



**STANISLAUS LAFCO
LOCAL AGENCY FORMATION COMMISSION**

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

Chair Terry Withrow, County Member
Jim DeMartini, County Member
Bill Berryhill, Public Member
Amy Bublak, City Member
Michael Van Winkle, City Member
Richard O'Brien, Alternate City Member
Brad Hawn, Alternate Public Member
Vito Chiesa, Alternate County Member

**AGENDA
Wednesday, September 26, 2018
6:00 P.M.
Joint Chambers—Basement Level
1010 10th Street, Modesto, California 95354**

The Stanislaus Local Agency Formation Commission welcomes you to its meetings. As a courtesy, please silence your cell phones during the meeting. If you want to submit documents at this meeting, please bring 15 copies for distribution. Agendas and staff reports are available on our website at least 72 hours before each meeting. Materials related to an item on this Agenda, submitted to the Commission or prepared after distribution of the agenda packet, will be available for public inspection in the LAFCO Office at 1010 10th Street, 3rd Floor, Modesto, during normal business hours.

1. CALL TO ORDER

- A. Pledge of Allegiance to the Flag.
- B. Introduction of Commissioners and Staff.

2. PUBLIC COMMENT PERIOD

This is the period in which persons may speak on items that are not listed on the regular agenda. All persons wishing to speak during this public comment portion of the meeting are asked to fill out a "Speaker's Card" and provide it to the Commission Clerk. Each speaker will be limited to a three-minute presentation. No action will be taken by the Commission as a result of any item presented during the public comment period.

3. APPROVAL OF MINUTES

- A. Minutes of the August 22, 2018 Meeting.

4. CORRESPONDENCE

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

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

- 1. Results of the Protest Hearing for the Division 1 North Area Change of Organization to the Oakdale Rural Fire Protection District.

- 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. **MUNICIPAL SERVICE REVIEW NO. 18-03 AND SPHERE OF INFLUENCE UPDATE NO. 18-05 FOR THE EAST SIDE & TURLOCK MOSQUITO ABATEMENT DISTRICTS.** The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the East Side and Turlock Mosquito Abatement District. This item is exempt from the California Environmental Quality Act (CEQA) review pursuant to Regulation §15061(b)(3). (Staff Recommendation: Approve the update and adopt Resolution No. 2018-14.)

B. **PROPOSED LAFCO MEETING CALENDAR FOR 2019.**
(Staff Recommendation: Accept the 2019 Meeting Calendar.)

C. **SELECTION OF AN INDEPENDENT AUDITOR FOR THE BIENNIAL AUDIT.**
(Staff Recommendation: Authorize the Executive Officer to Execute a Professional Services Agreement with an independent auditor for completion of a biennial audit for Fiscal Years 2016-17 and 2017-18.)

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 during this public hearing portion of the meeting are asked to fill out a "Speaker's Card" and provide it to the Commission Clerk prior to speaking.

A. **LAFCO APPLICATION NO. 2018-04 – 119 G STREET CHANGE OF ORGANIZATION TO THE STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT.** The Commission will consider a request by the City of Modesto to annex a 0.32-acre parcel located at 119 G Street in Empire to the Stanislaus Consolidated Fire Protection District. The property was previously a well site owned by the City and has since been sold and detached from the City limits. The annexation would return the property back to the jurisdiction of the District for fire services. This item is exempt from the California Environmental Quality Act (CEQA) review pursuant to Regulation §15061(b)(3).

8. OTHER MATTERS

A. **ELECTION OF VICE CHAIR.** (Staff Recommendation: Approve Resolution No. 2018-16.)

9. COMMISSIONER COMMENTS

Commission Members may provide comments regarding LAFCO matters.

10. ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON

The Commission Chair may announce additional matters regarding LAFCO matters.

11. EXECUTIVE OFFICER'S REPORT

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

A. On the Horizon.

12. ADJOURNMENT

A. Set the next meeting date of the Commission for October 24, 2018.

B. Adjourn.

LAFCO Disclosure Requirements

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

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

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

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

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

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

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



STANISLAUS LOCAL AGENCY FORMATION COMMISSION

MINUTES

August 22, 2018

1. CALL TO ORDER

Chair Withrow called the meeting to order at 6:02 p.m.

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

Commissioners Present: Terry Withrow, Chair, County Member
Michael Van Winkle, City Member
Jim DeMartini, County Member
Brad Hawn, Alternate Public Member
Richard O'Brien, Alternate City Member

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

Commissioners Absent: Amy Bublak, City Member
Bill Berryhill, Public Member
Vito Chiesa, Alternate County Member

2. PUBLIC COMMENT

None.

3. APPROVAL OF MINUTES

- A. Minutes of the June 27, 2018 Meeting.

Motion by Commissioner DeMartini, seconded by Commissioner Van Winkle and carried with a 5-0 vote to approve the Minutes of the June 27, 2018 meeting by the following vote:

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

4. CORRESPONDENCE

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

5. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS

None.

6. PUBLIC HEARINGS

- A. **LAFCO APP. NO. 2018-03 - ORCHARD VILLAGE MOBILE HOME PARK CHANGE OF ORGANIZATION TO KEYES COMMUNITY SERVICES DISTRICT.**
Request to annex an 8.45 acre mobile home park to the Keyes Community Services District (CSD). The annexation will include the abandonment of two existing wells and connection to the Keyes CSD public water system in order to address high levels of arsenic. The proposed project is located at 4920 Faith Home Road on the east side of Faith Home Road, south of and adjacent to TID Lateral No. 2 ½, within the Keyes CSD Sphere of Influence. The proposal is considered exempt for purposes of the California Environmental Quality Act (CEQA) pursuant to §15303 as determined by the Keyes CSD as lead agency. (Staff Recommendation: Approve the proposal and adopt Resolution No. 2018-13.)

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

Chair Withrow opened the Public Hearing at 6:10 p.m.

No one spoke.

Chair Withrow closed the Public Hearing at 6:11 p.m.

Motion by Commissioner Hawn, seconded by Commissioner O'Brien, and carried with a 5-0 vote to approve the proposal and adopt Resolution No. 2018-13, by the following vote:

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

7. OTHER MATTERS

- A. **RESPONSE TO THE 2017-2018 CIVIL GRAND JURY REPORT RELATED TO THE**

RIVERDALE PARK TRACT COMMUNITY SERVICES DISTRICT. (Staff Recommendation: Authorize the Chairperson to sign and submit a response letter.)

Motion by Commissioner O'Brien, seconded by Commissioner Van Winkle, and carried with a 5-0 vote to authorize the Chairperson to sign and submit the response letter, by the following vote:

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

B. **FEE WAIVER REQUEST FOR PROPOSED DETACHMENT FROM THE NEWMAN DRAINAGE DISTRICT.** (Staff Recommendation: Authorize a fee waiver or reduction for the upcoming application for detachment.)

Chair Withrow opened the item for comment at 6:22 p.m.

Georgia Cerutti thanked the Commission for hearing the item.

Chair Withrow closed the item for comment at 6:22 p.m.

Motion by Commissioner Van Winkle, seconded by Commissioner Hawn, and carried with a 5-0 vote to authorize a fee reduction to \$125.00, by the following vote:

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

8. COMMISSIONER COMMENTS

Commissioner O'Brien states he was glad to be back on the LAFCO Commission.

9. ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON

None.

10. EXECUTIVE OFFICER'S REPORT

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

- Commissioner Dunlop relocated out of state. The City Selection Committee appointed Commission Richard O'Brien as his replacement.
- Staff will be conducting a Protest Hearing on Wednesday, August 29th for the Division 1 North annexation to the Oakdale Rural Fire Protection District.
- Upcoming items for September will include the selection of an Independent Auditor. Staff is also working on the Newman Northwest Plan application

and recently reviewed 3 Environmental Impact Reports for Riverbank, Ceres and Modesto.

11. CLOSED SESSION – EXECUTIVE OFFICER ANNUAL EVALUATION

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

Robert J. Taro, Legal Counsel, announced the closed session and provided an opportunity for the public to comment. There were no comments and the Commission recessed to Closed Session at 6:28 p.m.

The Commission reconvened at 6:38 p.m. Mr. Taro stated there was no reportable action.

12. ADJOURNMENT

A. Chair Withrow adjourned the meeting at 6:39 p.m.

SIGNED COPY ON FILE

Sara Lytle-Pinhey, Executive Officer

MEMORANDUM

DATE: September 18, 2018

TO: LAFCO Commissioners

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

SUBJECT: Results of the Protest Hearing for the Division 1 North Area Change of Organization to the Oakdale Rural Fire Protection District

RECOMMENDATION

It is recommended that the Commission receive and file this informational report.

DISCUSSION

On June 27, 2018, the Commission approved the Division 1 North Area Change of Organization to the Oakdale Rural Fire Protection District, adopted Resolution No 2018-05 and directed the Executive Officer to initiate protest proceedings. The Commission delegates the conduct of the protest hearing (also referred to as “conducting authority proceedings”) to the Executive Officer, pursuant to Government Code Section 57000(c). Following the required notice process, the Executive Officer held a protest hearing on August 29, 2018 at the Valley Home Fire Station. The protest hearing allows for an opportunity for landowners and registered voters to submit their protests in-person for the proposal. Staff also accepted mailed-in protests.

A total of 41 written protest forms were submitted. LAFCO Staff reviewed each form, a process that included verification of registered voters from the County Elections department, as well as a verification of landowners with the current County assessment roll. The Cortese-Knox-Hertzberg Act stipulates the requirements for the verification and valuation of written protests (Government Code sections 56704, 56707, 56708, 56710). Based on these requirements, Staff determined the following protests were received:

Registered Voters – Written Protests

Total Registered Voters Residing Within the Annexation Area	92
Verified Protests Received	17
Percent of Registered Voters Protesting	18.48%

Property Owners – Written Protests

Total Property Owners Within the Annexation Area	115
Verified Protests Received	22
Percent of Property Owners Protesting	19.13%

Neither the number of protests submitted by registered voters nor the number of protest submitted by property owners reached the 25% threshold required for an election. Pursuant to Government Code Section 57075(a)(3), the Commission's original approval of the annexation is ordered.

Next Steps

This report is for informational purposes only and no further action from the Commission is required. The Executive Officer will file a Certificate of Completion with the Stanislaus County Clerk Recorder's office once all remaining fees owed to LAFCO are paid, at which time the territory will become part of the Oakdale Rural Fire Protection District. Staff will be notifying the landowners and registered voters of the protest hearing outcome as well as the affected agencies.

Attachments: Conducting Authority Resolution No. 01-2018

**STANISLAUS LAFCO CONDUCTING AUTHORITY
RESOLUTION NO. 01-2018**

**RESOLUTION OF THE EXECUTIVE OFFICER AS CONDUCTING AUTHORITY ORDERING
THE DIVISION 1 NORTH AREA CHANGE OF ORGANIZATION TO THE OAKDALE RURAL
FIRE PROTECTION DISTRICT**

WHEREAS, the Stanislaus Local Agency Formation Commission (LAFCO), on June 27, 2018, approved LAFCO Resolution 2018-05, ordering the Division 1 North Area Change of Organization to the Oakdale Rural Fire Protection District subject to protest proceedings;

WHEREAS, the proposal consists of a request by the Oakdale Rural Fire Protection District to expand its sphere of influence and simultaneously annex approximately 57,595 acres located in north of the District's existing boundaries, in the northernmost area of Stanislaus County to the District in order to provide continued services and extend its special tax to the area;

WHEREAS, pursuant to Section 99 of the Revenue and Taxation Code, the County and District negotiated a property tax revenue sharing agreement for the subject area;

WHEREAS, the Commission set forth the reasons for the proposal, made findings and determinations, including those required of the California Environmental Quality Act (CEQA), and approved terms and conditions of the change of organization as described in Exhibit A, LAFCO Resolution No. 2018-05;

WHEREAS, the affected boundaries of the change of organization are described in Exhibit B, attached;

WHEREAS, the territory is inhabited and does not have 100% landowner consent;

WHEREAS, Government Code Section 56029 designates the Commission, as the conducting authority to conduct proceedings for the change of organization pursuant to Part 4 of Division 3 of the California Government Code commencing with Section 57000;

WHEREAS, pursuant to Government Code Section 57000(c), the Commission, on February 28, 2001, delegated all functions, duties, and responsibilities of the Commission as conducting authority to the Executive Officer;

WHEREAS, the Commission adopted LAFCO Resolution No. 2018-05, making determinations, approving the proposal and directing the Executive Officer to complete protest proceedings;

WHEREAS, notice was given for the protest hearing, in the form and manner required by law, pursuant to Government Code Section 57025;

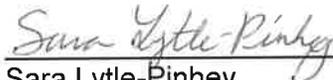
WHEREAS, pursuant to Government Code Section 57050, the Executive Officer has conducted the protest hearing for the change of organization on August 29, 2018 for the purpose of receiving written protests;

WHEREAS, following the conclusion of the hearing, in accordance with Government Code

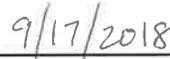
Section 57052 and 57075(a)(3), the number of eligible written protests filed and not withdrawn were submitted by less than 25 percent of the registered voters and less than 25 percent of the number of owners of land within the affected territory.

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED, AND ORDERED by the Executive Officer of the Stanislaus Local Agency Formation Commission as follows:

1. On the authority of the Stanislaus Local Agency Formation Commission, as delegated by the Commission to its Executive Officer, the subject change of organization is hereby ordered pursuant to Government Code Section 57075(a)(3).
2. A Certificate of Completion for the change of organization shall be filed in the manner stated in Government Code Section 57000 et. seq., upon satisfaction of the terms and conditions set forth in LAFCO Resolution 2018-05.
3. The regular County assessment roll will be utilized.
4. No existing bonded indebtedness shall be affected by this change of organization.
5. The change of organization is subject to the terms and conditions contained in LAFCO Resolution No. 2018-05, attached hereto as Exhibit A; and the boundaries are further described on the map and legal description, attached hereto as Exhibit B.



Sara Lytle-Pinhey
Executive Officer



Date

Exhibit A: LAFCO Resolution No. 2018-05
Exhibit B: Legal Description & Map

EXHIBIT A

**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: June 27, 2018

NO. 2018-05

SUBJECT: LAFCO Application No. 2017-03 & Sphere of Influence Modification No. 2017-07 –
Division 1 North Area Change of Organization to the Oakdale Rural Fire Protection
District

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, a proposal was initiated by Resolution of Application from the Oakdale Rural Fire
Protection District; to modify the Sphere of Influence and simultaneously annex approximately
57,595 acres to the Oakdale Rural Fire Protection District;

WHEREAS, there are more than 12 registered voters within the area and it is thus considered
inhabited;

WHEREAS, the above-referenced proposal has been filed with the Executive Officer of the
Stanislaus Local Agency Formation Commission pursuant to the Cortese-Knox-Hertzberg Local
Government Reorganization Act (Section 56000 et seq. of the Government Code);

WHEREAS, the proposal was initiated by a Resolution of Application from the Oakdale Rural Fire
Protection District;

WHEREAS, the purpose of the proposal is to allow the District to provide continued fire protection
services to the subject territory;

WHEREAS, proceedings for adoption and amendment of a Sphere of Influence and change of
organization are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act,
Section 56000 et seq. of the Government Code;

WHEREAS, California Government Code Section 56425 requires the Commission to prepare
written determinations with respect to certain factors outlined in this section;

WHEREAS, the District has established a special tax that will be applied to the subject territory and
will also receive funding pursuant to a tax sharing agreement with Stanislaus County;

WHEREAS, in the form and manner provided by law pursuant to Government Code Sections 56153 and 56157, the Executive Officer has given notice of the public hearing by the Commission on this matter;

WHEREAS, the Commission has, in evaluating the proposal, considered the report submitted by the Executive Officer, which included determinations and factors set forth in Government Code Sections 56425 and 56668, and any testimony and evidence presented at meetings held on April 25, 2018 and June 27, 2018; and

WHEREAS, as required by Section 57000 of the Cortese Knox Hertzberg Act, the change of organization is subject to protest proceedings.

NOW, THEREFORE, BE IT RESOLVED that the Commission:

1. Finds this proposal to be categorically exempt from the provisions of the California Environmental Quality Act (CEQA), pursuant to Sections 15320 and 15061(b)(3) of the CEQA Guidelines.
2. Adopts the written determinations pursuant to Government Code Section 56425, as described and put forth in the staff report dated April 25, 2018, and determines that the sphere of influence for the Oakdale Rural Fire Protection District will include the territory and be coterminous with its approved boundaries, as shown in Attachment 1.
3. Designates the proposal as the "Division 1 North Area Change of Organization to the Oakdale Rural Fire Protection District."
4. Finds the proposal to be consistent with State law and the Commission's adopted Policies and Procedures.
5. Approves the proposal subject to the following terms and conditions:
 - (a) The Applicant shall pay the required State Board of Equalization fees and submit a map and legal description prepared to the requirements of the State Board of Equalization and accepted to form by the Executive Officer.
 - (b) The Applicant agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval, and provide for reimbursement or assumption of all legal costs in connection with that approval.
 - (c) In accordance with Government Code Sections 56886(t) and 57330, the subject territory shall be subject to the levying and collection of all previously authorized charges, fees, assessments and taxes of the Oakdale Rural Fire Protection District.
 - (d) The effective date of the annexation shall be the date of recordation of the Certificate of Completion.

6. Directs the Executive Officer to initiate Protest Proceedings pursuant to Government Code Section 57000 et seq.
7. Adopts the Sphere of Influence modification contingent upon completion of the annexation.

ATTEST:



Sara Lytle-Pinhey
Executive Officer

**DIVISION 1 NORTH CHANGE OF ORGANIZATION
TO THE
OAKDALE RURAL FIRE PROTECTION DISTRICT

GEOGRAPHIC DESCRIPTION**

A tract of land being all that portion of Stanislaus County, State of California situate north of the north boundary line of the existing Oakdale Rural Fire Protection District and situate within portions of Township 3 North, Range 10 East, Township 2 North, Range 10 East, Township 1 North, Range 10 East, Township 1 South, Range 10 East, Township 2 North, Range 11 East, Township 1 North, Range 11 East, Township 1 South, Range 11 East, the Thompson Rancho filed for record in Volume 1 of Maps at Page 20, Stanislaus County Records and The Rancheria Del Rio Estanislao filed for record in Volume 1 of Maps at Page 66, Stanislaus County Records, said tract of land being more particularly described as follows:

Beginning at northeast corner of said District boundary and being a point on the county line common to Stanislaus and Calaveras Counties:

- 1.) Thence westerly along north line of said District boundary to the northwest corner of said District boundary, said northwest corner being a point on the west line of Township 1 South, Range 10 East and also being a point on the county line common to Stanislaus and San Joaquin Counties;
- 2.) Thence northerly along said county line and range line to the most northerly corner of Stanislaus County and being the corner common to Stanislaus, San Joaquin and Calaveras Counties;
- 3.) Thence southeasterly along the county line common to Stanislaus and Calaveras Counties to the northeast corner of said District boundary and the Point of Beginning;

Area = +/- 57,595 acres

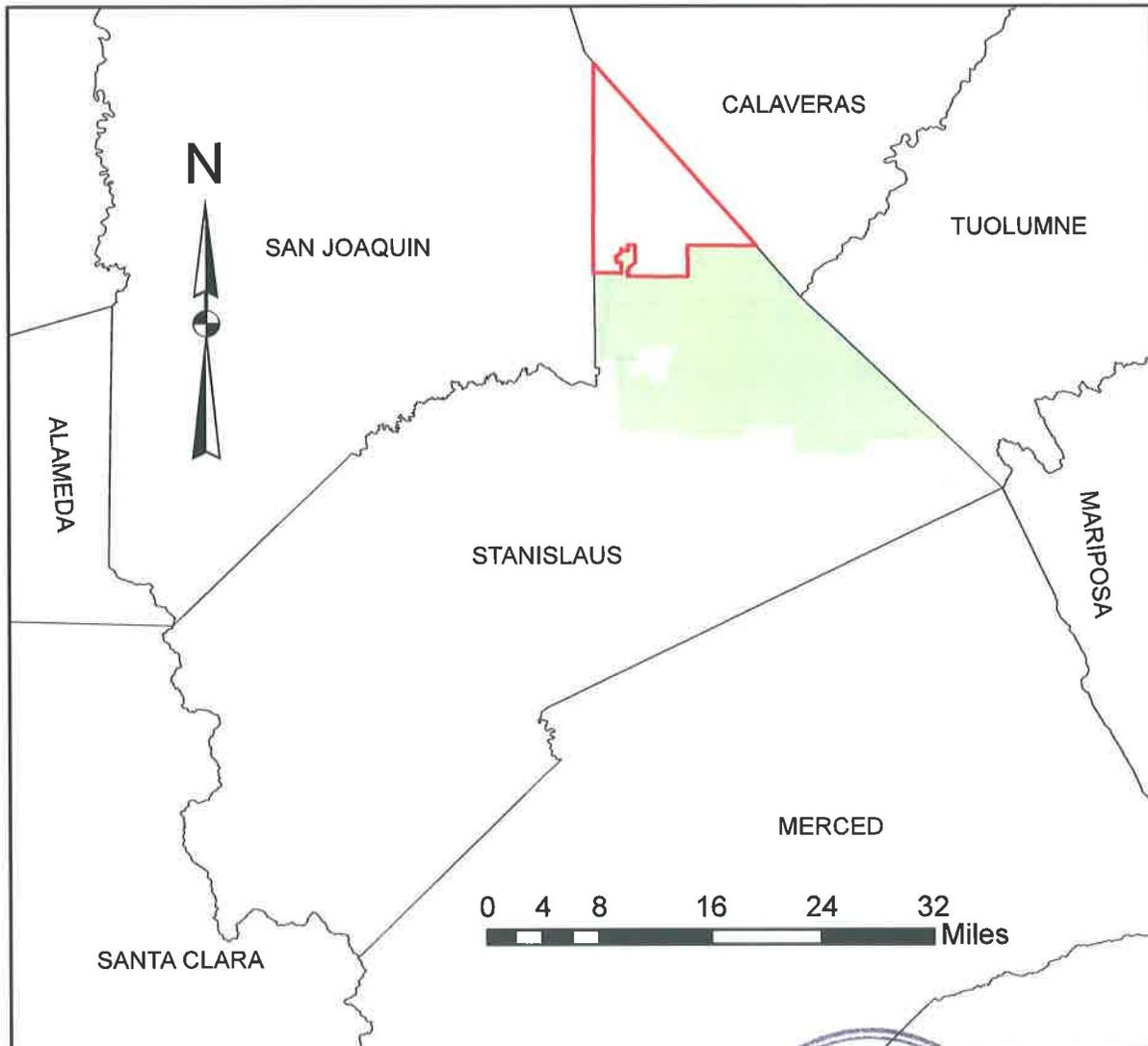
END DESCRIPTION



Division 1 North Change of Organization to the Oakdale Rural Fire Protection District

Exhibit Sheet 1 of 4

Vicinity Map



Legend

-  Boundary of Proposed Addition
-  Existing Oakdale Rural Fire District



10-10-17

Division 1 North Change of Organization to the Oakdale Rural Fire Protection District

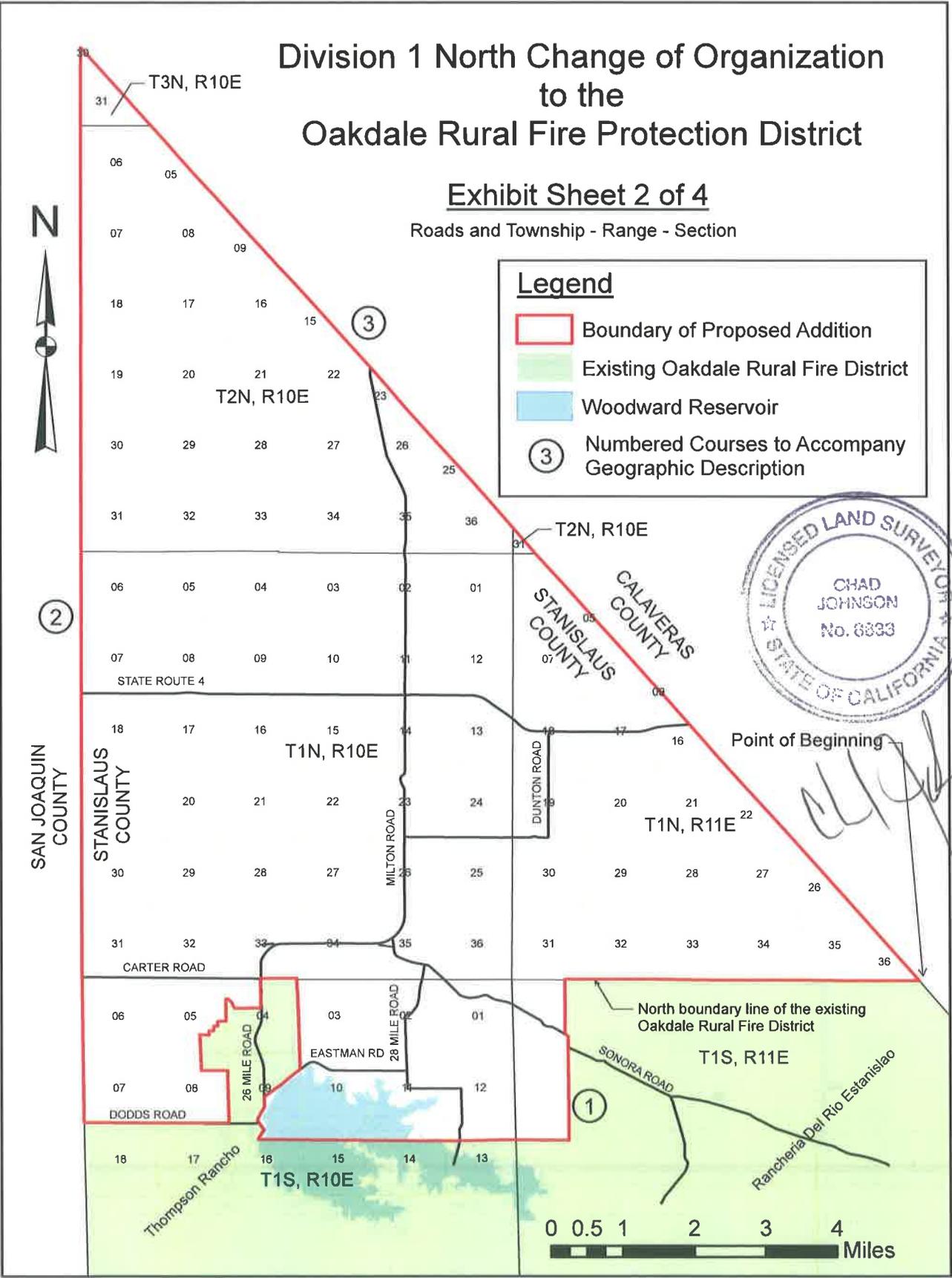
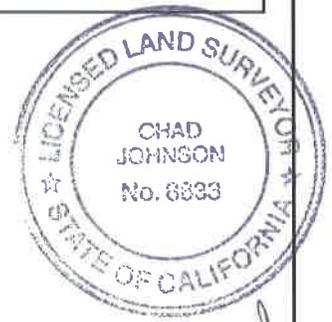
Exhibit Sheet 2 of 4

Roads and Township - Range - Section



Legend

- Boundary of Proposed Addition
- Existing Oakdale Rural Fire District
- Woodward Reservoir
- 3 Numbered Courses to Accompany Geographic Description



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③

③

①

10-10-17

Division 1 North Change of Organization to the Oakdale Rural Fire Protection District

Exhibit Sheet 3 of 4

to show parcels adjacent to the boundary
(see table on sheet 4 of 4)



Legend

- Boundary of Proposed Addition
- Existing Oakdale Rural Fire District
- Woodward Reservoir
- 45 Parcels Adjacent to the proposed Boundary

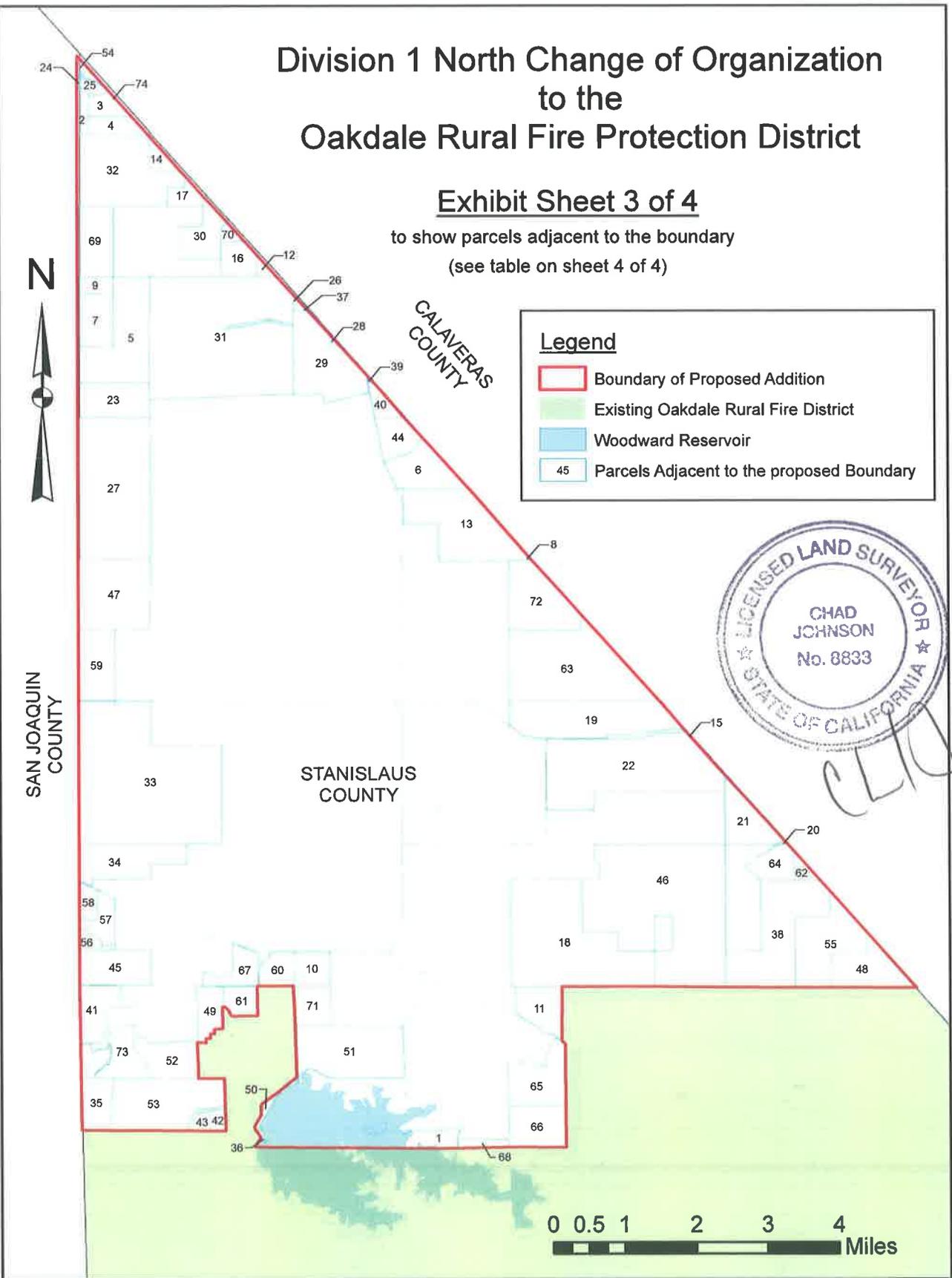
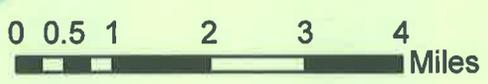


Handwritten signature and date:
10-10-17

SAN JOAQUIN
COUNTY

CALAVERAS
COUNTY

STANISLAUS
COUNTY



Division 1 North Change of Organization
to the
Oakdale Rural Fire Protection District

Exhibit Sheet 4 of 4
Assessors Parcel Number Table

PARCEL	APN
1	002-009-001
2	001-001-016
3	001-001-018
4	001-001-017
5	001-003-015
6	001-006-017
7	001-003-002
8	001-006-011
9	001-003-001
10	001-012-009
11	002-021-001
12	001-002-008
13	001-006-016
14	001-002-001
15	001-014-013
16	001-002-007
17	001-002-004
18	001-015-012
19	001-014-015
20	001-014-018
21	001-014-017
22	001-014-019
23	001-003-010
24	001-001-002
25	001-001-011
26	001-004-001
27	001-005-011
28	001-004-006
29	001-004-012
30	001-002-016
31	001-003-014
32	001-002-014
33	001-009-014
34	001-011-022
35	002-001-055
36	002-007-033
37	001-004-002

PARCEL	APN
38	001-016-008
39	001-004-008
40	001-004-011
41	002-001-072
42	002-001-075
43	002-001-076
44	001-006-018
45	001-011-014
46	001-015-013
47	001-007-015
48	001-016-007
49	002-001-003
50	002-001-021
51	002-002-019
52	002-001-070
53	002-001-054
54	001-001-009
55	001-016-006
56	001-011-023
57	001-011-024
58	001-011-009
59	001-007-006
60	001-011-029
61	002-001-018
62	001-016-002
63	001-013-005
64	001-016-010
65	002-021-046
66	002-021-087
67	001-011-039
68	002-009-062
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CORRESPONDENCE – IN THE NEWS

Newspaper Articles

- The Modesto Bee, August 17, 2018, “Stanislaus, Merced County opponents gear from water rally at Capitol on Monday.”
- The Modesto Bee, August 20, 2018, “‘Time for action is now.’ Interior chief demands plan to pump more California water south.”
- The Modesto Bee, August 20, 2018, “Water plan will ‘decimate’ economy; hundreds converge at Capitol for protest.”
- Patterson Irrigator, August 30, 2018, “Proposed annexation and zoning changes ruffle feathers.”
- West Side Index, September 6, 2018, “Search continues for ambulance quarters”
- West Side Index, September 13, 2018, “West Side ag could be hit hard by water plan.”
- The Modesto Bee, September 19, 2018, “OID board blesses controversial payments to following farmers.”

Stanislaus, Merced County opponents gear for water rally at Capitol on Monday

By Ken Carlson

Opponents of a state "water grab" are taking their political battle to the steps of the state Capitol building in Sacramento on Monday.

From 500 to 1,000 people are expected at a rally to protest a state water board plan to double the amount of water taken from the Tuolumne River to improve water quality in the Sacramento-San Joaquin river delta and restore fish populations.

The plan, also to take additional water from the Stanislaus and Merced rivers, is opposed by irrigation districts and cities that predict devastating effects on agriculture and the economy in the Northern San Joaquin Valley. The noon rally is expected to draw busloads of people from the Modesto and Merced areas, but organizers also have heard from folks in Tulare and the Sacramento Valley who want to attend.

Assemblyman Adam Gray, D-Merced, the chief organizer, said the water board's Bay-Delta plan is part of broader efforts to reallocate water resources in the state and that's upsetting to communities with senior water rights.

"Phase II of this plan is water from the Sacramento River," Gray said Thursday. "There is so much frustration in the communities around the state that people started calling and saying, 'we are fed up with Sacramento trying to take our water'."

Gray and Rep. Tom McClintock, R-Elk Grove, as well as county supervisors and Farm Bureau representatives are scheduled to speak. A number of students and marching bands are expected at the rally, while some groups could advocate for delta protections at their own event.

The rally was timed the day before water board meetings on the Bay Delta plan, set for Tuesday and Wednesday, but officials said recently the board won't take action on the plan until later in the year. To Gray, the decision to postpone the vote is a sign the board is starting to feel pressure from the affected communities.

"It does not mean it is time to let up," Gray said.

Water board Chairwoman Felicia Marcus has said that the Modesto and Turlock irrigation districts and others need to sacrifice more water to avert an ecological crisis in the delta. Chinook salmon have virtually disappeared from the lower San Joaquin, Tuolumne, Stanislaus and Merced rivers and other species are harmed by degraded water quality, Marcus says.

The chairwoman suggests that water users adapt by growing crops that use less water and by putting more storage in reservoirs during wet years. The plan is part of a broader concept of less reliance on the delta for supplying water for cities and farmland in the state. About 26 million Californians are supplied with drinking water from the delta.

While the water board has called for negotiated settlements that are less stringent than what could be required under state or federal environmental laws, local agencies are poised to file suit if the plan is adopted.

In late July, the Modesto City Council approved \$100,000 for a response to the Bay Delta proposal and said it's likely the city will join in litigation to challenge it.

About one-third of the city water supplied to 200,000 customers consists of treated Tuolumne River water purchased from MID. As a result of the water board proposal, Modesto customers would receive less surface water from MID in dry years, forcing the city to pump more from wells and possibly leading to

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over-drafting. According to a staff report in July, the delta plan also would limit the city's ability to develop and grow.

Councilman Bill Zoslocki said the city has been progressive in managing water and providing recycled wastewater to farmland in western Stanislaus County. He sees no problem with the city joining in litigation to protect its water supply.

"This is just a continual march by the state to grab more of our water rights," said Zoslocki, who suspects the "water grab" is tied to Gov. Jerry Brown's delta tunnels project, also called the California WaterFix. Some believe the state needs fresh water from the Tuolumne, Stanislaus and Merced if Sacramento River water is routed through the tunnels and shipped to the Southland.

"It's a water fix and the fix is on us," Zoslocki said.

A spokesperson said the MID has prepared for more than a year to engage in litigation. "We are prepared to file as soon as they vote," spokeswoman Melissa Williams said.

Groups who support higher river flows to restore salmon and steelhead trout have their own history of lawsuits over delta issues.

Marcus has called for negotiated settlements with irrigation districts and an "adaptive management" approach, in which districts would start with 40 percent unimpaired flow in rivers and possibly scale down to smaller flows if the measures are effective.

In comments on the Bay Delta plan, the California Sportfishing Protection Alliance compared adaptive management to previous "back room deals" with water districts that failed to produce results for the delta.

Groups such as the Tuolumne River Trust contend that an increase in spring flows on the Tuolumne, from an average 20 percent to 50 or 60 percent, is needed to restore the salmon.

The Tuolumne also is a source of water for 2.7 million Bay Area residents served by the San Francisco Public Utilities Commission, which has rights to water in Hetch Hetchy Reservoir high in the Sierra Nevada. The utility says that releasing 40 percent unimpaired flows from February through June would have limited benefits for fish but would result in more severe water rationing for Bay Area customers and would further complicate a housing shortage.

"If the state water board's plan had been in place during the most recent drought, San Franciscans would have had to go from already conservative 41 gallons of water per day to nearly 20 gallons of water per day — which is below the standards for basic health needs," said the PUC, which doesn't intend to participate in the Sacramento rally.

To reduce pressure on the delta, the water board has suggested a desalination plant in the Suisun Bay to serve Bay Area customers.

Another group predicts building moratoriums in several cities and a more crippling housing crisis if too much water is sacrificed for environmental purposes in the delta. "Anything that makes it more difficult to build more housing is a threat to the Bay Area economy and that is a threat to the rest of California," said Adrian Covert, vice president of public policy for the Bay Area Council.

"The Bay Area economy is the strongest economy in the United States, but the Achilles heel is the inability to build housing for our workforce," Covert said.

As an alternative plan to restore salmon, the San Francisco PUC, along with MID and TID, propose a management plan for the Tuolumne between La Grange and the San Joaquin River, including a hatchery, gravel cleaning, habitat improvements and suppression of nonnative bass that feed on young salmon.

The management plan has not gained much traction with the state water board.

The rally Monday will begin at noon on the north steps of the Sacramento Capitol Building, facing L Street.

‘Time for action is now.’ Interior chief demands plan to pump more California water south

By Dale Kasler & Ryan Sabalow

The Trump administration is accelerating efforts to pump more of Northern California’s water to farmers in the San Joaquin Valley, setting up a bruising conflict with state officials and environmentalists.

Interior Secretary Ryan Zinke last week sent a memo to underlings demanding a plan within 15 days aimed at “maximizing water supply deliveries” to irrigation districts south of the Sacramento-San Joaquin Delta.

“The time for action is now,” he wrote.

In the memo, Zinke also blasted a proposal by the State Water Resources Control Board that would restrict water deliveries to Valley farms and cities, as well as much of the Bay Area, in order to prop up endangered fish populations. The state board is starting two days of hearings on the plan Tuesday, although it has postponed a decision indefinitely to encourage environmentalists and farm groups to reach compromises.

Zinke visited the Valley a month ago and signaled his solidarity with farmers.

“The State of California is now proposing additional unacceptable restrictions that further reduce the Department’s ability to deliver water to Federal contractors,” Zinke wrote in his memo, which was dated Aug. 17.

The U.S. Bureau of Reclamation already has threatened to sue the state if the water board finalizes its plan. Zinke’s memo said the Trump administration would take a broader array of “legislative and litigation measures” in order to deliver more water south.

Meanwhile, hundreds of farmers and their supporters rallied on the north steps of the Capitol Monday to protest the state’s plan, calling it a water grab that would devastate the Valley economy. Elected officials, including members of Congress and county supervisors, vowed to fight the board’s proposal.

“If we need to, we will take this directly to the people on the ballot,” said Assemblyman Adam Gray, D-Merced.

Separately, around the corner on the Capitol’s west steps, a small group of environmentalists Monday spoke in favor of the state’s plan. “The days of pumping our rivers dry are over,” said Noah Oppenheim of the Pacific Coast Federation of Fishermen’s Associations.

Water plan will 'decimate' economy; hundreds converge at Capitol for protest

By Ken Carlson

SACRAMENTO

A boisterous rally Monday sent a message to the state to keep its hands off the water rights of communities in the Central Valley and reconsider a new water allocation plan that won't be effective in restoring salmon in rivers.

About 1,500 attended the gathering outside the state Capitol Building organized by leaders from Stanislaus and Merced counties. People held signs and chanted "stop the water grab" in an outpouring of passion against an appointed state water board that proposes to take double the amount of water from the Tuolumne, Stanislaus and Merced rivers and use it for salmon restoration.

The water stored in Don Pedro, McClure and New Melones reservoirs is the lifeblood of farm-belt communities including Modesto and Merced and small towns like Hughson.

The participants, coming from counties that lack political clout, came to make noise on the Capitol steps. And nothing made harmonic noise like the Atwater High School marching band, led by director Michael Flores.

The rally brought together bipartisan elected officials, farmers and farmworkers, county and city officials and educators in unity to battle a state water board decision that could have profound impacts on the region. A series of speakers were backed on the Capitol steps by a banner and wall of blue-jacketed Future Farmers of America students, as well as dignitaries.

Assemblyman Adam Gray, D-Merced, who represents Merced and part of Stanislaus County, said that for six years he repeatedly called on the water board to listen to his district's concerns and was refused.

"This plan will decimate the economy of the Central Valley," Gray said. "We stand to lose \$1.6 billion and over 6,000 jobs in my community alone."

Rep. Tom McClintock, R-Elk Grove, whipped up the crowd, saying families were faced with catastrophic water shortage, "not because of any act of God but because of breathtakingly stupid acts of governance."

Modesto Councilman Mani Grewal said the city, which purchases Tuolumne River water from Modesto Irrigation District for homes and businesses, is not about to hand over the water for a plan based on flawed science. "Our ratepayers paid for the infrastructure, ratepayers paid for the treatment plant, and they want to take our water from us? We will never, never surrender. We will continue to fight," Grewal promised.

Jose Gonzalez, superintendent of the Planada Elementary School District, said Merced-area school districts asked the water board for more study on the impacts on school wells if river water is diverted away from farms and aquifers are overtaxed. He said the rural districts can't afford to upgrade their wells or dig new ones.

Other speakers included Rep. Jim Costa, D-Fresno, Rep. Jeff Denham, R-Turlock, and elected state officials from the Sacramento Valley, Salinas and the southern San Joaquin Valley, who were invited on the premise that their communities' water rights are threatened by state actions.

Rally organizers had expected a State Water Resources Control Board decision on the Bay-Delta water quality plan this week, but officials indicated last week a vote will be postponed until an unspecified meeting. Hearings on the plan are set for Tuesday and also Wednesday if necessary.

More than 25 buses, some arranged by the Farm Bureaus in Stanislaus, Merced and San Joaquin counties, transported people to the Capitol grounds.

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Patricia Lopez was among employees of Duarte Nursery in Stanislaus County who wore orange shirts and carried signs at the rally. She said her earnings as a laborer provide for her daughters and grandkids.

"It's not right they want to take our water," Lopez said. "We need water for living. We need water for our jobs. We need water for our families."

Scores of FFA students made the trip to Sacramento to have their voices heard, including Colton Tucker of Hughson, who said his family's almond orchards will be devastated by water shortage.

FFA student Anthony Agueda said his family's dairy in Hickman will face an uncertain future if canals run empty in drought years, when the board's plan would require 40 percent of unimpaired flows in rivers for the sake of fish.

Intense debate swirls around the Sacramento-San Joaquin Delta, the hub for California's massive storage and conveyance system stretching from Shasta Dam in the north to San Diego.

The state is simultaneously holding hearings on a \$17 billion twin tunnels project that's strongly opposed by San Joaquin leaders and delta advocates.

An hour before Monday's rally, a coalition of delta protection and environmental groups held an event to criticize the water board's plan for not guaranteeing enough river flows for salmon and steelhead trout. About 25 people attended the quiet affair.

Noah Oppenheim, director of the Pacific Coast Federation of Fisherman's Associations, said the number of coastal salmon fishing outfits has dropped over 40 years from 4,500 to 450.

With an average of 20 percent natural flow in the Tuolumne, corporate farming operations have grown fat by holding a tight grip on water rights to the detriment of the fishing industry, Oppenheim fumed.

"It's time they go on a diet," Oppenheim said. "It's us versus you and we will win."

Lane Parker of Modesto attended the main rally to reinforce that larger numbers of people could be hardshipped by the state board's ultimate decision. He said almond growers like him will have to choose what orchards to keep and which ones to abandon under the 40 percent flow scenario.

Many expect that the water board's decision will soon be followed with lawsuits that could tie the matter up in court for years.

Proposed annexation and zoning changes ruffle feathers

More than 20 people attended last Thursday's Planning Commission meeting – an unusually large audience, several of them property owners whose presence and concerns seemed to take city officials by surprise.

At issue during the somewhat heated meeting was what appeared to have been an arbitrary change to the zoning of land northwest of the city limits that the City Council proposed during its regular meeting on October 3. The change was suggested as part of the annexation process the city is currently considering undertaking for approximately 1,200 acres of land south of Zacharias Road, on either side of Baldwin Road.

Some of the owners of the approximately 1,200 acres and their representatives attended the meeting, as did a group of ranchette owners who live on Ivy and Rose avenues off of Ward Avenue. While their properties are not located in the annexation area, they were very concerned about the traffic and other impacts the proposed annexation would have on their area. Also of concern is that the annexation currently on the table could cause mandatory annexation of their area.

Later in the meeting, City Planner Joel Andrews said that the state will not allow an annexation if it creates a "bubble" of county land within city limits, although he did not address whether that would be the case for the annexation currently under consideration.

The property owners also said they had not been contacted during the course of annexation discussions with the property owners of the 1,200 acres. Procedurally, however, such notification is not required, because their properties are more than 300 feet from the proposed annexation area.

The property owners in that neighborhood, it was later revealed, have twice been in discussions with the city regarding annexation of the area (during the 1980s and again in the 1990s), but the process was never completed.

Several of the owners who spoke mentioned farming, and expressed concerns about the impact neighboring residential areas would have on their farming operations. A livestock owner also questioned whether he would be allowed to keep his stock. Andrews confirmed that as long as the land is farmed and the livestock is kept continuously, it will be allowed. In that case, the land would be considered to have an "existing, non-conforming use."

Water rights in the area are of particular concern. Such rights give the property owner the ability to purchase water for farming purposes.

Phil Sarasqueta, who said he has been farming in the area for many years, expressed that concern: "I talked to LAFCO, PID – you do technically lose your water rights after your property is annexed. If they (PID) want to sell, and they have surplus, they'll allow you to buy – but you will have priority after everyone else who is in the district."

"We don't want to cause anyone to lose water rights," Planning Commission Chairman Ron West said, "we better look into this."

City Planner Joel Andrews said that the water rights issue would be worked out through LAFCO. In addition to the concerns expressed by the property owners on the east side of Baldwin, a number of concerns directly related to the proposed annexation were discussed.

The first on the list was layout: The sketch submitted by the consultants showed the lots laid out in grids, all more or less the same size. After a brief discussion, all parties agreed that the straight-line streets shown on the proposed annexation plan should be reconfigured to incorporate some curves – for both practical and aesthetic reasons.

IN THE NEWS – Patterson Irrigator, August 30, 2018 (Continued)

Another major concern was flexibility, in both the design and the types and sizes of housing, commercial and retail buildings that will be allowed in the area. There was also extensive discussion about the housing density to be allowed.

Part of the challenge in annexations, consultant Jeff Valentine said, is a "chicken and egg" problem: It can be difficult to know how the land uses and infrastructure should be arranged until the land uses are worked out with property owners and others impacted by the development.

The plan proposed by Valentine and his colleague Scott Davidson of MIG included amenities such as a "hub," which will include commercial, retail and open space, as well as aesthetics, such as palm trees, that blend with the rest of the city.

Valentine told the group that the intent was to plan a "well-connected network (with regards to transportation)," with emphasis on "economic development, diversity of housing, a neighborhood hub and multipurpose open spaces, all of which will provide a 'distinct sense of place'." The plan will also include "context-sensitive transition areas, human-scaled, experiential streets and paths, cost-efficient infrastructure systems," Valentine said.

Valentine pointed out that the area will eventually likely house 8,000 to 10,000 people. "With a project of that scale, it's important to have a place where there's opportunity for community interaction," he said. "We're also very aware of the need to make sure that transition areas work, so where residential is next to industrial, buffering... will be very important."

Valentine also pointed out that the land drops 50 feet over two miles, west to east, and pointed out the areas where stormwater currently collects, west of Baldwin Road and west of the Patterson Irrigation District canal. While the preference is always to allow stormwater to percolate down into the soil, this approach may not be feasible in parts of the annexation area, he said. Soil percolation tests will be undertaken to make that determination.

Davidson added that if an area or areas of the site are suitable for stormwater "recharge" (percolation), "we would pay close attention to the design of that so it wouldn't become an eyesore going forward."

West asked, "How much are we committed to this (layout) while working with property owners - can this layout be revised? I'd like to see what the property owners will propose – they know their property better than we do."

Davidson responded, "Absolutely - we will pay attention to what the property owners want," pointing out that street patterns can be adjusted within each of the development areas.

Andrews pointed out that the annexation is "very early in the process," pointing to traffic and other studies that must be completed. "We will have at least 2 more meetings on this," he said.

After some discussion on the various changes that might be needed to make the area more workable, West said, "Whatever we do here, we would have to do some Master Plan amendments, and I would like to see some General Plan amendments, to get rid of the 6,000 square foot minimum and bathroom windows that line up, so not everybody has exactly same lot, with exactly the same footprint. Adding curves, (and making some of the other changes discussed) will all require General Plan Amendments... which is fine; we know how to do that, but we want to give flexibility to owners to develop these properties."

Additional meetings will be scheduled to discuss the proposed annexation and its impacts on neighboring property owners.

GDB Investments Development Agreement Amendment

GDB Investments, a cannabis manufacturing business, was approved as a cannabis business near the end of last year. Two days after the approval, state laws changed, which required corresponding changes to the Development Agreement the city had with the business owner. The change adopted by the Planning Commission allowed a distributor license to be added to the Development Agreement. Without

IN THE NEWS – Patterson Irrigator, August 30, 2018 (Continued)

it, the business owner would have to contract with another licensed distributor in order to physically move their product from their facility to the dispensary(ies) that will ultimately sell it. (A distributor license does not allow the sale of cannabis products.) The commission approved the proposed change.

Search continues for ambulance quarters

The search for new quarters for West Side Community Ambulance crews continues, with an ambulance board member and management staff representative exploring potential options in the Newman area.

The West Side Community Healthcare District, which operates the ambulance, currently bases its crews at the former West Side Hospital building on Highway 33 but does not view that as a long-term option.

The district is focusing its search on the Newman area, because the ambulance must meet shorter response time requirements there rather than on calls into Gustine. But finding a new home has been no easy task.

After determining that the cost of renovating a vacant building which formerly housed BG Auto Parts would be prohibitive, ambulance board member George Schmidt reported, the district has continued to explore options.

Schmidt, who is leading the effort, said a news story of the search sparked a number of suggestions.

Some, he reported to the full board last week, did not prove feasible - such as a suggestion that the crews occupy the second story of the St. George Hotel.

But others hold promise, Schmidt reported, including the possibility of reaching a long-term lease on a renovated residential property on Highway 33 south of Stuhr Road. Schmidt declined to specifically identify the property or its owner, but told the board that he believes the site has promise.

Schmidt said he will meet with the property owners to further explore that option.

He reported to the board that a second potential site identified during the search, a downtown property owned by Dr. Manuel Canga, also emerged as a possibility and will be further investigated as well as a possible secondary option.

The Highway 33 location is within the city's sphere of influence but not in the city proper - although it is part of an annexation in progress - leading to concerns about whether the ag-zoned property could be converted to the new use.

Schmidt said that he was told by county officials that the proposal may not be looked upon positively, but that that city would most likely be more open to the idea.

Newman City Manager Michael Holland concurred. He told Mattos Newspapers that the annexation application is expected to go to the Local Agency Formation Commission (LAFCO) as early as October. Should a commercial proposal be submitted prior to annexation, he added, the county typically defers to the city if the property is within its sphere of influence.

Holland said that the city has been working with the ambulance board in its quest for new quarters and had presented options for consideration.

He cautioned that the eventual location must be a good fit for the ambulance and the community alike.

"I don't know that Main Street works for them," Holland said by way of example, adding that an industrial area may be a more suitable location.

Any proposal, Holland said, would have to meet the city's development standards.

Without having a specific proposal to review, he added, gauging that impact is impossible.

Few specifics were offered to the city regarding the Highway 33 property north of the city, Holland added, but based on what was provided he believes that the site is in the first phase of the Northwest Newman project and is a residential property.

IN THE NEWS – West Side Index, September 06, 2018 (Continued Page 2)

“That means that it would need to be brought up to commercial standards. There are building code issues that go along with upgrading a residential property to a commercial use,” the city manager commented.

“There are a gamut of questions. We would have to look at what they were planning to move there, if it would be 24 hours, if it would be open to the public, parking, lighting, ingress and egress. We would also have to make sure that it was consistent with Northwest Newman.”

While Schmidt said that the district’s proposal is simply to rent a home and park an ambulance there, he acknowledged that “there were a number of things the city said that we would have to do to be compliant.”

West Side Community Ambulance typically staffs two ambulances around-the-clock, each with a crew of two.

Its administrative offices are located in downtown Newman.

The board asked Schmidt to further explore the potential of the two properties, and called a special meeting for 7 p.m. next Tuesday, Sept. 11, to further discuss the options. The meeting will be held at the district offices, 990 Tulare St., Suite C.

West Side ag could be hit hard by water plan

A state agency is expected to reach a decision Nov. 7 on its controversial plan to increase flows in three tributaries to the lower San Joaquin River - a controversial proposal which opponents contend would bring devastating consequences to Northern San Joaquin Valley farming operations and communities.

The highly-publicized state water board proposal to impose average unimpaired flows of 40 percent on the Tuolumne, Stanislaus and Merced rivers has been closely watched by ag interests, water agencies and environmentalists alike.

That proposal would impact east side communities and agencies most dramatically, local water officials recently told *Mattos Newspapers* - but a second, lesser-known phase to the plan could have the same impacts on West Side agencies.

Chris White, general manager of the Central California Irrigation District, and Anthea Hansen, who manages the Del Puerto Water District, said that the proposed second phase of the plan to restore fisheries and the overall ecosystem of the Sacramento-San Joaquin Delta would impose flow requirements on the Sacramento River. The unimpeded flow standards restrict the ability of agencies to store water in reservoirs for ag and other uses.

According to a document on the state water board website, the board staff report is expected propose a starting point of 55 percent unimpaired flow on the Sacramento River, with a potential variance within 45-65 percent. The river is a primary source of contractual water supply for the Central Valley Project and agencies such as CCID and Del Puerto.

"Phase I is what they had the hearings over and only involves the east side," White explained. "In Phase II, they are going to try to accomplish a similar type of plan on the Sacramento. The net result of that is a reduction on both the San Joaquin and Sacramento rivers for use by consumers. That has a direct and significant impact on the Central Valley Project and its operation."

"What they are proposing on the Sacramento and its tributaries is a higher unimpaired flow percentage than on the east side. It would not be acceptable," said Hansen. "Potentially it could devastate us. It could really impact districts like Del Puerto, which do not enjoy a higher priority of water rights south of the delta."

The proposal, she estimated, could reduce the volume of water delivered to south-of-the-delta users by two million acre-feet a year.

White's agency, CCID, enjoys much stronger rights but would still be jeopardized by the plan.

"The way the exchange contract works, we get all of our water through the delta or they release water from Millerton or Friant (into the San Joaquin) to make up our water supply," White said. "You would see that occur a lot more often, which affects the entire east side of the valley. It has a domino effect south of the delta with millions of acres involved."

Central California Irrigation District is guaranteed at least 75 percent of its full contractual allocation of water each year.

But, White pointed out, that guarantee is only as good as the amount of water in the San Joaquin River available to make up the shortfall.

In 2014 and 2015, he said, CCID received a lesser amount because there was simply not the water to take through the San Joaquin.

IN THE NEWS – West Side Index, September 13, 2018 (Continued Page 2)

"Because of the proposed action, there is additional risk for CCID. Even with the strong rights of the exchange contractors, it exposes us to additional risk," White told Mattos Newspapers.

The decision on the part of the state board, and whether some voluntary agreements can be reached with parties involved, remains to be seen.

But, White emphasized, if the state adopts the water management plan as proposed "there is a significant impact on water supply in California."

Hansen said Del Puerto, which received 50 percent of its full contractual water supply this year and in some recent drought years got no surface water allocation, is joining other agencies in making its concerns known.

She acknowledged the frustration of once again having to defend the district's tenuous water supply.

"We just made so much progress to improve our situation with our recent projects (including one which recycles treated waste water for irrigation use)," Hansen reflected. "These types of all-or-nothing proposals really put us back into the same situation that we have been trying to get out of."

OID board blesses controversial payments to fallowing farmers

By Garth Stapley

OAKDALE

On a split vote, irrigation leaders on Tuesday ratified nearly \$1 million in payments to farmers who volunteered to fallow land two years ago, even though the program fell apart in the face of a lawsuit.

Before the On-Farm Conservation program failed, the Oakdale Irrigation District entered into 59 contracts with growers willing to idle some land in return for money from outside buyers of freed-up water. Many did expensive work, and board members long ago authorized General Manager Steve Knell and attorney Fred Silva to negotiate settlements.

The board on Tuesday gave its blessing to 21 of those contracts worth a combined \$963,840, over objections from board members Linda Santos and Gail Altieri.

Santos said staff provided her no documentation indicating reimbursements were valid. Some constituents told her that unnamed board members had profited indirectly by doing contract work for farmers being reimbursed, and others said Silva's office might have conflicts because the legal firm has represented farmers getting payoffs, she said.

"There is so much controversy over this, I can't see how we can move forward," Santos said. She favored postponing a vote until "muddied water" becomes clearer.

Silva said his firm has no conflict of interest.

Board member Brad DeBoer noted that checks recently were sent, so revisiting the matter would have no practical purpose.

"These farmers were due the money," DeBoer said. "It's already a done deal."

The board's Herman Doornenbal and Tom Orvis agreed, overruling Santos and Altieri. Orvis, the board chairman, asked Silva to follow up with Santos' questions, however, and Silva agreed.

The fallowing program figured in a failed recall attempt on Santos and in two lawsuits, both of which are ongoing in appellate court. In one, a Stanislaus judge ruled that OID tried to skirt state law by neglecting to study how groundwater levels might be affected if farmers fallow land and sell freed-up water elsewhere.

**EXECUTIVE OFFICER'S AGENDA REPORT
SEPTEMBER 26, 2018**

TO: LAFCO Commissioners

FROM: Javier Camarena, Assistant Executive Officer

SUBJECT: MSR NO. 18-03 & SOI UPDATE 18-04: MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATED FOR THE EAST SIDE AND TURLOCK MOSQUITO ABATEMENT DISTRICTS

INTRODUCTION

This proposal was initiated by the Local Agency Formation Commission in response to State mandates, which require the Commission to conduct municipal service reviews and sphere of influence updates for all cities and special districts every five years. The current review is a routine update for the East Side and Turlock Mosquito Abatement Districts (MADs). The previous update for the Districts was adopted by the Commission on July 24, 2013.

DISCUSSION

The Municipal Service Review and Sphere of Influence Update process provides an opportunity for districts to share current information regarding the services they provide. LAFCO Staff sent the previously adopted Municipal Service Review and Sphere of Influence Update to the Mosquito Abatement Districts for comments, revisions and updated information. Staff also reviewed the latest budgets for both Districts. Once this data was collected, an updated document was drafted.

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

ENVIRONMENTAL REVIEW RECOMMENDATIONS

The Municipal Service Review and Sphere of Influence Update qualifies for a General Exemption under the California Environmental Quality Act (CEQA) based upon CEQA Regulation §15061(b)(3), which states:

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

As there are no land use changes, boundary changes, or environmental impacts associated with the Municipal Service Review and Sphere of Influence Update, a Notice of Exemption is the appropriate environmental document.

ALTERNATIVES FOR COMMISSION ACTION

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

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

RECOMMENDED ACTION

Approve Option 1. Based on the information presented, Staff recommends approval of Municipal Service Review and Sphere of Influence Update for the East Side and Turlock Mosquito Abatement Districts. Therefore, Staff recommends that the Commission adopt Resolution No. 2018-14, attached as Exhibit 2, which:

1. Determines that the Municipal Service Review and Sphere of Influence Update qualifies for a General Exemption from further California Environmental Quality Act (CEQA) review based on CEQA Regulation §15061(b)(3);
2. Makes determinations related to the Municipal Service Review and Sphere of Influence Update as required by Government Code Sections 56425 and 56430; and,
3. Determines that the Spheres of Influence for the East Side and Turlock Mosquito Abatement Districts should be affirmed as they currently exist.

Attachments:

- Exhibit 1 - Draft Municipal Service Review and Sphere of Influence Update
Exhibit 2 - Draft LAFCO Resolution No. 2018-14

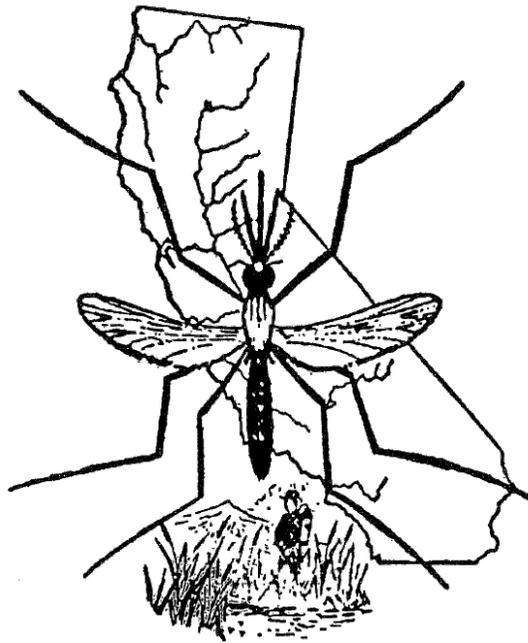
EXHIBIT 1

Draft Municipal Service Review & Sphere of Influence Update - Eastside & Turlock Mosquito Abatement Districts

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**MUNICIPAL SERVICE REVIEW AND
SPHERE OF INFLUENCE UPDATES FOR**

**EAST SIDE MOSQUITO
ABATEMENT DISTRICT**



**TURLOCK MOSQUITO
ABATEMENT DISTRICT**

Prepared By:

*Stanislaus Local Agency Formation Commission
1010 Tenth Street, Third Floor
Modesto, CA 95354
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Adopted: _____

STANISLAUS

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Municipal Service Review and Sphere of Influence Updates for the East Side and Turlock Mosquito Abatement Districts

Introduction

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

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

Municipal Service Review Factors to be Addressed

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

State Guidelines and Commission policies encourage cooperation among a variety of stakeholders involved in the preparation of a municipal service review. This MSR will analyze both the East Side and Turlock Mosquito Abatement Districts, with regards to existing and future services. The MSR will also provide a basis for each of the Districts and LAFCO to evaluate, and if appropriate, make changes to the Districts’ Spheres of Influence.

Sphere of Influence Update Process

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

Spheres of Influence for the East Side and Turlock Mosquito Districts were originally adopted by the Commission in 1984. The most recent update, adopted in 2013, proposed no changes to either District's SOI. The current update serves to comply with Government Code Section 56425 and will reaffirm the SOIs for both Districts.

Background

During California's pioneering and modern development, mosquitoes have been recognized for their seasonal attacks outdoors and their association with diseases such as encephalitis and malaria. Early mosquito control efforts began in the salt marshes in the San Francisco Bay area and in the Central Valley where malaria mosquitoes were on the attack, leading to localized disease transmission. These control efforts were creating a drain on the local economies and were affecting the health and welfare of residents. As a result, the Mosquito Abatement Act of 1915 was adopted by the California Legislature to provide for the creation, function, and governing powers of mosquito abatement districts.

Today, there are more than 60 agencies that provide mosquito control in California, including the East Side and Turlock Mosquito Abatement Districts in Stanislaus County. These agencies act as guardians against epidemics, public health emergencies and economic disasters. Since the formation of the first mosquito abatement districts in 1915, these local governments have battled malaria, encephalitis, plague, and other vector-borne diseases. Californians now face new threats from the spread of the West Nile virus and the possibility of virus carried by the Asian tiger mosquito. With the growing population, California needs the protection these districts provide.

Municipal Service Review - East Side Mosquito Abatement District

Authority

The District is a single purpose special district and is organized as a “Pest Abatement District”, under Chapter 8, Division 3 of the Health and Safety Code Section 2800 et. seq. Under the code, the District has the ability to control “pests”, identified as “any plant, animal, insect, fish, or other matter or material, not under human control, which is offensive to the senses or interferes with the comfortable enjoyment of life, or which is detrimental to the agricultural industry of the State, and is not protected under any other provision of law.”

Formation

The East Side Mosquito Abatement District was formed on June 26, 1939, for the sole purpose of mosquito control.

Purpose

The District was established to provide mosquito abatement/control, as unabated outbreaks of mosquitoes pose a serious threat to the public health and safety.

Governance

A “Board of Trustees”, appointed by the Board of Supervisors, governs the District. Meetings are held on the second Tuesday of each month at 7:00 p.m. at the District offices, located at 2000 Santa Fe Avenue, Modesto, CA.

Location and Size

The District encompasses approximately 555 square miles, serving the northern portion of Stanislaus County, north of the Tuolumne River. The District boundaries include four cities (Modesto, Oakdale, Riverbank and Waterford); the unincorporated communities of Empire, Knights Ferry, Salida, and Valley Home; as well as the unincorporated areas within the northern portion of the County.

Sphere of Influence

The District’s Sphere of Influence is coterminous with its current boundaries.

Personnel

There are currently 19 employees in the District.

Services

The District provides the following mosquito control services:

- Surveillance programs, studies, prevention and abatement of mosquitoes and mosquito-borne diseases.
- Public education and outreach.

The East Side Mosquito Abatement District facilities, located on Santa Fe Avenue, include an airstrip and two airplanes used for aerial spraying of mosquitoes. The District also has an on-site laboratory to assist in identifying the species of a variety of insects brought in by homeowners or the field staff, allowing staff the ability to determine if the species are dangerous or destructive. Field staff work within a specific geographic area so that staff members are familiar with problem areas.

Support Agencies

The District maintains a positive collaborative relationship with other local, state and federal agencies, as necessary. These agencies include: the cities within the District boundaries (Modesto, Oakdale, Riverbank and Waterford); Irrigation Districts, Fire Districts; County Public Works and Environmental Resources Departments; County Agricultural Commissioner; County West Nile Task Force; UC Davis Cooperative Extension; California Department of Public Health; California Department of Fish & Wildlife; USDA Natural Resources Conservation Service; and the US Fish & Wildlife Service. The District also works with bordering Mosquito Abatement Districts (Turlock, Merced and San Joaquin).

Funding Sources

The District is allocated its share of the County's property tax revenue.

Service Review Determinations – East Side Mosquito Abatement District

The following are determinations related to the seven factors required by Section 56430 for a Municipal Service Review for the East Side Mosquito Abatement District:

1. Growth and Population Projections for the Affected Area

The Stanislaus Council of Governments (StanCOG) recently released a regional growth forecast, projecting the population for the County and 9 cities. Based on StanCOG's forecast, the area of the County covered by the East Side Mosquito Abatement District could experience an estimated increase in population of up to 26% (or 77,730 additional persons) by the year 2030.

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

There are a number of areas which could meet the definition of "disadvantaged unincorporated community" within the Sphere of Influence of the East Side Mosquito Abatement District. However, the existence of these communities does not impact the District's ability to provide services, nor do the District's services impact the status of these communities as "disadvantaged".

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

At the present time, the District has both the ability and the capacity to serve its service area, and has no unmet infrastructure needs or deficiencies. The District has adequate staff and equipment to provide efficient and effective services to its residents. The District's equipment, vehicles, aircraft and facilities appear to be sufficient and well maintained.

4. Financial Ability of Agencies to Provide Services

At present time, the District appears to have the necessary financial resources to fund consistent levels of service within the District's boundaries. The District uses to its best advantage all cost-avoidance opportunities on an on-going basis. The District does not charge user fees, but may charge service fees to businesses, farms, golf clubs, parks and individuals to help defray the cost of mosquito abatement on a case-by-case basis. The District receives the majority of its funding through levied property taxes collected by Stanislaus County. For fiscal year 2018-2019, the District has a budget of approximately \$2.8 million.

5. Status of, and Opportunities for, Shared Facilities

The District owns and operates two airplanes for aerial spraying of mosquitoes. The use of aerial spraying is a valuable resource for the District and also provides an opportunity for shared resources with neighboring districts. The Turlock Mosquito Abatement District does not have such facilities, and, on the occasion that aerial spraying is necessary, may contract with the East Side Mosquito Abatement District for such services.

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

The District's Trustees are appointed by the County Board of Supervisors and are residents of the northern portion of the County. The District holds regular meetings on a monthly basis, which are open to the public and subject to the Brown Act. The District also maintains a website with information regarding its services, West Nile Virus, and contact information.

In the past, there have been discussions regarding the consolidation of the two Districts, with the conclusion that consolidation would not produce any sizeable efficiencies or savings. In part, this is due to the size of the County, as multiple field offices would be required in either case.

In 2015, the Stanislaus County Civil Grand Jury (SCCGJ) conducted an investigation following a complaint of poor management and outdated human resources practices. The SCCGJ found that the District was in need of evaluation and review by an outside entity. The findings described concerns with employees being unable to communicate issues and grievances with management without fear of retribution. The investigation also found that the District's Human Resources system is outdated. In addition, the SCCGJ found that Board members are only allowed two term limits with three years each. The average tenure for Board members at the time of the investigation was 20 years. Last, the SCCGJ found that the District's approach to control of the mosquito population was more reactive as opposed to preemptive.

The District provided a response to the findings and is currently working on corrective measures to address the items raised by the SCCGJ.

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

None.

Municipal Service Review - Turlock Mosquito Abatement District

Authority

The District is a “single purpose special district” organized as a “Mosquito Abatement District”, under Chapter 1, Division 3 of the Health and Safety Code (commencing with Section 2000). Under the code, the District has the authority to conduct effective programs for the surveillance, prevention, abatement, and control of mosquitoes and other vectors. The specific powers that the District may exercise are:

- Conduct surveillance programs and other appropriate studies of vectors and vectorborne diseases.
- Take any and all necessary or proper actions to prevent the occurrence of vectors and vectorborne diseases.
- Take any and all necessary or proper actions to abate or control vectors and vector borne diseases.
- Take any and all actions necessary for or incidental to the powers granted by Chapter 1, Division 3 of the Health and Safety Code (Section 2000 et. seq.).

The District may also levy special benefit assessments to raise revenues if there are inadequate revenues to meet the costs of providing facilities, programs, projects, and services (including vector control projects or programs).

Formation

The Turlock Mosquito Abatement District was formed on January 28, 1946, to control mosquitoes.

Purpose

The primary goal of the District is to control mosquitoes to protect the public health and safety. The control of mosquitoes enhances the public’s quality of life, as it greatly reduces the threat of mosquito borne diseases to people and animals, as well as reduces the annoyance that is created by mosquito feeding activities.

Governance

The District is governed by a Board of Trustees, consisting of residents appointed by the city councils of five member cities (Ceres, Hughson, Newman, Patterson, and Turlock) and three members appointed by the Board of Supervisors. Meetings are held on the third Monday of each month at 7:00 p.m. at the District offices, located at 4412 North Washington Road, Turlock.

Location and Size

The Turlock Mosquito Abatement District territory includes the southern portion of Stanislaus County, south of the Tuolumne River and encompasses approximately 966 square miles. The District boundaries include five cities (Ceres, Hughson, Newman, Patterson, and Turlock) in addition to unincorporated areas within the southern portion of the County.

Sphere of Influence

The District's Sphere of Influence is coterminous with its current boundaries.

Personnel

There are currently 13 full time and 6 seasonal employees in the District.

Services

The District provides mosquito control services within its service area based upon an "integrated approach" to insect pest management. The components of this approach are: source reduction, physical control, chemical control and public education. The primary components for long-term mosquito control are source reduction and public education. Short-term control measures used to reduce mosquito population include biological control followed by chemical control.

Mosquito control is accomplished primarily by spraying. However, the District offers "mosquito fish" to residents at no charge to put in ponds and other water bodies for the natural control of mosquitoes. Occasionally, the District contracts for aerial spraying services.

Support Agencies

The District maintains a positive collaborative relationship with other local, state and federal agencies, as necessary. Some of these agencies include: local city departments served by the District (Ceres, Hughson, Newman, Patterson, and Turlock); Irrigation Districts, County Department of Environmental Resources; County Public Works; County Agricultural Commissioner; County West Nile Virus Task Force; UC Davis Cooperative Extension; California Department of Public Health; California Department of Fish & Wildlife; USDA Natural Resources Conservation Service; Army Corps of Engineers; and the US Fish & Wildlife Service.

The District also works with bordering Mosquito Abatement Districts (East Side, Merced and San Joaquin). For example, the District often coordinates its control efforts with Merced due to bordering wetland areas.

Funding Sources

The District receives a portion of the shared property tax revenues from Stanislaus County. It also has the ability to collect a special tax assessment as outlined in the Turlock Mosquito Abatement District Board of Trustees Resolution 5-81. According to the District's 2017-2018 Budget, it is estimated that the District will generate approximately \$376,226 in additional revenue from its special tax for the fiscal year.

Service Review Determinations – Turlock Mosquito Abatement District

The following are determinations related to the seven factors required by Section 56430 for a Municipal Service Review for the Turlock Mosquito Abatement District:

1. Growth and Population Projections for the Affected Area

The Stanislaus Council of Governments (StanCOG) recently released a regional growth forecast, projecting the population for the County and 9 cities. Based on StanCOG's forecast, the area of the County covered by the Turlock Mosquito Abatement District could experience an estimated increase in population of up to 40% (or 86,920 additional persons) by the year 2030.

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

There are a number of areas which could meet the definition of "disadvantaged unincorporated community" within the Sphere of Influence of the Turlock Mosquito Abatement District. However, the existence of these communities does not impact the District's ability to provide services, nor do the District's services impact the status of these communities as "disadvantaged".

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

At the present time, the District has both the ability and the capacity to serve its service area, and has no unmet infrastructure needs or deficiencies. The District has adequate staff and equipment to provide efficient and effective services to its residents. The District's equipment, vehicles and facilities appear to be sufficient and well maintained.

4. Financial Ability of Agencies to Provide Services

The District appears to have the necessary financial resources to fund high levels of service within the District's boundaries. The District receives revenues from property taxes collected by Stanislaus County, a Special Tax that was approved in 1981 and pass-thru revenues. The District does not charge user fees, but may charge service fees to businesses, farms, golf clubs, parks, and individuals to help defray the cost of mosquito control on a case-by-case basis. The District uses to its best advantage all cost-avoidance opportunities (including participation in the pooled Worker's Compensation Program with the Vector Control Joint Powers Agency for shared insurance to reduce costs).

5. Status of, and Opportunities for, Shared Facilities

The District shares facilities with other agencies as necessary and continually reviews new opportunities to continue these efforts. For example, the District may, on a short-term basis, offer its services (staff, equipment, and expertise) to control other pests and insects that could invade the region in order to maximize the availability of local resources.

On the occasion that aerial spraying is necessary, the District contracts with the East Side Mosquito Abatement District. Both districts have aerial facilities and provide the opportunity for shared government resources.

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

The Turlock Mosquito District's Trustees are appointed by local jurisdictions within the District boundaries. The District holds regular meetings on a monthly basis, which are open to the public and subject to the Brown Act. The District recently redesigned its website that now includes agendas, minutes, the District's current budget, and a variety of informational documents. Additionally, the public is able to make requests for service and make reports online.

In the past, there have been discussions regarding the consolidation of the two Districts, with the conclusion that consolidation would not produce any sizeable efficiencies or savings. According to the Turlock Mosquito Abatement District (TMAD), moving forward, re-visiting this discussion may be appropriate considering the rapidly changing environment of mosquito control in California. The necessity of multiple field offices was provided in the past as an example of a lack of financial savings; yet, most county-wide mosquito abatement districts have multiple field offices and tend to be the norm, not the exception. Following the 2015 Stanislaus County Grand Jury (SCCGJ) investigation and report, the TMAD Board concluded there may be significant benefit to the public by having one uniform district provide the same standard of service throughout the County and could certainly provide benefits in terms of operations efficiencies. As invasive mosquitoes, such as *Aedes aegypti*, enter the region, having a consistent and uniform approach to combating these issues and reducing the communication and management complexities may certainly provide advantageous benefits to the public, both financial and service related.

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

None.

Sphere of Influence Update

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

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

The following determinations are made consistent with Government Code Section 56425 and local Commission policy for the East Side and Turlock Mosquito Abatement Districts.

Sphere of Influence Update Determinations East Side Mosquito Abatement District

The following determinations for the East Side Mosquito Abatement District's Sphere of Influence update are made in conformance with Government Code Section 56425 and local Commission policy.

Determinations

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

The District's boundaries and Sphere of Influence encompass approximately 555 square miles, serving the northern portion of Stanislaus County, north of the Tuolumne River. The District includes the four cities of Modesto, Oakdale, Riverbank, and Waterford, and the unincorporated areas within the northern portion of the County. The District's Sphere of Influence is coterminous with its boundaries.

Territory within the District's boundaries consists of rural and urbanized areas including agricultural, residential, commercial, industrial, and open space land uses. While some areas are projected to experience more development and growth than other areas, the need for mosquito abatement services will not diminish.

In addition, the District does not have the authority to make land use decisions, nor does it have authority over present or planned land uses within its boundaries. The responsibility for land use decisions within the District boundaries is retained by the County and the Cities of Modesto, Oakdale, Riverbank and Waterford.

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

The need for mosquito control is likely to increase as the population for the region increases. However, the continued existence of irrigation in agricultural uses and the preservation of wetland habitats actually promote the main developing ground for mosquitoes. Urban development can eliminate these types of areas and reduce the number of mosquitoes, yet, at the same time, preservation of wetlands and open space areas create the need for continued mosquito control.

There is also a need to monitor and ensure catch basins and drainage facilities constructed for urban development function properly to eliminate the need for potential standing water. Mosquito problems are particularly intense where there is a significant amount of standing water, such as in the agricultural areas (e.g. large irrigated areas), open space/wetland areas, and urban areas (storm drainage basins).

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

The District operates and maintains the following facilities and equipment: a truck shed, chemical building, air craft hanger, shop building, office building, on-site laboratory, two airplanes, spraying equipment and numerous fleet vehicles. The District also provides many services and programs, such as providing "mosquito fish" without cost to residents and public outreach programs regarding mosquito control and West Nile Virus.

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

There are no social and economic communities of interest affecting the District's ability to provide services to the communities within the District boundaries.

5. For an Update of a Sphere of Influence of a City or Special District That Provides Public Facilities or Services Related to Sewers, Municipal and Industrial Water, or Structural Fire Protection, the Present and Probable Need for Those Public Facilities and Services of Any Disadvantaged Unincorporated Communities Within the Existing Sphere of Influence

As the District does not provide services related to sewers, municipal and industrial water or structural fire protection, this factor is not applicable.

Sphere of Influence Update Determinations Turlock Mosquito Abatement District

The following determinations for the Turlock Mosquito Abatement District's Sphere of Influence update are made in conformance with Government Code Section 56425 and local Commission policy.

Determinations

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

The Turlock Mosquito Abatement District territory includes the southern portion of Stanislaus County, south of the Tuolumne River and encompasses approximately 966 square miles. The District boundaries also include five cities (Ceres, Hughson, Newman, Patterson, and Turlock) in addition to the unincorporated areas within the southern portion of the County. The District's Sphere of Influence is coterminous with its boundaries.

Territory within the District boundaries consists of rural and urbanized areas including agricultural, residential, commercial, industrial, and open space uses. While some areas are projected to experience more development and growth than other areas, the need for mosquito abatement services will not diminish.

In addition, the District does not have the authority to make land use decisions, nor does it have authority over present or planned land uses within its boundaries. The responsibility for land uses decisions within the District boundaries is retained by the County and the Cities of Ceres, Hughson, Newman, Patterson, and Turlock.

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

Merced County has a wide spread infestation of the invasive Yellow-Fever mosquito (*Aedes aegypti*). The District believes that these mosquitoes may already be in or move into Stanislaus County. According to the District, these mosquitoes are an urban mosquito living in close association with human beings – they can complete their entire life-cycle indoors. Control of these mosquitoes is very time and labor intensive. Public participation is needed in order gain control of the mosquito. This mosquito is most active during the middle of the day, unlike dusk and dawn, making chemical control of this mosquito difficult. The Yellow Fever mosquito has the ability to transmit diseases such as Zika and Dengue Fever. These diseases aren't currently found naturally in Stanislaus County but imported cases are reported each year. The District has stated that once this mosquito becomes established the potential for these diseases to be locally transmitted may increase significantly.

The District has added seasonal staff to increase surveillance efforts so that the District may find this mosquito as soon as possible. Early detection provides the best chance at eradicating the mosquito from Stanislaus County. The District has also increased costs towards public outreach in fighting this mosquito. The public often serves as a valuable resource by calling in the presence of mosquitoes in their communities. The need for mosquito control increases every year as the effects of climate change shift the boundaries of tropical and sub-tropical mosquitoes and the diseases they transmit.

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

The District operates and maintains the following facilities and equipment: shop building, office building, on-site laboratory, spray equipment, and vehicles. The District provides services and programs, in addition to its control efforts, such as providing “mosquito fish” without cost to residents and public outreach programs educating the public on the importance of mosquito control and West Nile Virus.

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

There are no social and economic communities of interest affecting the District’s ability to provide services to the communities within the District boundaries.

5. For an Update of a Sphere of Influence of a City or Special District That Provides Public Facilities or Services Related to Sewers, Municipal and Industrial Water, or Structural Fire Protection, the Present and Probable Need for Those Public Facilities and Services of Any Disadvantaged Unincorporated Communities Within the Existing Sphere of Influence

As the District does not provide services related to sewers, municipal and industrial water or structural fire protection, this factor is not applicable.

**APPENDIX “A”
DISTRICT SUMMARY PROFILE**

District:	EAST SIDE MOSQUITO ABATEMENT DISTRICT
Location:	2000 Santa Fe Avenue, Modesto, CA
Service Area:	Territory north of the Tuolumne River, within Stanislaus County
Square Miles:	Approximately 555 square miles
Population (2010):	297,391*
Land Use:	Varied land uses from residential, commercial, industrial, agricultural lands and open space
Date of Formation:	June 26, 1939
Enabling Act:	Chapter 8, Division 3 of the Health and Safety Code, Section 2800 et seq.
Governing Body:	6 Board of Trustees appointed by the County Board of Supervisors
Personnel:	19 employees
District Services:	Mosquito Abatement
Total Budget:	Fiscal Year 2018-2019: \$2,759,827
Primary Revenue Sources:	Property Tax, Interest

* *Source:* Estimated using U.S. Census 2010 data

**APPENDIX “B”
DISTRICT SUMMARY PROFILE**

District:	TURLOCK MOSQUITO ABATEMENT DISTRICT
Location:	4412 N. Washington Road, Turlock, CA
Service Area:	Southern portion of Stanislaus County, south of the Tuolumne River
Square Miles:	Approximately 966 square miles
Population (2010):	217,062*
Land Use:	Varied land uses from residential, commercial, industrial, agricultural lands and open space
Date of Formation:	January 28, 1946
Enabling Act:	Chapter 1, Division 3 of the Health and Safety Code Section 2000 et seq.
Governing Body:	8 Board of Trustees consisting of residents appointed by city councils of member cities (5) and the Board of Supervisors (3)
Personnel:	13 full time and 3 seasonal employees
District Services:	Mosquito Abatement
Total Budget:	Fiscal Year 2017-2018: \$2,418,760
Primary Revenue Sources:	Property Tax, Special Assessment, Service Fees

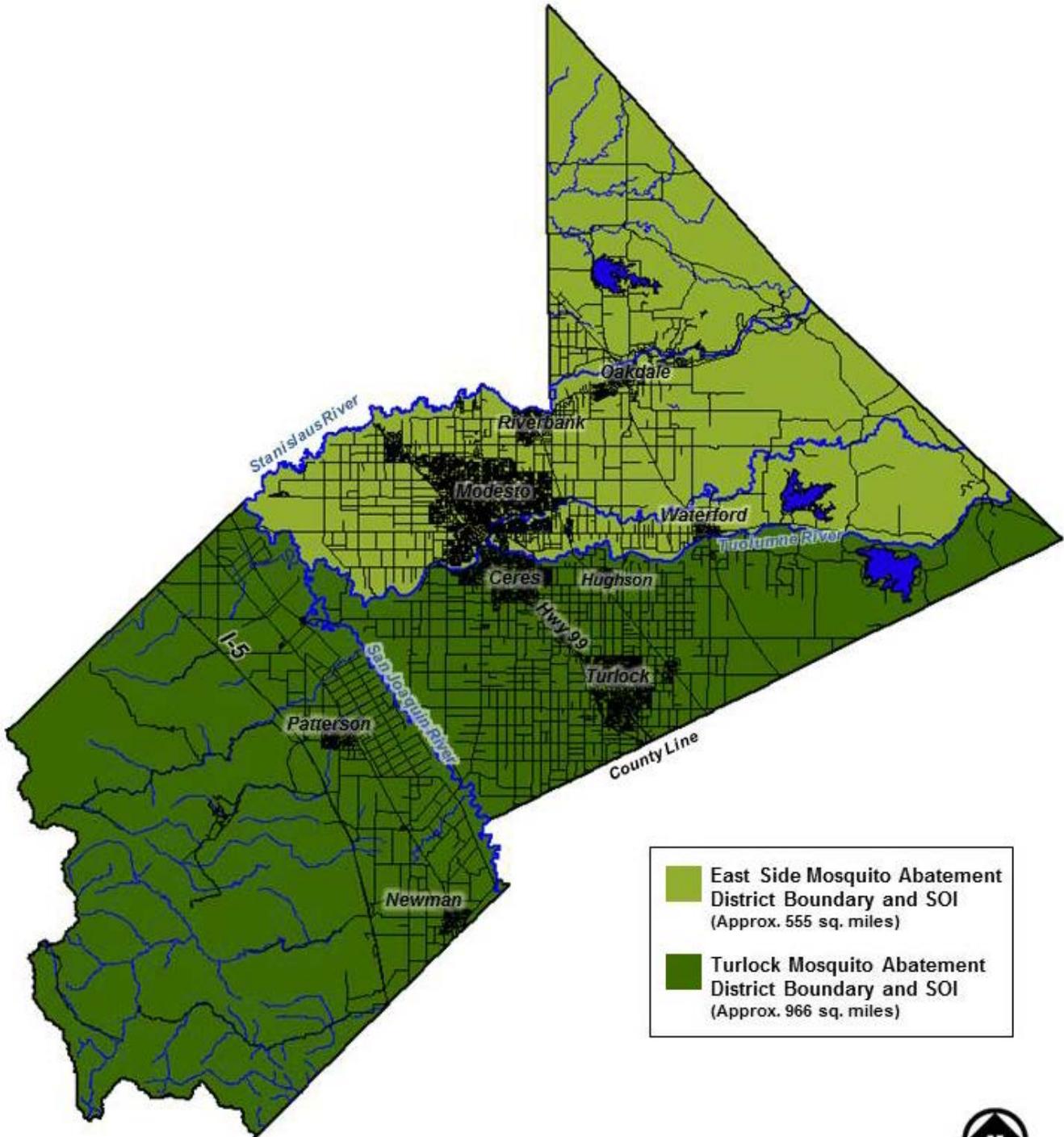
* *Source:* Estimated using U.S. Census 2010 data

APPENDIX “C”

REFERENCES

1. American Mosquito Control Association Website (www.mosquito.org).
2. California State Controller. *Special Districts Annual Report (Fiscal Year 2011-2012)*. November 23, 2013.
3. East Side Mosquito Abatement District. *2018-2019 Budget*.
4. East Side Mosquito Abatement District Website (www.eastsidemosquito.com).
5. Mosquito and Vector Control Association of California (MVCAC) Website (www.mvcac.org).
6. Stanislaus County West Nile Virus Taskforce. *West Nile Virus in Stanislaus County - 2005 Summary & 2006 Strategic Plan*. 2005.
7. Stanislaus LAFCO. *Executive Officer's Agenda Report: Consideration and Adoption of Spheres of Influence for Priority Group 10: Mosquito Abatement Districts*. November 28, 1984.
8. Stanislaus LAFCO. *Municipal Service Review and Sphere of Influence Update for the East Side Mosquito Abatement District and Turlock Mosquito Abatement District*. July 24, 2013.
9. Turlock Mosquito Abatement District. *2015 Annual Report*.
10. Turlock Mosquito Abatement District. *District Budget 2017-2018*.
11. Turlock Mosquito Abatement District Website (www.turlockmosquito.org).
12. United States Census Bureau. 2010.

Map 1: East Side & Turlock Mosquito Abatement Districts Spheres of Influence



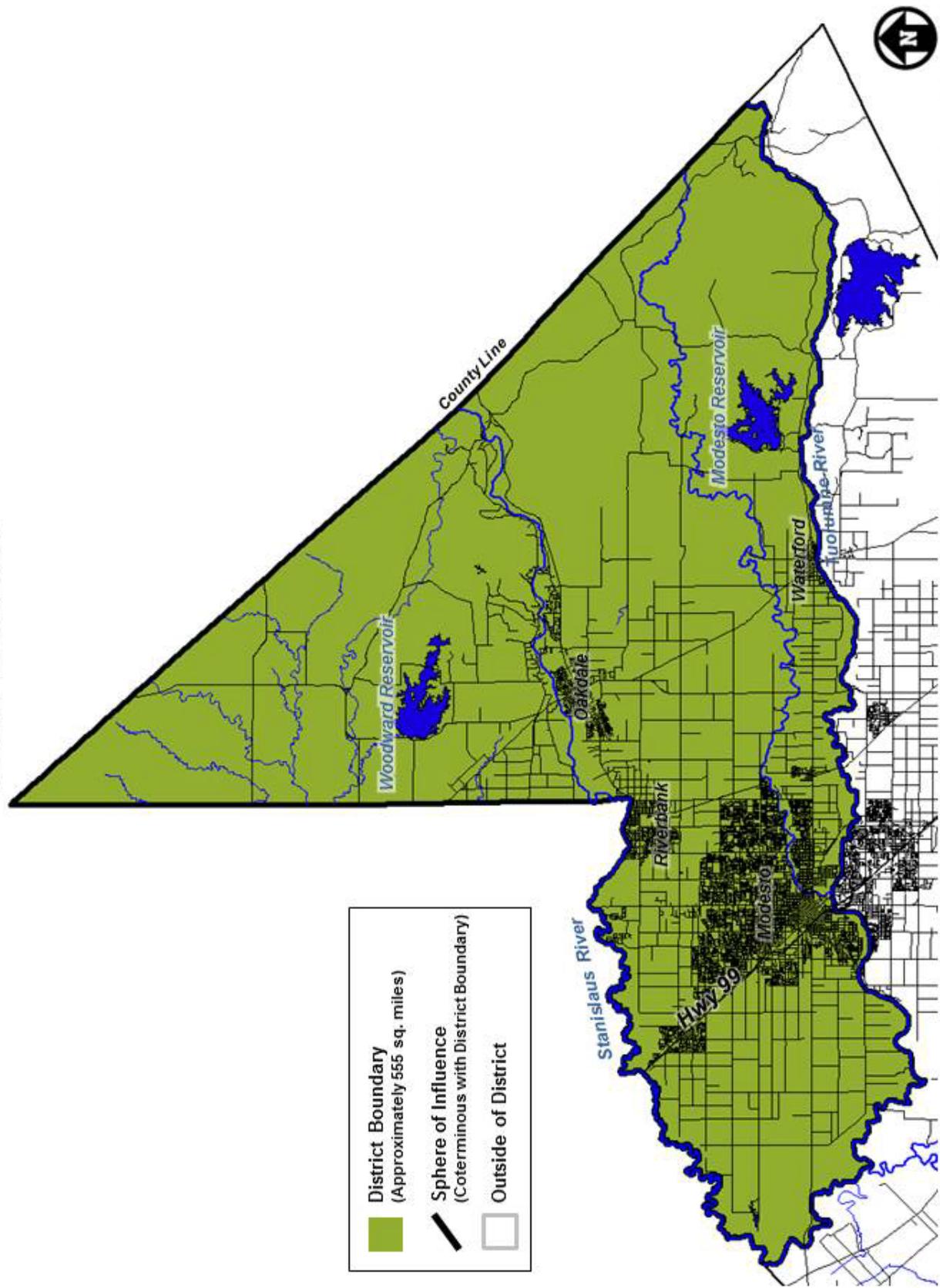
East Side Mosquito Abatement District Boundary and SOI (Approx. 555 sq. miles)

Turlock Mosquito Abatement District Boundary and SOI (Approx. 966 sq. miles)



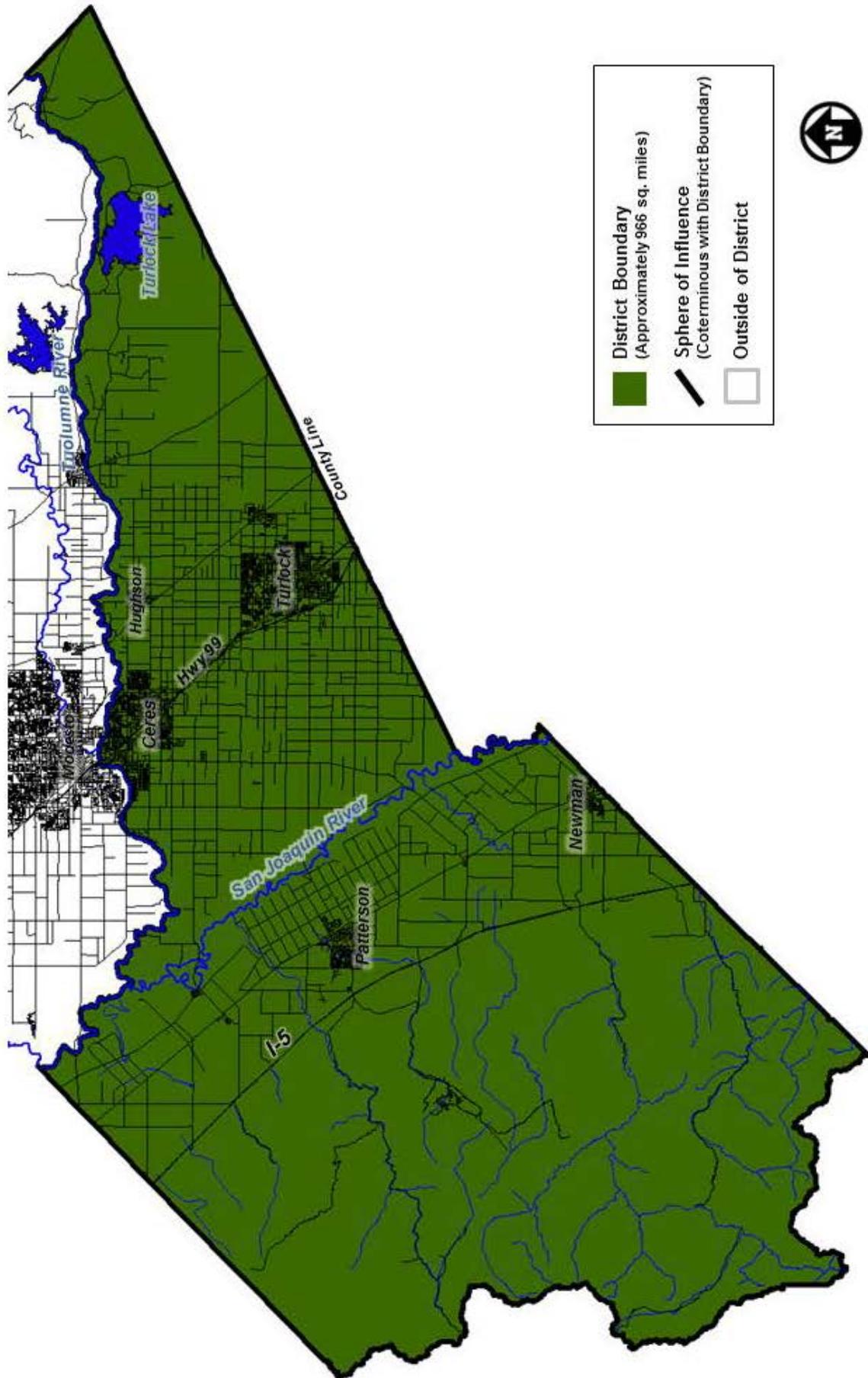
Source: LAFCO Files, County GIS, May 2018

**Map 2: East Side Mosquito Abatement District
Sphere of Influence**



Source: LAFCO Files, County GIS, May 2018

**Map 3: Turlock Mosquito Abatement District
Sphere of Influence**



Source: LAFCO Files, County GIS, May 2018

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EXHIBIT 2

Draft LAFCO Resolution 2018-14

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STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION

DRAFT

RESOLUTION

DATE: September 26, 2018

NO. 2018-14

SUBJECT: Municipal Service Review No. 2018-03 and Sphere of influence Update No 2018-04: East Side and Turlock Mosquito Abatement Districts

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, a Service Review mandated by California Government Code Section 56430 and a Sphere of Influence Update mandated by California Government Code Section 56425, has been conducted for the East Side and Turlock Mosquito Abatement Districts, in accordance with the Cortese-Knox-Hertzberg Reorganization Act of 2000;

WHEREAS, at the time and in the form and manner provided by law, the Executive Officer has given notice of the September 26, 2018 public hearing by this Commission on this matter;

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

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

WHEREAS, the Commission has duly considered the draft Municipal Service Review and Sphere of Influence Update on the East Side and Turlock Mosquito Abatement Districts and the determinations contained therein;

WHEREAS, the East Side and Turlock Mosquito Abatement Districts were established to provide mosquito abatement services within their boundaries;

WHEREAS, pursuant to Government Code Section 56425(i), the range of services provided by the East Side and Turlock Mosquito Abatement Districts are limited to those as identified above, and such range of services shall not be changed unless approved by this Commission; and

WHEREAS, no changes to the Districts' Spheres of Influence are proposed or contemplated through this review.

NOW, THEREFORE, BE IT RESOLVED by the Commission:

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

ATTEST: _____
Sara Lytle-Pinhey, Executive Officer

MEMORANDUM

DATE: September 26, 2018
TO: LAFCO Commissioners
FROM: Sara Lytle-Pinhey, Executive Officer
SUBJECT: Proposed LAFCO Meeting Calendar for 2019

RECOMMENDATION

Staff recommends that the Commission accept the proposed 2019 LAFCO Meeting Calendar

BACKGROUND

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

Attachment: Proposed LAFCO 2019 Meeting Calendar

LAFCO CALENDAR FOR 2019

REGULAR MEETING TIME: 6:00 P.M.

JANUARY							FEBRUARY							MARCH							APRIL						
Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa
		1	2	3	4	5						1	2						1	2		1	2	3	4	5	6
6	7	8	9	10	11	12	3	4	5	6	7	8	9	3	4	5	6	7	8	9	7	8	9	10	11	12	13
13	14	15	16	17	18	19	10	11	12	13	14	15	16	10	11	12	13	14	15	16	14	15	16	17	18	19	20
20	21	22	23	24	25	26	17	18	19	20	21	22	23	17	18	19	20	21	22	23	21	22	23	24	25	26	27
27	28	29	30	31			24	25	26	27	28			24	25	26	27	28	29	30	28	29	30				
														31													

MAY							JUNE							JULY							AUGUST						
Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa
			1	2	3	4							1		1	2	3	4	5	6					1	2	3
5	6	7	8	9	10	11	2	3	4	5	6	7	8	7	8	9	10	11	12	13	4	5	6	7	8	9	10
12	13	14	15	16	17	18	9	10	11	12	13	14	15	14	15	16	17	18	19	20	11	12	13	14	15	16	17
19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	25	26	27	18	19	20	21	22	23	24
26	27	28	29	30	31		23	24	25	26	27	28	29	28	29	30	31				25	26	27	28	29	30	31
							30																				

SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER						
Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa	Su	M	Tu	W	Th	Fr	Sa
1	2	3	4	5	6	7			1	2	3	4	5						1	2	1	2	3	4	5	6	7
8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
15	16	17	18	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
29	30						27	28	29	30	31			24	25	26	27	28	29	30	29	30	31				

- LAFCO MEETINGS – REGULAR TIME: 6:00 P.M.
 (4TH WEDNESDAY OF EVERY MONTH, WITH THE EXCEPTION OF NOVEMBER & DECEMBER,
 WHICH ARE COMBINED AND HELD ON THE 1ST WEDNESDAY IN DECEMBER)
- HOLIDAYS
- CALAFCO STAFF WORKSHOP – SAN JOSE (April 10th-12th)
 CALAFCO ANNUAL CONFERENCE – SACRAMENTO (October 30th to November 1st)

**EXECUTIVE OFFICER'S AGENDA REPORT
SEPTEMBER 26, 2018**

TO: LAFCO Commissioners

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

SUBJECT: Selection of an Independent Auditor for the Biennial Audit

RECOMMENDATION

Authorize the Executive Officer to execute a Professional Services Agreement with Johnson & Associates CPAs, Inc. for completion of the Commission's biennial audit covering fiscal years ending 2017 and 2018.

DISCUSSION

In anticipation of the Commission's next biennial audit for fiscal years ending 2017 and 2018, Staff circulated a Request for Quotes to several financial audit companies. Three quotes were received as outlined below. Each of these firms is highly qualified and has experience auditing local governments and special districts.

<u>Firm</u>	<u>Quote</u>
Johnson & Associates CPAs, Inc.	\$8,000
Fechter & Company	\$8,300
Robert A. Hawks, Jr., CPA	\$9,800-10,800

Budget Appropriation & Selection

The current year's budget included approval of funding for auditing services in the amount of \$8,000. This estimate was determined based on the prior year's audit costs as well as a survey of other LAFCOs. Johnson & Associates CPAs, Inc. provided a quote in the budgeted amount, although Fechter & Company's quote was also within a close range.

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

CONCLUSION

LAFCO audits are not required by law; however, an independent financial review provides accountability and transparency for LAFCO's operations. Upon approval by the Commission, Staff will begin working immediately with Johnson & Associates CPAs, Inc. to provide needed financial documents for completion of the biennial audit.

*Attachments: Proposal for Independent Audit Services – Johnson & Associates CPAs, Inc.
Draft Professional Services Agreement*

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JOHNSON & ASSOCIATES CPAs, INC.

631 15th Street Modesto, CA 95354

Phone (209) 236-1040 • Fax (209) 236-1068

CASEY G. JOHNSON, CPA, CVA, MBA
MICHELLE N. MATOS, CPA, MBA

RECEIVED AUG 17 2018

August 7, 2018

Board of Directors
Stanislaus County Local Agency Formation Commission
1010 10th Street, Suite 3600
Modesto, CA 95354

To the Board of Directors:

We are pleased to submit this proposal to provide independent audit services for the years ended June 30, 2017 and 2018 for the Stanislaus County Local Agency Formation Commission (LAFCO). This proposal will serve to outline the services we propose to provide and the unique qualifications of Johnson & Associates CPAs, Inc.

We propose to audit the financial statements of LAFCO as of June 30, 2017 and 2018 and for the years then ended. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, fraud or illegal acts may exist and not be detected by us. In addition, an audit is not designed to detect errors, fraud, or other illegal acts that are immaterial to the financial statements. However, we will inform you of any material error and any fraud that comes to our attention. We will also inform you of any illegal acts that come to our attention, unless clearly inconsequential. Our responsibility as an auditor is limited to the period covered by our audit and does not extend to any other periods for which we are not engaged as auditors.

The general objectives of the audit are to determine whether:

1. The financial statements are presented fairly in accordance with generally accepted accounting principles.
2. There is effective control over and proper accounting for revenues, expenses, assets, and liabilities.

The audit will include tests of your accounting records and other procedures considered necessary to enable us to express an unqualified opinion that your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles. If the opinion is other than unqualified, we will fully discuss the reasons with you in advance.

Members • American Institute of Certified Public Accountants
• California Society of Certified Public Accountants

Casey G. Johnson, CPA and Michelle N. Matos, CPA are Principals in the firm of Johnson & Associates CPAs, Inc., 631 15th Street, Modesto, California 95354. Each principal individually and the principals collectively have the authority to make representations on the part of the Firm. However, Michelle N. Matos, CPA will be the primary representative for the Firm for this engagement.

We strive to provide the highest quality professional services and relevant advice to our clients through a close and cooperative working relationship. We have served clients from individuals to corporations, partnerships and other entities operating in a wide variety of industries. We provide these clients with a full range of professional accounting services including audits, consultations, bookkeeping and reports, tax returns, tax planning, and more.

The staff of Johnson & Associates CPAs, Inc. has also been involved with many local government and non-profit organizations over the years in our capacity as partner and staff accountants. The relationships with most of these organizations have continued to be ongoing.

We will hold this proposal open for sixty (60) calendar days.

We appreciate the opportunity to submit this proposal to provide professional services to LAFCO. We are looking forward to a continued positive relationship. Should you choose to accept our proposal, we have included an engagement letter which would need to be signed and returned to our office.

Sincerely,



Michelle N. Matos, CPA
Johnson & Associates CPAs, Inc.

FIRM PROFILE

Johnson & Associates CPAs, Inc. is a Modesto based CPA firm operating as a professional corporation. The Firm was formed in 2012 by one partner and two staff CPA's from another firm which beginnings date back to the early 1980's. The Firm operates from a single office located in Modesto. Currently, the staffing includes the two principals and seven support staff. Johnson & Associates CPAs, Inc. is a full service public accounting firm. We provide services in tax planning and preparation, financial and compliance auditing, financial statement preparation, client accounting and management consulting.

The Firm provides accounting and auditing services to a number of our clients, including governmental districts, non-profit organizations, and nonpublic companies, who have a wide variety of computerized accounting systems. All of the principals of the Firm have experience in providing services to these clients.

AUDIT STAFF

Michelle N. Matos, CPA – Principal/In Charge Accountant

Mrs. Matos will be the principal in charge of the engagement. It will be her responsibility to see that you receive the highest quality professional service. She has extensive experience in financial and compliance audits of California governmental and non-profit agencies. She will be involved in the day to day auditing activities. She will perform and supervise the detail functions of the audit. She has ten years auditing experience and has been the audit manager of the firm for the last five years. Mrs. Matos acquires a minimum of 20 hours per year in continuing education relevant to governmental financial reporting. Her experience includes audits of governmental districts.

Alejandra Rangel – Staff Accountant

Ms. Rangel will assist Mrs. Matos and will perform specific testing, work paper preparation, and other audit functions as assigned. She has two years auditing experience which includes audits of governmental districts.

AUDIT APPROACH

We operate our auditing engagements under a team approach. Your audit will be staffed with individuals knowledgeable in audits of governmental districts. All work prepared is reviewed by supervisors to assure efficient operation and adherence to professional quality control standards.

Our approach will start with a development of an understanding of your accounting systems. From this we will make a preliminary evaluation of the strengths and weaknesses of your systems. We will then modify our audit approach based upon this evaluation.

After modification of our audit program based upon our study and evaluation of internal controls we substantively review the financial statement. This phase of the audit includes, among other steps, confirmation with third parties, and reconciliation with accounting data, review of accounting estimates and analytical review.

Our audit approach anticipates your staff being able to assist in the preparation of account analysis and reconciliation. These include items such as depreciation schedules, accounts payable listings, standard salary and rate schedules, minutes, etc. Our fee is based upon this premise. Areas which we believe are compliance exceptions or reportable conditions will be discussed with management at the earliest possible time. We do this so that management's input can be obtained and corrective action, if needed, can be taken as soon as possible.

The specific work plan for the audit of LAFCO is as follows:

September - October 2018 - Obtain Internal Control System Understanding, Preliminary Substantive Work – Principal/In-Charge

October - November 2018 - Substantive Testing of Financial Statements - Principal/In-Charge/Accountant

November - December 2018 - Report Preparation, Client Discussions - Principal/In-Charge

Report Delivery not later than January 31, 2019

The above timeline anticipates that all requested information is received by our office in a timely manner. Should delays be experienced in receiving requested information, this could cause our office to not be able to adhere to the planned timeline. Should it become apparent that additional time is necessary, we will discuss it with you in advance.

Governmental reporting standards are ever changing and our firm makes every effort to remain updated. Some of the most recent changes which we will consider for this audit are the pension reporting requirements and lease reporting.

COMPENSATION

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, copies, telephone, travel, etc.). We will bill you for actual time spent at our usual rates which currently are:

Principal CPA - \$130 per hour
Support Staff - \$70-\$80 per hour

It is anticipated that the audit of each year will take approximately 30 hours and we estimate the fee for auditing services to not exceed:

June 30, 2017 - \$4,000
June 30, 2019 - \$4,000

This fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. We will render invoices monthly. Our invoices are due upon presentation. Additional services not contemplated by this proposal will be billed at our routine hourly rates.

ASSURANCES

The principals of the Firm are duly licensed Certified Public Accountants in the State of California on or before April 30, 2012 and intend to be in the future. Our firm maintains the required minimum insurance requirements of \$2 million annual aggregate.

We have performed a conflict of interest check and have determined that our firm is independent with respect to LAFCO as defined by generally accepted auditing standards and the US Government Accountability Office's Government Auditing Standards

If we encounter any unusual situations or fraud, which will require a major extension of the audit procedures beyond those normally applied, we agree to notify you at once and request that the agreement be amended to compensate for the additional work before incurring additional costs.

ADDITIONAL INFORMATION

We direct your attention to our website for additional information:

<http://www.jacpainc.com>

REFERENCES

Our firm has provided auditing services for the following governmental districts:

1. Salida Sanitary District
Contact: Linda Walker, Bookkeeper
(209)545-4987
LWalker@salidasanitary.net
Auditing Services Provided 2012 – Present
2. Riverside-Corona Resource Conservation District
Contact: Shelli Lamb, District Manager
(951)683-7691 x202
lamb@rcrcd.org
Auditing Services Provided 2012 – Present
3. Keyes Fire Protection District
Contact: Erik Klevmyr, Fire Chief
(209)634-7690
eklevmyr@keyesfire.com
Auditing Services Provided 2010 – Present

ENCLOSURES

1. Most Recent Peer Review Report
2. Insurance Certification
3. Engagement Letter



David E. Vaughn CPA

(209) 957-8806, fax (209) 957-9589

4540 Gnekow Drive, Stockton, Ca. 95212-1307

System Review Report

October 10, 2016

To the Shareholders,
Johnson & Associates CPAs, Inc.,
and the Peer Review Committee of the California Society of CPAs

I have reviewed the system of quality control for the accounting and auditing practice of Johnson & Associates CPAs, Inc. (the firm) in effect for the year ended May 31, 2016. My peer review was conducted in accordance with Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of my peer review, I considered reviews by regulatory entities, if applicable, in determining the nature and extent of my procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review. The nature, objectives, scope, limitations of, and procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included an employee benefit plan audit.

In my opinion, the system of quality control for the accounting and auditing practice of Johnson & Associates CPAs, Inc. in effect for the year ended May 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Johnson & Associates CPAs, Inc. has received a peer-review rating of *pass*.

A handwritten signature in black ink, appearing to read 'David E. Vaughn', written in a cursive style.

David E. Vaughn, CPA



**CAMICO MUTUAL INSURANCE COMPANY
DECLARATIONS**

ACCOUNTANTS PROFESSIONAL LIABILITY INSURANCE POLICY

Policy Number: CAL109857-06

Effective Date: 06/01/2018 at 12:01 A.M. Standard time at the address shown below
Expiration Date: 06/01/2019 at 12:01 A.M. Standard time at the address shown below
Retroactive Date: 06/01/2012

Item 1 - Named Insured: Johnson & Associates, CPAs, Inc.

Item 2 - Business Address: 631 15th Street
Modesto, CA 95354

Item 3 - Limits of Liability: \$2,000,000 Per Claim
\$2,000,000 Policy Aggregate

Item 4 - Deductibles: \$5,000 Per Claim Deductible

Item 5 - Total Premium: \$9,568

Item 6 - The policy consists of this Declarations page, and the following policy forms and endorsements:

PL-1000-A 07/14 Accountants Professional Liability Insurance Policy
PL-2001-A (CA) 07/14 State Endorsement - California
PL-1007-A 07/14 Exclusion - Claims Following Insureds Suit for Fees
PL-1045-A 07/2014 Cyber CPA Endorsement
PL-1049-A 07/2014 Privacy and Client Network Damage Endorsement
PL-1056-A 06/16 Multiple Claims and Related Acts, Errors and Omissions Amendment

PLEASE READ THESE DECLARATIONS, THE POLICY AND ENDORSEMENTS CAREFULLY.

CAMICO Mutual Insurance Company

Authorized Representative

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AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement for Professional Services is made and entered into by and between the Stanislaus County Local Agency Formation Commission ("LAFCO") and Johnson & Associates CPAs, Inc. ("Consultant"), as of September 26, 2018 (the "Agreement").

Introduction

WHEREAS, LAFCO has a need for financial audit services;

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

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

Terms and Conditions

1. Scope of Work

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

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

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

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

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

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

2. Consideration

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

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

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

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

3. Term

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

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

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

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

4. Required Licenses, Certificates and Permits

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

5. Office Space, Supplies, Equipment, Etc.

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

6. Insurance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Defense and Indemnification

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

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

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

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

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

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

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

8. Status of Consultant

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

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

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

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

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

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

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

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

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

9. Records and Audit

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

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

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

10. Confidentiality

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

11. Nondiscrimination

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

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

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

12. Assignment

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

13. Waiver of Default

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

14. Notice

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

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

To LAFCO:

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

To Consultant:

Johnson & Associates CPAs, Inc.
631 15th Street
Modesto, CA 95354

15. Conflicts

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

16. Severability

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

17. Amendment

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

18. Entire Agreement

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

19. Advice of Attorney

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

20. Construction

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

21. Governing Law and Venue

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

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

**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

JOHNSON & ASSOCIATES CPAs, INC.

By: _____
Sara Lytle-Pinhey, Executive Officer

By: _____
Michelle N. Matos "Consultant"

APPROVED AS TO FORM:

By: _____
Robert J. Taro, LAFCO Legal Counsel

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EXHIBIT A

A. SCOPE OF WORK

The Consultant shall provide services under this Agreement as follows:

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

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

Report Description:	Number of Copies:
GPFS 7/1/2016 to 6/30/2017	1 electronic PDF copy
GPFS 7/1/2017 to 6/30/2018	1 electronic PDF copy

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

B. COMPENSATION

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

1. Consultant will be compensated in an amount not to exceed \$8,000 for services rendered under this Agreement. Consultant to submit monthly statements for payment. LAFCO shall have 30 days to submit payment to Consultant. A reserve of ten (10) percent will be retained until such time that the Consultant submits required deliverables (e.g. audited financial statements) as described in Section A, and upon acceptance of said deliverables.
2. The parties hereto acknowledge the maximum amount to be paid by LAFCO for services provided hereunder shall not exceed \$8,000 including, without limitation, the cost of any subcontractors, consultants, experts or investigators retained by the Consultant to perform or to assist in the performance of its work under this Agreement.

C. TERM

1. The term of the Agreement shall be from September 26, 2018 through February 28, 2019 unless otherwise terminated as provided in Paragraph 3 of the Agreement.

D. REPRESENTATIVES

The parties' respective Project Managers shall be:

For LAFCO:

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

For Consultant:

Michelle N. Matos, CPA (or designee)
631 15th Street
Modesto, CA 95354
(209) 236-1040
michelle@jacpains.com



JOHNSON & ASSOCIATES CPAs, INC.

631 15th Street Modesto, CA 95354

Phone (209) 236-1040 • Fax (209) 236-1068

CASEY G. JOHNSON, CPA, CVA, MBA
MICHELLE N. MATOS, CPA, MBA

RECEIVED AUG 17 2018

August 7, 2018

To the Board of Directors
Stanislaus County Local Agency Formation Commission
1010 10th Street, Suite 3600
Modesto, CA 95354

We are pleased to confirm our understanding of the services we are to provide Stanislaus County Local Agency Formation Commission (LAFCO) for the years ended June 30, 2017 and 2018. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of LAFCO as of and for the years ended June 30, 2017 and 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement LAFCO's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to LAFCO's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the required supplementary information referred to in the first paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits

contained in *Government Auditing Standards*, issued by the Controller General of the United States and will include tests of the accounting records of LAFCO and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of LAFCO's financial statements. Our report will be addressed to the Board of Directors of LAFCO. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of law, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that LAFCO is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate

level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of LAFCO's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of LAFCO in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards*

and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities; to help ensure that appropriate goals and objectives are met; following laws and regulations and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report

You are responsible for the preparation of the required supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial

statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period; and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluated the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to LAFCO; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or

containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this agreement is the property of Johnson & Associates CPAs, Inc. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Johnson & Associates CPAs, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit during September and issue our reports no later than January 31, 2019. Michelle N. Matos is the engagement principal and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses for the audit procedures will not exceed \$4,000 for the year ended June 30, 2017 and \$4,000 for the year ended June 30, 2018. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to LAFCO and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



Michelle N. Matos
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of LAFCO.

By: _____

Title: _____

Date: _____

**EXECUTIVE OFFICER'S AGENDA REPORT
SEPTEMBER 26, 2018**

**LAFCO APPLICATION NO. 2018-04 &
SPHERE OF INFLUENCE MODIFICATION NO. 2018-05
119 G STREET CHANGE OF ORGANIZATION TO THE
STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT**

PROPOSAL

The project proposes to amend the sphere of influence and annex a .32-acre parcel into the Stanislaus Consolidated Fire Protection District (FPD).

1. Applicant: City of Modesto, as an affected agency
2. Location: The project area is located at 119 G Street in the unincorporated town of Empire. The site is located south of Yosemite Boulevard (Highway 132) and east of Santa Fe Avenue. (See map and legal description in Exhibit A for more detail.)
3. Parcels Involved and Acreage: The project includes Assessor's Parcel Number (APN) 133-016-007 totaling approximately .32 acres.
4. Reason for Request: The property is a former well site that was recently sold and detached from the City of Modesto. It is currently outside both the City and Stanislaus Consolidated FPD's boundaries. Annexation is intended to provide continued fire service to the site. The City adopted Resolution No. 2018-159 (attached as Exhibit B), confirming the City detachment and requesting the parcel be returned to the District's jurisdiction



Note: Stanislaus Consolidated FPD's boundary is currently coterminous with its SOI.

ENVIRONMENTAL REVIEW

The City of Modesto as "Lead Agency" under the California Environmental Quality Act (CEQA) has deemed the project exempt based on Government Code Section 15061(b)(3). LAFCO, as a Responsible Agency, must consider the environmental determination provided by the City of Modesto. The proposed annexation will not result in a change of land use under the current zoning, which is under Stanislaus County jurisdiction.

BACKGROUND

The property at 119 G Street was originally annexed into the City of Modesto in 2000 along with several other well sites pursuant to Government Code section 56742, which allows for non-contiguous annexations of city-owned properties when used for city purposes. At the time of annexation, the site simultaneously detached from the Stanislaus Consolidated Fire Protection District.

Recently, the City sold the property. Upon sale of the property, the following Government Code section applies:

56742(e) When any or all of the territory annexed to a city pursuant to this section is sold by the city, all of the territory that is no longer owned by the city shall cease to be part of that city.

Therefore, the territory has effectively reverted to unincorporated status and detached from the City. With the property now unincorporated, the City of Modesto has requested that the site be annexed back into the Stanislaus Consolidated Fire Protection District.

FACTORS

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires several factors to be considered by a LAFCO when evaluating a proposal. The following discussion pertains to the factors and determinations, as set forth in Government Code Section 56668, 56668.3 and 56425:

- a. *Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.***

The proposed annexation will return the property back to the Stanislaus Consolidated Fire Protection District for fire protection services. The property is currently vacant and located in a developed area consisting of mostly commercial buildings, and single-family and multi-family homes. The annexation of the property will not induce any further growth and any development of the property will be considered infill.

- b. *The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.***

The proposed annexation will provide fire protection services to the project site. The site is within the Empire Sanitary District boundaries for sewer service and water is provided to the area by the City of Modesto (formerly Del Este Water Company). Currently there are no plans to develop the site. However, should the property owner decide to develop the site, service providers are present.

- c. *The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.***

The proposed annexation will provide fire protection services to the site from the Stanislaus Consolidated Fire Protection District, which currently serves all the surrounding parcels and area. The proposed annexation will not have an effect on adjacent areas, social and economic interests, or local governmental structure.

As outlined in Section 56425, the Commission must make a determination related to present and probable need for services related to sewers, water, and fire protection from a city or special district of any disadvantaged unincorporated communities (DUC) within the existing sphere of influence. Based on annual median household income, the unincorporated town of Empire is identified as a DUC as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act.

The proposed project will provide fire protection services to the site from the Stanislaus Consolidated Fire Protection District. The District also provides services to the surrounding area including the unincorporated town of Empire. Additional services such as water and sewer services are provided through the City of Modesto, Empire Sanitary District, or by way of private systems within the DUC.

- d. ***The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377.***

Section 56377 requires the Commission to consider LAFCO policies and priorities that would guide development away from the existing prime agricultural lands and consider development of existing vacant or nonprime agricultural land for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency before any expansion of boundaries. The proposed annexation area has been determined to have no impact to agricultural lands. Based on its location and the proximity to existing development in and around the area, the annexation is considered infill and consistent with Commission policies for providing planned, orderly, and efficient patterns of urban development.

- e. ***The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.***

The proposal will not result in the loss of agricultural land and will not affect the physical and economic integrity of agricultural land. As a result of the detachment from the City of Modesto, the land was reverted to its previous zoning of H-1 (Highway Frontage) in the Stanislaus County Zoning Ordinance. The site is surrounded by commercial, single-family and multi-family homes.

- f. ***The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting proposed boundaries.***

The project site, in and of itself, is an island, as it is surrounded entirely by the District. Annexation will eliminate the island within the District.

- g. ***A regional transportation plan adopted pursuant to Section 65080***

The Regional Transportation Plan (RTP) is prepared and adopted by the Stanislaus Association of Governments (StanCOG) and is intended to determine the transportation needs of the region as well as the strategies for investing in the region's transportation system. The annexation will not change traffic or transportation routes for the area as the

use of the property will remain the same.

h. *The proposal's consistency with city or county general and specific plans*

The proposal is consistent with the Stanislaus County General Plan's "Commercial" land use designation and H-1 (Highway Frontage) Zoning District. The project site is vacant and there are currently no plans to develop the parcel.

i. *The sphere of influence of any local agency, which may be applicable to the proposal being reviewed.*

The project site is not currently within the Sphere of Influence of the District. Thus, the application also requests to simultaneously amend its Sphere of Influence to include the site. When amending a sphere, the Commission considers factors as outlined in Government Code §56425, including agricultural and open space, need for public facilities, capacity of services, economic interests in the area and service needs of disadvantaged unincorporated communities. These are similar to the factors discussed in this section of the report related to Government Code §56668 and §56668.3. Staff has determined that given the small size of the proposal and its intent to return the area to the fire district, that the sphere amendment is consistent with Government Code §56425 and the Commission's policies.

j. *The comments of any affected local agency or other public agency.*

All affected agencies and jurisdictions have been notified pursuant to State law requirements and the Commission adopted policies. To date, no comments have been received related to the proposed project.

k. *The ability of the receiving entity to provide services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.*

The parcel is approximately .32 acres in size and is surrounded by the Stanislaus Consolidated Fire Protection District. There will not be a significant impact to the District's operating revenue which is funded by property taxes and assessments.

l. *Timely availability of water supplies adequate for projected needs as specified in Government Code Section 65352.5.*

The site is currently served by the City of Modesto (formerly Del Este Water Co.) for water services. The proposed project will provide fire protection services to the site and will not impact water supplies.

m. *The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.*

The project site is currently vacant and is zoned (Highway Frontage) under the Stanislaus County Zoning Ordinance. According to the Zoning Ordinance, the H-1 zone allows for one

single family home or one apartment if it is accessory to a permitted commercial use. A duplex is allowed if a use permit is first obtained. These potential units would contribute to the County's overall Regional Housing Needs Assessment.

n. Any information or comments from the landowner or owners, voters, or residents of the affected territory.

Staff has not received any comments as of the drafting of this report.

o. Any information relating to existing land use designations.

As mentioned previously, the project site is zoned H-1 (Highway Frontage) in the Stanislaus County Zoning Ordinance. The site is currently vacant. The proposed project will provide fire protection services to the site for existing and any future uses on site.

p. The extent to which the proposal will promote environmental justice.

As defined by Government Code §56668, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services. Staff has determined that approval of the proposal would not result in the unfair treatment of any person based on race, culture or income with respect to the provision of services within the proposal area.

DISCUSSION

Based on the information provided, annexation of 119 G Street can be considered a logical extension of the District's boundaries. As the proposal would return jurisdiction of fire services to the District, Staff has determined that the proposed sphere amendment and annexation are consistent with Government Code and LAFCO policies.

Waiver of Conducting Authority Proceedings

Pursuant to Government Code Section 56663, the Commission may waive conducting authority proceedings entirely when the following conditions apply:

1. Landowners and registered voters within the affected territory have been notified via mail pursuant to section 56157 of the Cortese/Knox/Hertzberg (CKH) Act.
2. The mailed notice discloses that unless written opposition to the proposal is received prior to the commission proceedings that the commission intends to waive the protest proceedings.
3. No written opposition to the proposal from landowners or registered voters is received.

As all the above conditions for the waiver of conducting authority proceedings have been met, the Commission may waive the conducting authority proceedings in their entirety.

ALTERNATIVES FOR COMMISSION ACTION

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

- Option 1** APPROVE the proposal, as submitted by the applicant.
- Option 2** DENY the proposal.
- Option 3** CONTINUE this proposal to a future meeting for additional information.

STAFF RECOMMENDATION

Approve Option 1. Based on the information and discussion contained in this staff report, and the evidence presented, it is recommended that the Commission adopt attached Resolution No. 2018-15, which:

- a. Certifies, as a Responsible Agency under CEQA, that the Commission has considered the environmental documentation prepared by the City of Modesto as Lead Agency;
- b. Finds the proposal to be consistent with State law and the Commission's adopted Policies and Procedures;
- c. Waives protest proceedings pursuant to Government Code Section 56663; and,
- d. Approves LAFCO Application 2018-04 & Sphere of Influence Modification No. 2018-05 – 119 G Street Change of Organization to the Stanislaus Consolidated Fire Protection District.

Respectfully submitted,

Javier Camarena

Javier Camarena
Assistant Executive Officer

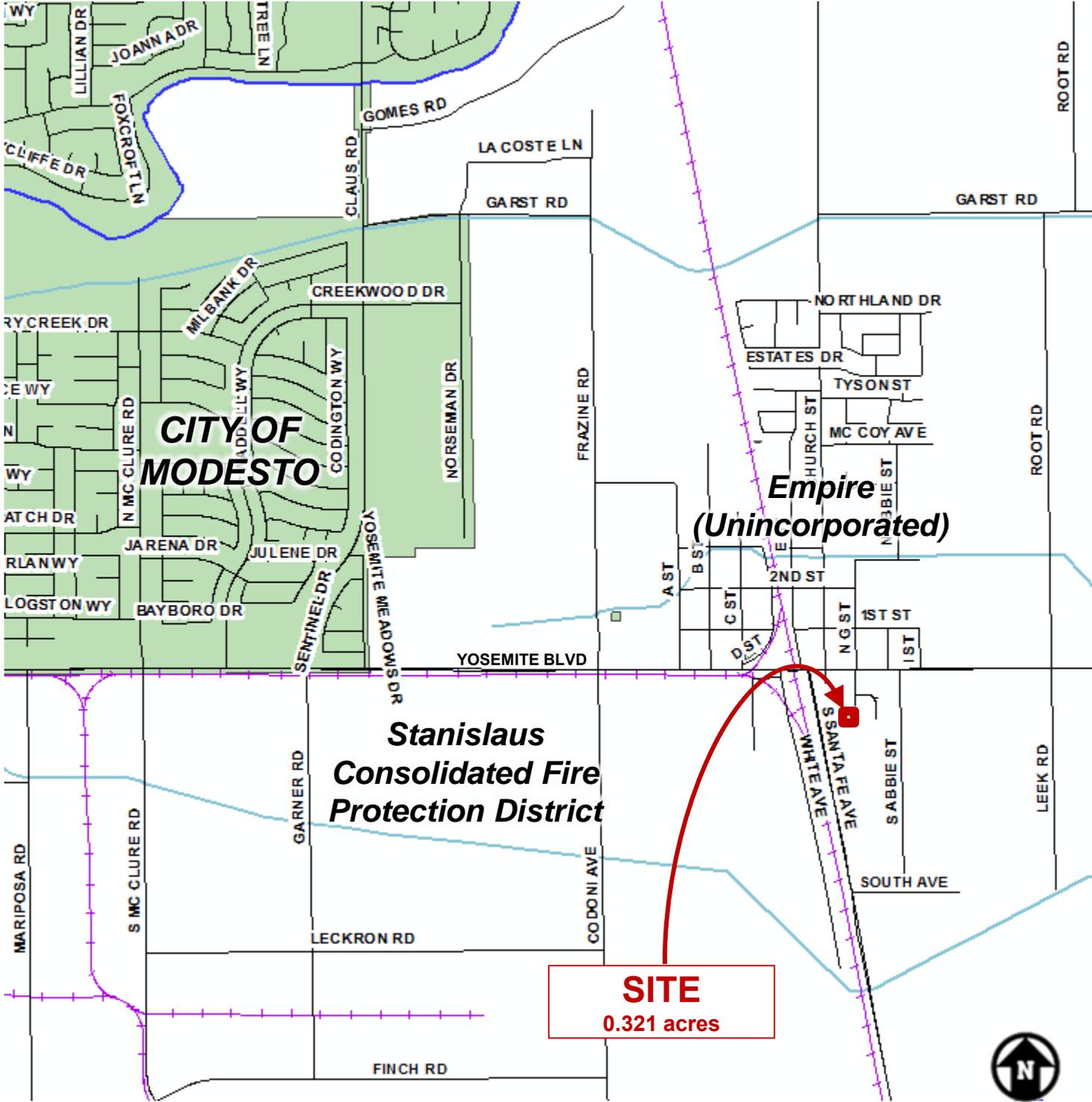
Attachments - Exhibit A: Maps and Legal Description
Exhibit B: City of Modesto Resolution No. 2018-159
Exhibit C: LAFCO Resolution No. 2018-15

EXHIBIT A

Maps and Legal Description

119 G Street Change of Organization to the Stanislaus Consolidated Fire Protection District

VICINITY MAP



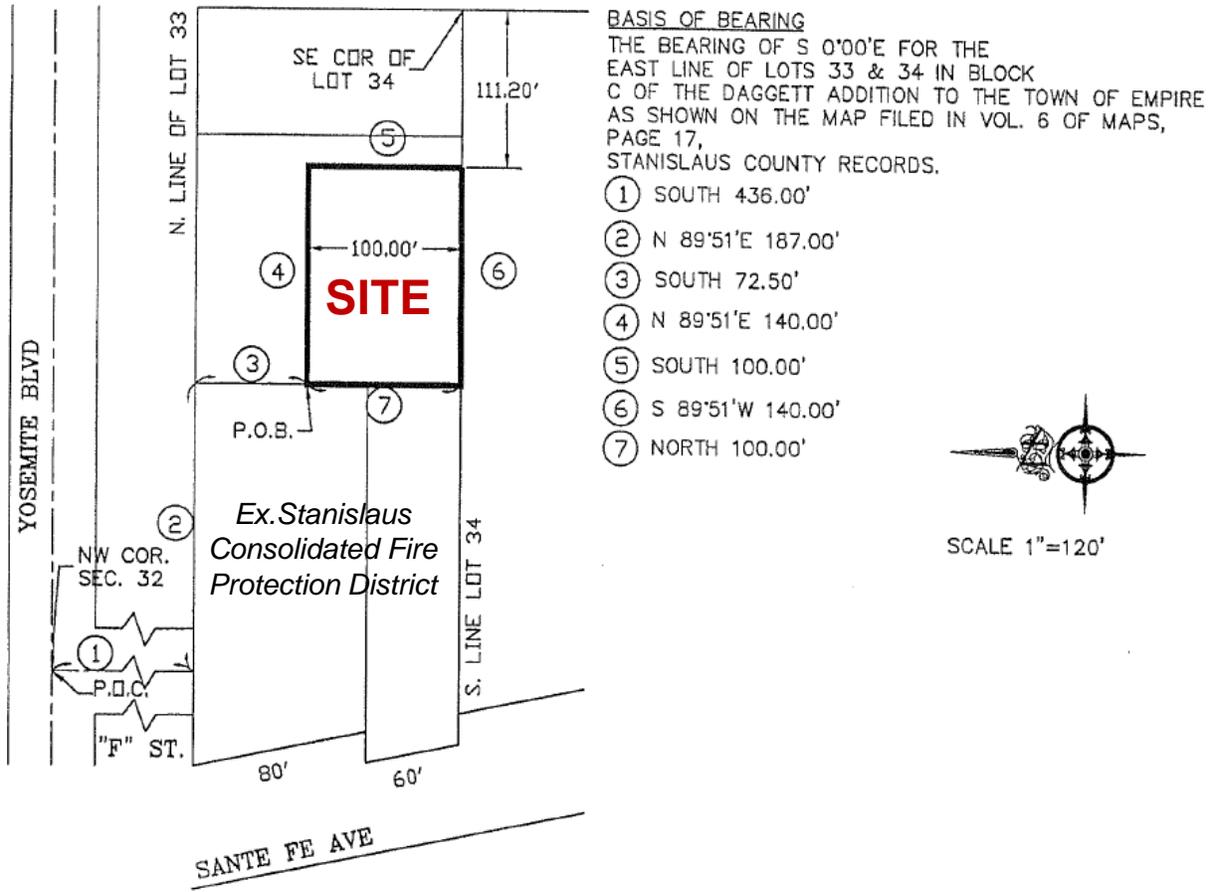
119 G Street Change of Organization to the Stanislaus Consolidated Fire Protection District

All that real property in the State of California, County of Stanislaus, being a portion of the Northwest quarter of Section 32, Township 3 South, Range 10 East, Mount Diablo Base and Meridian, also being a portion of Lots 33 and 34 in Block C of the DAGGETT ADDITION TO THE TOWN OF EMPIRE, as per map filed January 5, 1912 in Volume 6 of Maps, Page 17, Stanislaus County Records, described as follows:

Commencing at the Northwest section corner of said Section 32, said point being on the centerline of a 90.00 foot public road known as Yosemite Boulevard;

1. thence along the West section line of Section 32, South, 436.00 feet, more or less, to a point on the Northern line of said Lot 33;
2. thence along said Northern line, North 89° 51' East, 187.00 feet, more or less, to its intersection with a line which is parallel with and 251.20 feet, measured at right angles, Westerly from the Eastern line of said Lots 33 and 34;
3. thence along said parallel line, South, 72.50 feet, more or less, to a point on a line which is parallel with and 100.00 feet, measured at right angles, Northerly from the Southern line of Lot 34, and the true point of beginning of this description;
4. thence along said last mentioned parallel line, North 89° 51' East, 140.00 feet, to a point on a line which is parallel with and 111.20 feet, measured at right angles, Westerly from said Eastern line of Lots 34 and 33;
5. thence along said last mentioned parallel line, South, 100.00 feet, to said Southern line of Lot 34;
6. thence along the Southern line of Lot 34, South 89° 51' West, 140.00 feet, to a point on said first mentioned parallel line;
7. thence along this first mentioned parallel line, North, 100.00 feet, to the point of beginning, containing 0.321 Acres, more or less.

119 G Street Change of Organization to the Stanislaus Consolidated Fire Protection District



APN 133-016-007

.321 ACRES

SEC.32,T.3S. R.10E., MDB&M

EXHIBIT B

City of Modesto Resolution No. 2018-159

**MODESTO CITY COUNCIL
RESOLUTION NO. 2018-159**

RESOLUTION CONFIRMING DETACHMENT OF A NON-CONTIGUOUS CITY PROPERTY LOCATED AT 119 G STREET IN EMPIRE (APN 133-016-007), REVERTING THE PROPERTY BACK TO UNINCORPORATED STATUS WITHIN THE COUNTY OF STANISLAUS AND AUTHORIZING APPLICATION TO THE STANISLAUS LOCAL AGENCY FORMATION COMMISSION TO ANNEX THE TERRITORY BACK TO THE STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT AND AUTHORIZING THE INTERIM CITY MANAGER, OR HIS DESIGNEE, TO EXECUTE ANY AND ALL NECESSARY DOCUMENTS REQUIRED FOR CITY DETACHMENT AND APPLICATION FOR ANNEXATION TO THE STANISLAUS CONSOLIDATED FIRE PROTECTION DISTRICT

WHEREAS, the City of Modesto owns real property on 119 G Street in Empire (APN 133-016-007), and

WHEREAS, this property was purchased by the City from the Del Este Water Company in 1995 for Well Site No. 311, and

WHEREAS, the property was approved for non-contiguous annexation into the City of Modesto's boundaries by the Stanislaus Local Agency Formation Commission Resolution 2000-09, effective August 22, 2000, and included simultaneous detachment from the Stanislaus Consolidated Fire Protection District, and

WHEREAS, Well Site No. 311 was abandoned and destroyed in accordance with the Modesto Municipal Code and California Well Standards, and

WHEREAS, the property is now surplus and sold by the City, and

WHEREAS, Government Code Section 56742(g) requires the City of Modesto to adopt a resolution confirming the detachment of the non-contiguous property, and

WHEREAS, detachment of the property from the City also necessitates an application to annex the territory back to the jurisdiction of the Stanislaus Consolidated Fire Protection District, and

WHEREAS, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the Government Code, the City of Modesto, as an affected agency, may initiate proceedings with the Stanislaus Local Agency Formation Commission, for the annexation of the territory to the Stanislaus Consolidated Fire Protection District, and

WHEREAS, the detachment of territory from the City and annexation to the Stanislaus Consolidated Fire Protection District are considered exempt from the California Environmental Quality Act under the General Rule, Section 15061(b)(3) as it can be seen with certainty that there will not be a significant effect on the environment.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Modesto that it hereby authorizes and confirms the detachment of the property from the City limits upon sale of the property.

BE IT FUTHER RESOLVED by authorizing the Interim City Manager, or his designee, to execute any and all necessary documents required for City detachment and application for annexation to the Stanislaus Consolidated Fire Protection District.

The foregoing resolution was introduced at a regular meeting of the Council of the City of Modesto held on the 24th day of April, 2018, by Councilmember Kenoyer, who moved its adoption, which motion being duly seconded by Councilmember Zoslocki, was upon roll call carried and the resolution adopted by the following vote:

AYES: Councilmembers: Ah You, Kenoyer, Madrigal, Zoslocki, Mayor Brandvold

NOES: Councilmembers: None

ABSENT: Councilmembers: Grewal, Ridenour

ATTEST: 
STEPHANIE LOPEZ, City Clerk

(SEAL)

APPROVED AS TO FORM:

By: 
ADAM U. LINDGREN, City Attorney

EXHIBIT C

LAFCO Resolution No. 2018-15

**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: September 26, 2018

NO. 2018-15

SUBJECT: LAFCO Application No. 2018-04 & Sphere of Influence Modification No. 2018-05: 119 G Street Change of Organization to the Stanislaus Consolidated Fire Protection District

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

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

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, a proposal was initiated by Resolution of Application from the City of Modesto; to modify the Sphere of Influence and annex approximately .32 acres to the Stanislaus Consolidated Fire Protection District;

WHEREAS, there are less than 12 registered voters within the area and it is thus considered uninhabited;

WHEREAS, the above-referenced proposal has been filed with the Executive Officer of the Stanislaus Local Agency Formation Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act (Section 56000 et seq. of the Government Code);

WHEREAS, the purpose of the proposal is to allow the District to provide fire protection services to the subject territory;

WHEREAS, proceedings for adoption and amendment of a Sphere of Influence and change of organization are governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act, Section 56000 et seq. of the Government Code;

WHEREAS, the District has established a special tax that will be applied to the subject territory and will also receive funding pursuant to a tax sharing agreement with Stanislaus County;

WHEREAS, in the form and manner provided by law pursuant to Government Code Sections 56153 and 56157, the Executive Officer has given notice of the public hearing by the Commission on this matter;

WHEREAS, the Commission has conducted a public hearing to consider the proposal on September 26, 2018, and notice of said hearing was given at the time and in the form and manner provided by law;

WHEREAS, the Commission has, in evaluating the proposal, considered the report submitted by the Executive Officer, the factors and determinations in Government Code Section 56668, 56668.3 and 56425, and testimony and evidence presented at the meeting held on September 26, 2018.

NOW, THEREFORE, BE IT RESOLVED that the Commission:

1. Finds this proposal to be categorically exempt from the provisions of the California Environmental Quality Act (CEQA), pursuant to Section 15061(b)(3) of the CEQA Guidelines.
2. Determines that the sphere of influence for the Stanislaus Consolidated Fire Protection District will include the territory and be coterminous with its approved boundaries.
3. Designates the proposal as the 119 G Street Change of Organization to the Stanislaus Consolidated Fire Protection District.
4. Finds the proposal to be consistent with State law and the Commission's adopted Policies and Procedures.
5. Approves the proposal subject to the following terms and conditions:
 - (a) The Applicant shall pay the required State Board of Equalization fees and submit a map and legal description prepared to the requirements of the State Board of Equalization and accepted to form by the Executive Officer.
 - (b) The Applicant agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval, and provide for reimbursement or assumption of all legal costs in connection with that approval.
 - (c) In accordance with Government Code Sections 56886(t) and 57330, the subject territory shall be subject to the levying and collection of all previously authorized charges, fees, assessments and taxes of the Stanislaus Consolidated Fire Protection District.
 - (d) The effective date of the annexation shall be the date of recordation of the Certificate of Completion.
6. Adopts the Sphere of Influence modification contingent upon completion of the annexation.

7. Waives the protest proceedings pursuant to Government Code Section 56663 and orders the change of organization subject to the requirements of Government Code Section 57200 et. seq.
8. Authorizes and directs the Executive Officer to prepare and execute a Certificate of Completion in accordance with Government Code Section 57203, upon receipt of a map and legal description prepared pursuant to the requirements of the State Board of Equalization and accepted to form by the Executive Officer, subject to the specified terms and conditions.

ATTEST:

Sara Lytle-Pinhey
Executive Officer

**EXECUTIVE OFFICER'S AGENDA REPORT
SEPTEMBER 26, 2018**

TO: LAFCO Commissioners
FROM: Jennifer Goss, Commission Clerk
SUBJECT: Election of Vice-Chairperson

BACKGROUND

On August 20th, LAFCO received notice of the resignation of LAFCO Vice-Chairperson Tom Dunlop as a councilmember for the City of Oakdale (see attached). His resignation also disqualified him as Commissioner on LAFCO, this creating a City Member vacancy. Upon speaking with the City Selection Committee Clerk, Richard O'Brien was appointed as our Alternate City Member. Since Commissioner Dunlop was the Vice Chair, a new Vice Chair is needed.

Based on the current officers the position of Vice-Chairperson would be selected from the two Regular City Members, Commissioner Amy Bublak and Commissioner Mike Van Winkle.

RECOMMENDATION

If your Commission agrees, it is recommended that the Commission adopt the attached Resolution selecting a new Vice-Chairperson (City Member) for the remainder of the annual term until January 31, 2019.

Attachments: LAFCO Resolution No. 2018-16

TOM DUNLOP
OAKDALE CITY COUNCIL
250 N. THIRD AVENUE
OAKDALE, CA 95361

August 6, 2018

The Honorable Mayor Pat Paul
Oakdale City Councilmembers
Citizens of Oakdale
City of Oakdale
250 N. Third Avenue
Oakdale, CA 95361

Dear Mayor Paul, Oakdale City Council Members and Citizens of Oakdale

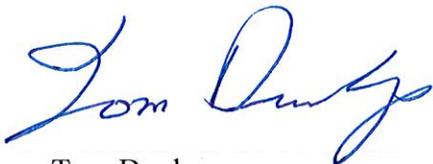
Please accept this letter as my resignation as Oakdale City Councilmember effective August 6, 2018.

Serving the people of Oakdale in the capacity of City Councilmember and Mayor Pro Tem the last 13 years has been an honor. I have had the pleasure of working alongside many capable, honest and hard-working public servants. We have accomplished much together over the years.

I am saddened to be leaving the City of Oakdale, it will always be home. However, I am looking forward to new challenges and opportunities as my family relocates to the great state of Idaho.

I am grateful to those who have taught me, served with me and voted for me over four elected terms. May Oakdale continue to be a thriving community with citizens who love Oakdale and will work to preserve its small town charm, agricultural heritage and amazing volunteer spirit.

I remain sincerely,

A handwritten signature in blue ink that reads "Tom Dunlop". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Tom Dunlop
Oakdale City Councilmember

**STANISLAUS COUNTY LOCAL AGENCY
FORMATION COMMISSION**

RESOLUTION

DATE: September 26, 2018

NO. 2018-16

SUBJECT: Election of Officer (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 elect a Vice-Chairperson at the first meeting in January of each year;

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

WHEREAS, the Vice-Chairperson’s seat was recently vacated and the remaining term ends January 31, 2019; and,

WHEREAS, based on adopted Commission Policies and Procedures, the rotation of its members for the Vice-Chairperson, a City Member is eligible to fulfill the remainder of the term.

NOW, THEREFORE, BE IT RESOLVED that the Commission:

- 1. Elects Commissioner _____ as Vice-Chairperson for the remainder of the term of office ending January 31, 2019.

ATTEST: _____
Sara Lytle-Pinhey
Executive Officer