexity of applications and need for additional review.

➤ Other Charges:

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

➤ Revenues:

The County and nine cities have paid their apportionment shares totaling \$693,670. Revenue received from LAFCO application fees at mid-year totals \$5,000. Applications revenues are typically conservatively estimated as they represent a small percentage of revenue received. Staff anticipates receiving additional application fees by year-end, which in conjunction with interest revenues, will likely exceed overall estimates.

CONCLUSION

The Commission's Fiscal Year 2024-2025 Budget continues to be financially sound. Each category is projected to be near their budgeted amounts by year-end. Any funds anticipated to be remaining at the end of the fiscal year will be used to offset agency contributions in the following year's budget. No budget adjustments are recommended currently. If future modifications are needed, Staff will immediately bring forth those requests to the Commission for consideration.

**EXECUTIVE OFFICER'S AGENDA REPORT
JANUARY 22, 2025**

TO: LAFCO Commissioners

FROM: Javier Camarena, Assistant Executive Officer

SUBJECT: 2025 WORK PROGRAM - MUNICIPAL SERVICE REVIEW & SPHERE OF INFLUENCE UPDATES

RECOMMENDATION

Staff recommends that the Commission consider adoption of a work program to guide completion of Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) updates for 2025. The Commission may direct Staff to prioritize certain updates as needed.

DISCUSSION

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

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

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

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

Prior Year's Work Program

In 2024, LAFCO Staff completed MSR updates for the following districts:

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

2025 Goals - Special Districts

Staff will initiate MSR updates for the following special districts in 2025 to stay aligned with the five-year schedule:

- Denair and Keyes Community Services Districts
- Del Puerto Healthcare, Westside Community Healthcare and Oak Valley Hospital Districts
- Orestimba Creek and Sand Creek Flood Control Districts

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

City MSR Updates

City MSR-SOI updates are typically initiated by the cities and/or their consultant in conjunction with a general plan update and/or a proposed sphere of influence amendment. The most recent city MSR approved by the Commission was for the City of Patterson in July 2023, to accommodate a simultaneous Sphere of Influence amendment.

A chart outlining the adoption dates for City MSRs is attached to this report. Staff will continue to coordinate with cities that may be updating general plans or master plans to ensure this information is incorporated into their subsequent MSR updates.

Current Efforts

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

- City of Hughson – St. Anthony’s Change of Organization to the City of Hughson: The application is a request to annex approximately 6.6 acres to the City of Hughson in order to obtain City sewer services. The property is the existing site of St. Anthony’s Parish.
- City of Riverbank - River Walk: A draft environmental impact report (DEIR) is currently in the review process with the City of Riverbank. LAFCO staff has commented on the DEIR.
- City of Ceres - Copper Trails: A draft environmental impact report has recently been released by the City for the project and LAFCO Staff is currently reviewing the document for preparation of a comment letter.
- Staff continues to receive inquiries and pre-application meeting requests related to various upcoming city and district projects. Staff will continue to monitor these potential proposals.

CONCLUSION

Staff believes that the proposed work program can be reasonably completed throughout the year. Paid applications (e.g. annexations, out-of-boundary service extensions) have required processing deadlines that are given precedence over Municipal Service Reviews and Sphere of

Influence updates and may delay individual updates. Likewise, tasks involved with upcoming projects (e.g. responses to environmental referrals, pre-application meetings, etc.) may also delay MSR-SOI goals. Staff will continue to keep the Commission apprised of the progress in meeting the goals of the 2025 Work Program throughout the year.

Attachments:

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

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SPECIAL DISTRICTS

MSR & SOI UPDATE SCHEDULE - BY YEAR

	DISTRICT	LAST MSR COMPLETED
2025	Community Services District - Denair and Keyes	January 22, 2020
	Healthcare & Hospital Districts - Del Puerto Healthcare, Westside Community Healthcare, and Oak Valley Hospital Districts	August 26, 2020
	Flood Control Districts - Orestimba Creek and Sand Creek	June 24, 2020
2026	County Service Areas (CSAs) -- 22 total	September 22, 2021
	Westside Irrigation & Water Districts - Patterson and West Stanislaus IDs; Eastin, El Solyo, Del Puerto, and Oak Flat WDs	February 24, 2021
2027	Water District - Western Hills Water District	January 26, 2022
	Community Services District - Monterey Park Tract	May 25, 2022
	Community Services District - Knights Ferry	April 27, 2022
	Irrigation Districts - Modesto Irrigation District	September 28, 2022
	Turlock Irrigation District	September 28, 2022
	Community Services District - Riverdale Park Tract	October 26, 2022
2028	Drainage District - Newman Drainage District	September 27, 2023
	Sanitary District - Empire Sanitary District	February 28, 2024
	Salida Sanitary District	April 26, 2023
	Water District - Rock Creek Water District	February 28, 2024
	Mosquito Abatement Districts - Turlock and Eastside	October 25, 2023
	Irrigation District - Oakdale Irrigation District	September 27, 2023
2029	Fire Protection Districts - Burbank-Paradise, Ceres Rural, Denair, Mountain View, Turlock Rural, Westport, Woodland, Hughson, Industrial, Keyes, Salida, Stanislaus Consolidated, West Stanislaus and Oakdale Rural	March 27, 2024
	Resource Conservation Districts - East Stanislaus and West Stanislaus	September 25, 2024
	Cemetery Districts - Hills Ferry, Knights Ferry and Patterson	April 24, 2024
	Community Services District - Crows Landing, Grayson, Westley	October 23, 2024
	Water District - Eastside Water District	July 24, 2024

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

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

Stanislaus LAFCO, Jan. 2025

**EXECUTIVE OFFICER'S AGENDA REPORT
JANUARY 22, 2025**

TO: LAFCO Commissioners

FROM: Jennifer Vieira, Commission Clerk

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

BACKGROUND

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

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

Commissioner Ken Lane, as the current Vice-Chair, is eligible to be Chairperson. However, as Commissioner Lane's term as a Regular Member expires May 5, 2025, the Commission may choose to skip this year's rotation and select a City Member as Chair and County Member as Vice Chair to serve out the full year. With this option, Commissioners Amy Bublak as Regular City Member, would be eligible for Chairperson. Commissioner Terry Withrow, Regular County Member, would be eligible for Vice-Chairperson. (See attached Rotation Schedule.)

RECOMMENDATION

If the Commission agrees with the terms of office and the rotation of officers as per Rule 4 and the options above, it is recommended that the Commission adopt the attached Resolutions appointing a new Chairperson (City Member) and a Vice-Chairperson (County Member) for the annual term of February 1, 2025 to January 31, 2026.

Attachments: Rotation Schedule
Draft LAFCO Resolution No. 2025-01a & 2025-01b

COMMISSIONER ROTATION SCHEDULE

				<u>Rotation</u>
2/2014 - 1/2015	Chairperson Vice-Chairperson	Bublak DeMartini	City County	A
2/2015 - 1/2016	Chairperson Vice-Chairperson	DeMartini Hawn	County Public	B
2/2016 - 1/2017	Chairperson Vice-Chairperson	Hawn Bublak	Public City	C
2/2017 - 1/2018	Chairperson Vice-Chairperson	Bublak Withrow	City County	D
2/2018 - 1/2019	Chairperson Vice-Chairperson	Withrow Van Winkle	County City	E
2/2019 – 1/2020	Chairperson Vice-Chairperson	Van Winkle DeMartini	City County	A
2/2020 – 1/2021	Chairperson Vice-Chairperson	DeMartini Berryhill	County Public	B
2/2021 – 1/2022	Chairperson Vice-Chairperson	SKIPPED	Public City	C
2/2021 – 1/2022	Chairperson Vice-Chairperson	Bublak Withrow	City County	D
2/2022 – 1/2023	Chairperson Vice-Chairperson	Withrow O'Brien	County City	E
2/2023 – 1/2024	Chairperson Vice-Chairperson	O'Brien Chiesa	City County	A
2/2024 – 1/2025	Chairperson Vice-Chairperson	Chiesa Lane	County Public	B
2/2025 – 1/2026	Chairperson Vice-Chairperson	SKIPPED	Public City	C
2/2025 – 1/2026	Chairperson Vice-Chairperson		City County	D

**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: January 22, 2025

NO. 2025-01a

SUBJECT: Annual Election of Officers (Chairperson)

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

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

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

WHEREAS, the term of the present officer expired on January 31, 2025; and,

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

NOW, THEREFORE, BE IT RESOLVED that the Commission:

1. Elects Commissioner _____ as Chairperson for a term of office commencing February 1, 2025 through January 31, 2026.

ATTEST:

Sara Lytle-Pinhey
Executive Officer

**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: January 22, 2024

NO. 2025-01b

SUBJECT: Annual Election of Officers (Vice-Chairperson)

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

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

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

WHEREAS, the term of the present officer expired on January 31, 2025; and,

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

NOW, THEREFORE, BE IT RESOLVED that the Commission:

1. Elects Commissioner _____ as Vice-Chairperson for a term of office commencing February 1, 2025 through January 31, 2026.

ATTEST:

Sara Lytle-Pinhey
Executive Officer