



**STANISLAUS LAFCO  
LOCAL AGENCY FORMATION COMMISSION**

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

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**AGENDA**  
**Wednesday, October 23, 2024**  
**6:00 P.M.**  
**Joint Chambers—Basement Level**  
**1010 10<sup>th</sup> Street, Modesto, California 95354**

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

**1. CALL TO ORDER**

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

**2. PUBLIC COMMENT PERIOD**

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

**3. CORRESPONDENCE**

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

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

**C. "In the News."**

**4. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS**

## 5. CONSENT ITEMS

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

A. **MINUTES OF THE SEPTEMBER 25, 2024, LAFCO MEETING**  
(Staff Recommendation: Accept the Minutes.)

B. **LEGISLATIVE UPDATE**  
(Staff Recommendation: Accept the update.)

C. **YEAR-END FINANCIAL REPORT FOR FY 2023-2024**  
(Staff Recommendation: Accept and file the report.)

D. **MUNICIPAL SERVICE REVIEW NO. 2024-06 AND SPHERE OF INFLUENCE UPDATE NO. 2024-06 – CROWS LANDING, GRAYSON AND WESTLEY COMMUNITY SERVICES DISTRICTS:** The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Crows Landing, Grayson and Westley Community Services Districts. This item is exempt from the California Environmental Quality Act (CEQA) review pursuant to sections 15306 and 15061(b)(3). (Staff Recommendation: Approve the update and adopt Resolution No. 2024-11.)

## 6. PUBLIC HEARING

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

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

## 7. OTHER BUSINESS

None.

## 8. COMMISSIONER COMMENTS

Commission Members may provide comments regarding LAFCO matters.

## 9. ADDITIONAL MATTERS AT THE DISCRETION OF THE CHAIRPERSON

The Commission Chair may announce additional matters regarding LAFCO matters.

## 10. EXECUTIVE OFFICER'S REPORT

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

- A. On the Horizon.

**11. ADJOURNMENT**

- A. Set the next meeting date of the Commission for December 4, 2024.
- B. Adjournment

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**LAFCO Disclosure Requirements & Notices**

**Disclosure of Campaign Contributions:** Government Code Section 84308 requires that a LAFCO Commissioner disqualify themselves from voting on an application involving an "entitlement for use" (such as a change of organization, reorganization or sphere of influence) if, within the last 12 months, the Commissioner has received \$250 or more in campaign contributions from the applicant, participant or a representative of either. The law requires any applicant or other participant in a LAFCO proceeding to disclose the amount and name of the recipient Commissioner on the official record of the proceeding. The law also prohibits an applicant or other participant from making a contribution of \$250 or more to a LAFCO Commissioner while a proceeding is pending and for 12 months afterward.

**Disclosure of Political Expenditures and Contributions Regarding LAFCO Proceedings:** Any person or combination of persons who directly or indirectly contributes a total of \$1,000 or more in support of or opposition to a LAFCO proposal must comply with the disclosure requirements of the Political Reform Act (Section 84250). These requirements contain provisions for making disclosures of contributions and expenditures at specific intervals. More information on the scope of the required disclosures is available from the Fair Political Practices Commission ([www.fppc.ca.gov](http://www.fppc.ca.gov) or 1-866-ASK-FPPC).

**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 209-525-7660. Notification 24 hours prior to the meeting will enable the Clerk to make arrangements.

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

**Notice Regarding Non-English Speakers:** Proceedings before the Local Agency Formation Commission are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

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## **IN THE NEWS**

### **Newspaper Articles**

- The Westside Connect, September 19, 2024, “State budget cuts having ‘profound’ impact on water agencies from state to local levels.”
- The Ceres Courier, October 1, 2024, “Hughson home building in full swing at KB project”
- Westside Connect, October 3, 2024, “Ten years after the law known as SGMA changed California’s water works, what’s next?.”

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## State budget cuts having “profound” impact on water agencies from state to local levels

By Sabra Stafford

The impacts from California’s financial problems are starting to be revealed as some water agencies are implementing serious cutbacks.

During its August board meeting, staff at the Central Valley Regional Water Quality Control Board announced they are trimming the operations budget by 5% because of state budget cuts.

Meanwhile, San Joaquin Valley groundwater managers are wary, expecting far less grant funding for projects.

California is in the throes of a \$68 billion budget deficit largely because of declining revenue from 2022-2023. While the state will pull from reserves for spending, that is not a sustainable solution and spending cuts are necessary.

The Central Valley Regional Board is one of the first public water agencies to reveal the impact of state cuts in detail.

The 5% operations reduction at the regional board will have a “profound impact” on projects in the coming fiscal year, said Patrick Pulupa, executive officer of the Central Valley Regional Board at the board’s August meeting.

“We’re still recovering,” said Pulupa during the meeting. “The cuts happened in a few areas that are gonna be tough to absorb.”

Cuts hit every organization in the water board system, but the cuts happened unevenly, said Pulupa. The Central Valley Regional Board was hit a bit harder than most others, he added.

### Cutting vacancies

Most of the cuts at the Central Valley Regional Board are aimed at eliminating vacant jobs. The cuts are part of Governor Newsom’s initiative to eliminate 10,000 vacant state jobs to help address the deficit.

The Central Valley Regional Board is losing 13 positions from the following programs:

- Mines, one position
- Waste discharge to land, two positions
- Planning, two positions
- Confined animal facilities, one position
- Forest activities, one position
- Site cleanup, two positions
- Cannabis, four positions

“It could be worse,” said Pulupa at the board meeting. There won’t be any layoffs or pay cuts, he added.

## **IN THE NEWS – Westside Connect, September 19, 2024- Continued**

### **Still growing**

Some programs are still gaining positions, however. This includes one new environmental program manager for the (Central Valley) CV-SALTS nitrate control program, four new enforcement positions with the cannabis program, one position with the storm water program and two positions with the water quality certifications program.

Staff at the Central Valley Regional Board and the state Water Board declined to discuss any of the budget cuts with SJV Water.

However, a spokesperson from the Water Board wrote in an email that the SAFER drinking water program and the Sustainable Groundwater Management Act are not impacted by the cuts.

A spokesperson for the state's Department of Water Resources wrote in an email that it is too early in the process to discuss details of the cuts.

"DWR is working with the Department of Finance to make budget reduction decisions that put us in the best position to continue to meet the needs of 27 million Californians through the State Water Project, focus on science-driven decision-making to protect California's environment and endangered fish species, further critical groundwater recharge efforts in the Central Valley, and ensure public safety during extreme weather conditions like flooding and drought," wrote the spokesperson.

### **Valley impact**

In the valley, local water managers are already planning for less state funding.

Groundwater sustainability agencies (GSAs,) the locally run organizations responsible for bringing overpumped aquifers into balance under state law, rely heavily on grant funding for projects.

The North Kings GSA, for example, which covers part of central Fresno County, relies on state funding for about a third of its budget, federal funding for another third and local funding for another third, wrote Kassy Chaughan, executive director of the North Kings GSA.

Local funding, in the form of fees, is tough because that requires approval from taxpayers, Chaughan wrote in an email.

If state grants dry up, that will mean greater competition for federal grants. Or agencies will have to get loans or bond for money to build projects such as more groundwater recharge, which has been a focus for most valley agencies.

"The State budget woes are definitely impacting the ability to deliver on projects that have been identified to reach sustainability goals," she wrote.

Other managers share the same concerns.

"Any funds we anticipated for grants and programs are either gone, or in very sparse amounts leading to inability to meet demands," wrote Aaron Fukuda, general manager of the Tulare Irrigation District, in an email.

Even though water and climate projects saw a 21% reduction, that still leaves \$12.9 billion in funding for fiscal year 2025, according to PPIC.

**IN THE NEWS – Westside Connect, September 19, 2024- Continued**

Moving forward amidst cutbacks will be a challenge for water agencies.

“We run a very lean operation here,” said Pulupa at the August board meeting. “We are probably gonna do less with the less that we have available.”



**IN THE NEWS – Ceres Courier, October 1, 2024**

## **Hughson home building in full swing at KB project**

By Jeff Benziger

Buyers of new homes are moving into units as fast as they are being completed in the small city of Hughson where construction is in full scale at KB Homes' 56-acre Homes Orchards at Parkwood development.

In some blocks, residents have moved in next to units still in the framing stage. A total of 41 houses have been completed and final with 33 building permits active, according to Community Development Specialist Fabian Ramos.

Once the development is fully built out within five years, Hughson will have 299 additional homes and an estimated 900 to 1,000 new residents.

The new development is occurring south of Hatch Road and east Santa Fe Avenue. Five model homes have been completed and the sales office is open at 1713 Apiary Way.

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

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

Hughson has doubled in population since 2000 and today has 7,734 residents.

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

According to the company's website, homes start at \$454,990 plus the costs of solar panels mandated by the state of California. Home site premiums may also apply.

KB offers four floor plans:

- The smallest is a 3-bedroom, two bath home of 1,592 square feet at \$449,990.
- The 1,697 square foot home starts at \$470,990.
- The four-bedroom, 2 ½ bath at 1,950 square feet starts at \$489,990.
- The largest model is 2,161 square feet and starts at \$510,990.

The sales office is open Mondays from 2 p.m. to 6 p.m.; and Tuesdays through Sundays, 10m a.m. to 6 p.m.; and may be reached at 707-466-6870.

**IN THE NEWS – Ceres Courier, October 1, 2024- Continued**

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

Construction got off to a delayed start because infrastructure had to await recalculations of grading elevations for gravity sewer line flows, she said.

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

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

IN THE NEWS - Westside Connect, October 3, 2024

## Ten years after the law known as SGMA changed California's water world, what's next?

By Sabra Stafford

Sept. 16 marked the 10-year anniversary of the Sustainable Groundwater Management Act, (SGMA) which aims to bring severely over pumped aquifers back into balance by 2040.

Even with more than \$1 billion already spent, two groundwater subbasins on probation and enforcement actions being challenged in court, some state officials say the hard part is just beginning.

And the San Joaquin Valley is ground zero for what's coming.

SGMA was passed in 2014 during a devastating drought that left thousands of domestic wells dry in the San Joaquin Valley. The law seeks to regulate groundwater pumping through local control. To that end, it mandated the creation of a new layer of government, groundwater sustainability agencies (GSAs) to create and impose plans for regulation.

"It was pretty anxious times," said Paul Gosselin, deputy director of sustainable groundwater management at the state's Department of Water Resources (DWR.) "The first 10 years, I think for both the department and local agencies, was trying to unravel a very complicated law."

### Years of progress

But everyone has come a long way over the past decade, he added. The state and local agencies have a wealth of data and tools to monitor and understand groundwater far better than was possible 10 years ago, said Gosselin.

Local agencies have also stepped up during drought, committed to fixing dry domestic wells and have met state deadlines for plans and projects, he said.

"The state provided upwards of half a billion dollars to local agencies, which has really increased groundwater recharge projects, land transition to recharge and some other land uses, as well as the start and development of some demand management (pumping reduction) programs in basins that really need that," said Gosselin. "So, those are really some of the things that position us a lot better, one: for this changing climate. But two: to have the structure and foundation to achieve groundwater sustainability and have groundwater uses not be subjected to undesirable results."

Undesirable results is SGMA lingo for things like plummeting water tables, wells going dry, water quality issues and subsidence, or land sinking as too much water is pulled out of the ground.

While the challenge was understanding the law in the early days, 10 years in, the new challenge is full implementation, said Gosselin. Trying to get projects started, securing funding, transitioning land out of agriculture and the impacts that could have on the industry, will be difficult, he added.

"It's been the easy part, believe it or not," said Gosselin. "It's going to be increasingly challenging."

## **IN THE NEWS – Westside Connect, October 3, 2024- Continued**

### **Westside efforts**

In August, the 23 Groundwater Sustainability Agencies of the Delta Mendota Subbasin released the subbasin's single Groundwater Sustainability Plan, a first time for the agencies.

The Delta Mendota Subbasin, encompasses 747,000 acres (1,170 square miles) and traverses Stanislaus, Merced, Madera, and Fresno counties. The basin was one of 21 that the Department of Water Resources classified as being in a "critically overdrafted" condition.

Fifteen census designated places within the Basin include the cities of Gustine, Newman, Patterson, Dos Palos, Los Banos, Firebaugh and Mendota and the communities of Grayson, Westley, Crows Landing, Santa Nella, Volta, Dos Palos Y and Tranquility.

The plan, which fulfills State requirements for achieving long-term sustainable groundwater management, outlines specific strategies to arrest subsidence and create groundwater security for the region.

The plan offers good news and tough choices. Using best available data and science, technical consultants crafted a plan that achieves sustainability by maintaining 2015 groundwater levels. A Coordination Committee, composed of representatives from GSAs across the entire Subbasin, provided leadership in evaluating the options and sometimes tough choices in order to achieve sustainability. This includes pumping reductions and investments to increase supply such as recharge, recycled water, stormwater capture, construction of new surface water storage, and water exchange, transfers, and purchases. It will also require adaptive management based on conditions in the basin. The Plan includes a domestic well mitigation policy to provide eligible applicants with assistance if a well fails due to a decline in groundwater levels.

### **Challenges ahead**

Another always present concern moving forward, is the unpredictability of climate.

"We have ongoing subsidence challenges that we need to address," said Karla Nemeth, director of DWR. "If we have a big slug of very, very dry years without these storm events punctuating things, that sort of hastens the acuteness of the problem."

While many water managers and officials agree that sustainability will be achieved by 2040, Nemeth admitted Mother Nature will have a hand in how on track management stays in the coming years.

Still, the difference between now and a decade ago is drastic, according to Nemeth.

"We know so much more about what's happening below our feet," said Nemeth.

Using technology such as airborne electromagnetic surveys to see the composition of the earth beneath the surface, for example, is one tool that has provided data that wasn't available 10 years ago, said Nemeth.

Nemeth acknowledged SGMA has been difficult for many in agriculture.

"The goal isn't pain for pain's sake," said Nemeth. "The goal is to have a resource that is in good shape and is reliable, because we are going to have deeper droughts and we are going to need to rely on groundwater."

## **IN THE NEWS – Westside Connect, October 3, 2024- Continued**

### **A “stunted start”**

Local water managers have hope moving forward, even those in regions still struggling to develop a groundwater plan that is acceptable by the state.

Rosedale-Rio Bravo Water Storage District is part of the Kern subbasin which is set for a probationary hearing in February of 2025 before the Water Resources Control Board. Kern has failed to produce an acceptable plan twice leading to the hearing. Probation is the first step toward a possible state pumping take over.

Kern water managers spent \$2 million crafting a new groundwater plan over the past year and are hoping that propels the region toward sustainability.

“After a stunted start we believe that the new 2024 Plan gets us there,” wrote Dan Bartel, general manager of Rosedale-Rio Bravo in an email. “If the new 2024 Plan is accepted by the state we will finally be on the right road by 2040. If the state rejects the new local 2024 plan we will most likely be stuck in a quagmire of regulatory efforts.”

Other ag districts are moving full steam ahead with plans that were approved by the state.

Westlands Water District, for example, has already been enacting its plan for two years to wind down groundwater pumping and bank more water underground. Its plan was approved by the state.

Westlands is on track to reach its sustainable groundwater pumping allotments of 0.6-acre feet per acre by 2030, wrote a spokesperson for the district via email.

Still, the geology of the region poses a challenge for recharge and getting money to build more recharge is difficult, wrote the spokesperson.

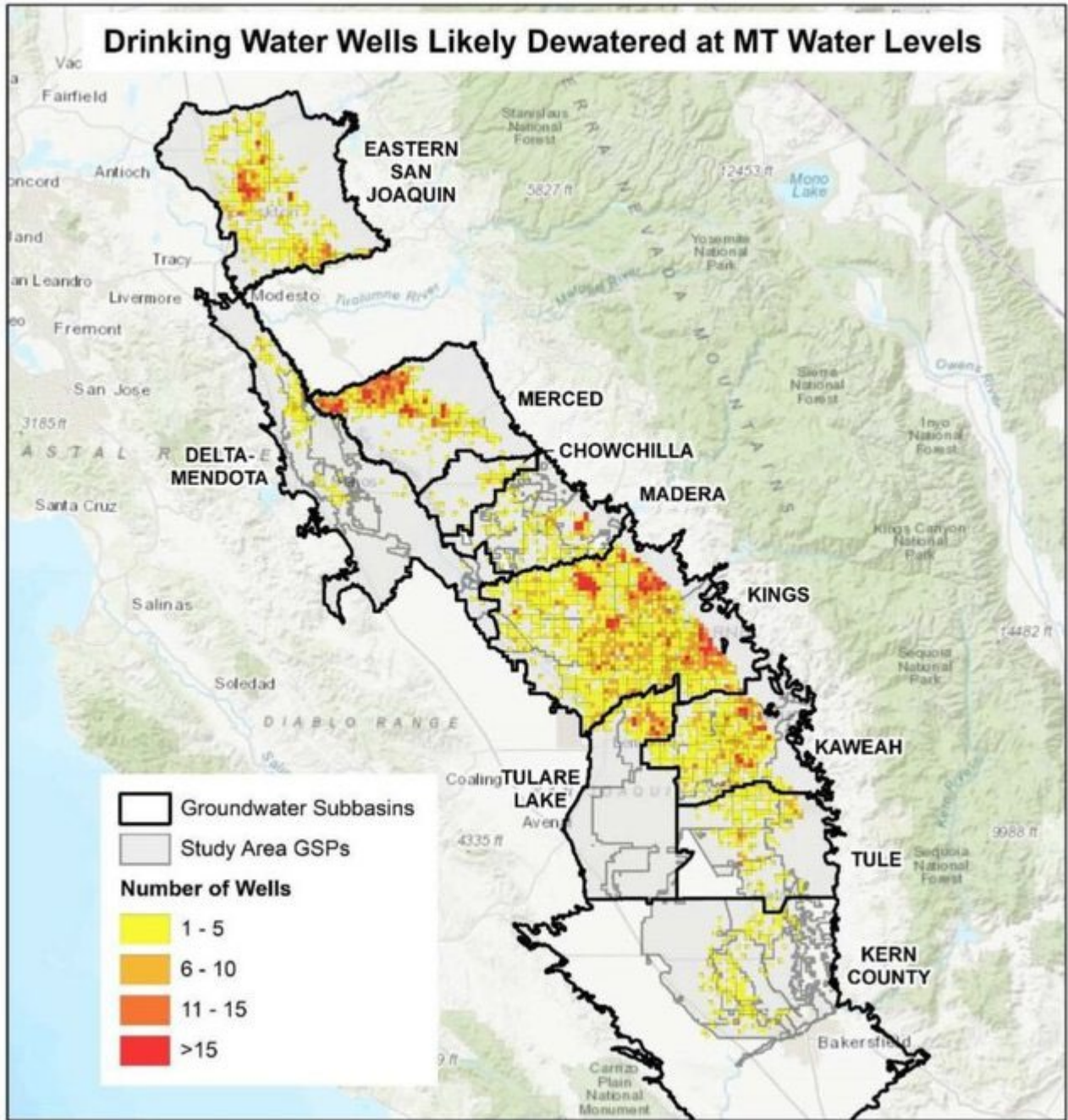
### **Too early to tell**

For some of those outside of ag, it’s too early to tell whether sustainability is within reach in less than 20 years.

The culture of groundwater pumping is changing, said Nataly Escobedo Garcia, policy coordinator for nonprofit Leadership Counsel for Justice and Accountability. But more change is needed, she added.

The state’s probationary processes have already been held up in court, most recently in Kings County, which Escobedo Garcia described as “delay tactics.” It won’t be possible to avoid SGMA, she said. And if that means legislatively giving more teeth to the state to be able to enforce the law, then that’s what might have to happen, she added.

Regardless, the way groundwater was used for the past 20-30 years cannot continue into the future, said Escobedo Garcia. “Otherwise, we’ll simply be in a race to the bottom.”





# STANISLAUS LOCAL AGENCY FORMATION COMMISSION MINUTES September 25, 2024

## 1. CALL TO ORDER

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

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

Commissioners Present: Vito Chiesa, County Member  
Ken Lane, Public Member  
Richard O'Brien, City Member  
Bill Berryhill, Alternate Public Member

Commissioners Absent: Terry Withrow, County Member  
Amy Bublak, City Member  
Mani Grewal, Alternate County Member  
Javier Lopez, Alternate City Member

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

## 2. PUBLIC COMMENT

Karen Conrotto spoke regarding her concerns about the City of Riverbank's River Walk Specific Plan proposal.

## 3. CORRESPONDENCE

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

**4. DECLARATION OF CONFLICTS AND DISQUALIFICATIONS**

None.

**5. CONSENT ITEMS**

A. **MINUTES OF THE JULY 24, 2024, LAFCO MEETING**

(Staff Recommendation: Accept the Minutes.)

B. **PROPOSED LAFCO MEETING CALENDAR 2025**

(Staff Recommendation: Accept the 2025 Meeting Calendar.)

C. **CALAFCO PROPOSED BYLAWS AMENDMENT**

(Staff Recommendation: Direct the Executive Officer to submit a “yes” vote on behalf of Stanislaus LAFCO to CALAFCO.)

D. **MUNICIPAL SERVICE REVIEW NO. 2024-05 AND SPHERE OF INFLUENCE UPDATE NO. 2024-05 – EAST AND WEST STANISLAUS RESOURCE CONSERVATION DISTRICTS:**

The Commission will consider the adoption of a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the East and West Stanislaus Resource Conservation Districts. This item is exempt from the California Environmental Quality Act (CEQA) review pursuant to sections 15306 and 15061(b)(3). (Staff Recommendation: Approve the update and adopt Resolution No. 2024-10.)

*Motion by Commissioner O’Brien, seconded by Commissioner Lane, and carried with a 3-0 vote to approve the consent items, by the following vote:*

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

**6. PUBLIC HEARING**

None.

**7. OTHER BUSINESS**

A. **DISCUSSION & DIRECTION REGARDING POLICY 15 – OUT-OF-BOUNDARY SERVICE CONTRACTS OR AGREEMENTS** (Staff Recommendation: Receive the informational report and provide direction to Staff as needed.)

Sara Lytle-Pinhey, Executive Officer, presented the item. The Commission discussed the policy and directed Staff to return with proposed amendments.

**8. COMMISSIONER COMMENTS**

None.



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

None.

**10. EXECUTIVE OFFICER'S REPORT**

The Executive Officer informed the Commission of the following:

- Staff will provide a year end financial report at the next meeting as well as an amendment to Policy 15.
- Staff will also bring to the Commission a Municipal Service Review and Sphere of Influence Update for the West Side Community Services Districts.

**11. ADJOURNMENT**

A. Chair Chiesa adjourned the meeting at 6:28 p.m.

**DRAFT**

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Sara Lytle-Pinhey, Executive Officer

**MEMORANDUM**

DATE: October 23, 2024

TO: LAFCO Commissioners

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

**SUBJECT: Legislative Update**

**RECOMMENDATION**

This Legislative Update is being provided for the Commission's information only. It is recommended that the Commission receive and file this report.

**DISCUSSION**

The following is a summary of bills of interest from the 2024 legislative session:

**CALAFCO-Sponsored Bill: Indemnification**

SB-1209 (Cortese) – *Chaptered*

**QUICK SUMMARY:**

*SB-1209 authorizes a LAFCO to require, as a condition for processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCO.*

This bill addressed a 2022 decision of the Second District Court of Appeals, which found that existing State law did not provide explicit authority to require indemnification. Absent indemnification authority, the costs to defend litigation would be absorbed by all of LAFCO's funding agencies. SB-1209 resolves that issue by explicitly authorizing LAFCO to require an indemnification. The Commission provided a letter of support for the bill.

**IMPLICATIONS FOR STANISLAUS LAFCO:**

This bill gives LAFCO the ability to require indemnification, similar to what cities and counties regularly do with respect to discretionary land-use approvals.

**CALAFCO Omnibus Bill: Districts - Property tax**  
AB-3277 (Committee on Local Government) – **Chaptered**

QUICK SUMMARY:

*AB-3277 clarifies and streamlines procedures that would normally require a financial analysis where one is not needed.*

The law currently requires a commission to determine the amount of property tax revenue to be exchanged by an affected local agency, as specified, if the proposal includes an incorporation or the formation of a district. This process involves a financial analysis and specific procedures. This bill clarifies and streamlines the requirement to only apply *if* the applicant is seeking a share of the 1% ad valorem property taxes. The Commission provided a letter of support for the bill.

IMPLICATIONS FOR STANISLAUS LAFCO:

Clarifications and improvements ensure that the law is as unambiguous as possible to the Commission and Staff.

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**Other Bills of Interest:**

**Sewer Service: Disadvantaged Communities**  
AB-805 (Arambula) – **Chaptered**

QUICK SUMMARY:

*Current law allows the State Water Resources Control Board (SWRCB) to order provision of sewer service to a disadvantaged community meeting certain criterion. This bill expands the authority of SWRCB to assign an administrator to assist a sewer system serving a disadvantaged community.*

This bill is meant to be another tool for SWRCB, intended to remedy sewer service providers that are failing to provide adequate services to disadvantaged communities. A similar law also exists for failing water systems, allowing SWRCB to appoint an administrator to provide administrative and managerial services to an agency that consistently fails to provide service to a disadvantaged community.

IMPLICATIONS FOR STANISLAUS LAFCO:

Should SWRCB initiate the “consolidation” process for any failing sewer system affected by this legislation, the Commission’s review and approval would be required for the appropriate application (e.g. annexation or out-of-boundary service extension).

**EXECUTIVE OFFICER'S AGENDA REPORT  
OCTOBER 23, 2024**

TO: LAFCO Commissioners

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

**SUBJECT: Year-End Financial Report for Fiscal Year 2023-2024**

**RECOMMENDATION**

Staff recommends that the Commission accept this informational report comparing budgeted and actual revenue and expenditures for Fiscal Year 2023-2024.

**DISCUSSION**

At the close of Fiscal Year 2023-2024, the Commission's revenues exceeded expenditures by \$32,047 and a drawdown of fund balance was not needed. Overall, the Commission expended 96% of the amount budgeted for the year. A summary of the expenditures and revenue is shown in Table 1, below.

*Table 1: Fiscal Year 2023-2024 Summary  
(Totals have been rounded)*

<i>Expenditures</i>	<b>Adopted Budget FY 23-24</b>	<b>Actuals Year-End</b>	<b>Difference</b>	<b>% of Budget</b>
Salaries & Benefits	557,935	553,769	4,166	99%
Services & Supplies	106,555	86,450	20,105	81%
Other Charges	1,200	444	756	37%
<b>Total Expenditures</b>	<b>665,690</b>	<b>640,663</b>	<b>25,027</b>	<b>96%</b>
<i>Revenues</i>				
Agency Contributions	625,690	625,690	0	100%
Applications	20,000	28,632	(8,632)	143%
Interest Earnings	-	18,388	(18,388)	-
<b>Total Revenue</b>	<b>645,690</b>	<b>672,710</b>	<b>(27,020)</b>	<b>104%</b>
<i>Anticipated Use of Fund Balance</i>	<i>20,000</i>			

**Revenue Less Expenditures                      32,047**

**Expenditures**

The Commission uses three expense categories: Salaries and Benefits, Services and Supplies, and Other Charges. Overall, expenses trended lower than budgeted. Details of the individual accounts are attached to this report. The following are highlights within each of these categories:

**Salaries and Benefits**

At the end of the fiscal year, the Salaries and Benefits category had expenditures of \$553,769,

**EXECUTIVE OFFICER'S AGENDA REPORT**  
**OCTOBER 23, 2024**  
**PAGE 2**

representing 99% of the amount budgeted in this category. Health insurance rates increases were higher than what was originally anticipated during budget adoption, but these were absorbed through savings in the remainder of the category.

**Services and Supplies**

Expenditures in the Services and Supplies category accounted for 81% of the amount budgeted. The Commission had savings in the Commission Expense and Legal Services accounts due to the reduced number of meetings during the year. Expenditures in the Education and Training account increased slightly due to changes to CALAFCO's registration fees.

**Other Charges**

The Other Charges category consists of one account: "Planning Department Services" for shared use of a copier. Staff continues to strive to use reduced paper copies where possible.

**Revenue**

Overall, the Commission received \$672,710 in revenue, or \$27,020 above what was anticipated. This was as a result of application revenues, due to completion of a large annexation project during the fiscal year, as well as interest earnings.

**CONCLUSION**

At the close of Fiscal Year 2023-2024, use of fund balance was not needed to offset expenditures as originally estimated. A fund balance analysis including assignment of reserves and use of undesignated fund balance continue to be factored in during preparation of the next year's budget.

*Attachment:* Fiscal Year 2023-2024 Expenditures and Revenues Detail

*Stanislaus LAFCO*  
**Fiscal Year 2023-2024 Expenditures and Revenues**

(Totals have been rounded)

**EXPENDITURES**

Account	FY 23-24 ADOPTED BUDGET	ACTUALS (YEAR-END)	DIFFERENCE	%
<b>Salaries and Benefits</b>				
50000+ Salaries and wages	350,000	343,047	6,953	98%
52000 Retirement	103,000	103,662	(662)	101%
52010 FICA	26,600	26,353	247	99%
53000 Group health insurance	62,900	65,990	(3,090)	105%
53020 Unemployment insurance	460	405	55	88%
53051 Benefits admin fee	200	-	200	0%
53081 Long term disability	425	398	27	94%
54000 Workers compensation insurance	1,450	1,961	(511)	135%
55000 Auto allowance	4,800	4,874	(74)	102%
55080 Professional development	2,500	1,445	1,055	58%
55130 Deferred comp mgmt/conf	5,600	5,634	(34)	101%
<b>Total Salaries and Benefits</b>	<b>557,935</b>	<b>553,769</b>	<b>4,166</b>	<b>99%</b>
<b>Services and Supplies</b>				
60400 Communications (ITC - Telecom)	1,225	1,152	73	94%
61000 Insurance (SDRMA)	5,235	5,274	(39)	101%
61030 Fiduciary liability insurance	15	14	1	93%
61070 Crime & fidelity insurance	40	36	4	90%
62200 Memberships (CSDA, CALAFCO)	11,700	11,221	479	96%
62400 Miscellaneous expense	5,000	(463)	5,463	-9%
62600 Office supplies	1,500	791	709	53%
62730 Postage	1,200	570	630	48%
63000 Prof & special serv (office, utilities, IT, HR, etc)	34,025	35,392	(1,367)	104%
63090 Auditing & accounting (incl Biennial audit)	14,200	14,478	(278)	102%
63400 Engineering services	2,000	-	2,000	0%
63640 Legal services	16,000	8,114	7,886	51%
65000 Publications & legal notices	1,200	761	439	63%
65660 Special dept exp (comissioners)	6,415	2,300	4,115	36%
65780+ Education & training	6,000	6,633	(633)	111%
67040 Other travel exp (local mileage)	600	18	582	3%
67201 Salvage disposal	200	159	41	80%
<b>Total Services and Supplies</b>	<b>106,555</b>	<b>86,450</b>	<b>20,105</b>	<b>81%</b>
<b>Other Charges</b>				
73024 Planning dept services	1,200	444	756	37%
<b>Total Other Charges</b>	<b>1,200</b>	<b>444</b>	<b>756</b>	<b>37%</b>
<b>TOTAL EXPENDITURES</b>	<b>665,690</b>	<b>640,663</b>	<b>25,027</b>	<b>96%</b>

**REVENUES**

<b>Account</b>	<b>FY 22-23 ADOPTED BUDGET</b>	<b>ACTUALS (YEAR-END)</b>	<b>DIFFERENCE</b>	<b>% REALIZED</b>
40680+ Agency Contributions	625,690	625,690	-	100%
36414 Application & Other Revenues	20,000	28,632	(8,632)	143%
17000+ Interest Earnings	-	18,388	(18,388)	-
<b>TOTAL REVENUE</b>	<b>645,690</b>	<b>672,710</b>	<b>(27,020)</b>	<b>104%</b>
<i>Anticipated Drawdown of Fund Balance</i>	<i>20,000</i>			
<b>Revenues Less Expenditures</b>		<b>32,047</b>		

**EXECUTIVE OFFICER'S AGENDA REPORT  
OCTOBER 23, 2024**

**TO: LAFCO Commissioners**

**FROM: Javier Camarena, Assistant Executive Officer**

**SUBJECT: MSR NO. 2024-06, SOI UPDATE 2024-06: MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE CROWS LANDING, GRAYSON, AND WESTLEY COMMUNITY SERVICE DISTRICTS**

**INTRODUCTION**

This proposal was initiated by the Local Agency Formation Commission in response to State mandates that require the Commission to conduct municipal service reviews and sphere of influence updates for all cities and special districts at least once every five years. The current review covers the Crows Landing, Grayson, and Westley Community Services Districts. The previous update for these districts was adopted on December 4, 2019.

**DISCUSSION**

There are three Community Services Districts in the western region of Stanislaus County: Crows Landing, Grayson, and Westley Community Services District. The Districts were organized under Government Code Section 61000 et. seq. to provide services such as municipal sewer, water, and/or street lighting to their respective unincorporated communities. The CSDs are considered registered voter districts, as their board members are elected by the registered voters residing in each District's boundaries. The CSDs are all located in western Stanislaus County and are somewhat isolated from larger municipal service providers (e.g. the City of Patterson and the City of Newman). Each face challenges typical of smaller districts that have aging infrastructure and do not benefit from economies of scale.

The Municipal Service Review and Sphere of Influence Update process provides an opportunity for the Districts to share accurate and current data, accomplishments and information regarding the services they provide. LAFCO Staff sent the previously approved Municipal Service Review and Sphere of Influence document to each of the Community Services Districts for their comments, revisions and updated information. LAFCO Staff also reviews the Districts' most recent audits, current budget, and financial data from the State Controller's office. Once this data was collected, a revised Municipal Service Review and Sphere of Influence Update document was drafted.

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

**ENVIRONMENTAL REVIEW RECOMMENDATION**

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

*The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be*



*seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.*

As there are no land use changes, boundary changes, or environmental impacts associated with the Municipal Service Review and Sphere of Influence Update, 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 Crows Landing, Grayson, and Westley Community Services Districts.
- Option 2:** DENY one or more of the updates.
- 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 Crows Landing, Grayson, and Westley Community Services Districts. Therefore, Staff recommends that the Commission adopt Resolution No. 2024-11, which:

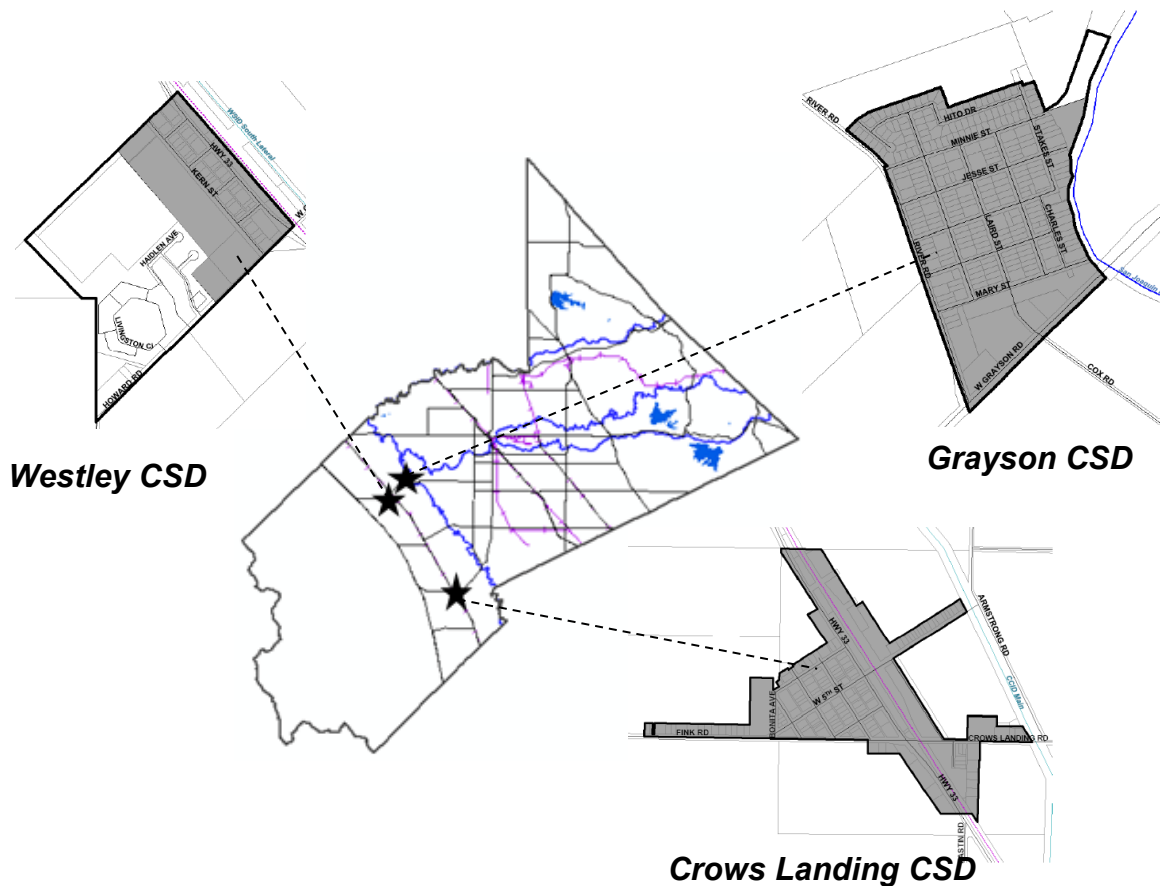
1. Determines that the Municipal Service Review and Sphere of Influence Update qualifies for a General Exemption from further California Environmental Quality Act (CEQA) review based on CEQA Regulations §15306 and §15061(b)(3);
2. Makes determinations related to the Municipal Service Review and Sphere of Influence Update as required by Government Code §56425 and §56430; and,
3. Determines that the Spheres of Influence for the Crows Landing, Grayson, and Westley Community Services Districts should be affirmed as they currently exist.

#### *Attachments:*

- Municipal Service Review and Sphere of Influence Update for the Crows Landing, Grayson, and Westley Community Services Districts
- Draft Resolution No. 2024-11

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

**CROWS LANDING, GRAYSON, AND WESTLEY  
COMMUNITY SERVICES DISTRICTS**



**Prepared By:**

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

**Adopted: \_\_\_\_\_**

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# **STANISLAUS**

## **LOCAL AGENCY FORMATION COMMISSION**

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### **COMMISSIONERS**

Amy Bublak, City Member

Richard O'Brien, City Member

Vito Chiesa, County Member

Terry Withrow, County Member

Ken Lane, Public Member

Javier Lopez, Alternate City Member

Mani Grewal, Alternate County Member

Bill Berryhill, Alternate Public Member

### **STAFF**

Sara Lytle-Pinhey, Executive Officer

Javier Camarena, Assistant Executive Officer

Jennifer Vieira, Commission Clerk

Shaun Wahid, Commission Counsel

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# **Municipal Service Review and Sphere of Influence Update For the Crows Landing, Grayson, and Westley Community Services 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 for all applicable jurisdictions in the County. A sphere of influence is defined by Government Code 56076 as "...a plan for the probable physical boundary and service area of a local agency, as determined by the Commission." The Act further requires that a municipal service review (MSR) be conducted prior to or, in conjunction with, the update of a sphere of influence (SOI).

The legislative authority for conducting a municipal service review is provided in Government Code Section 56430 of the CKH Act. The Act states, that "in order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area..." MSRs must have written determinations that address the following factors in order to update a Sphere of Influence. These factors were recently amended to include the consideration of disadvantaged unincorporated communities within or contiguous to the sphere of influence of an agency.

## **Municipal Service Review Factors to be Addressed**

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

This MSR will analyze the Crows Landing, Grayson, and Westley Community Services Districts. It will also provide the basis for LAFCO to reaffirm 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 Grayson and Westley Community Services Districts were originally adopted by the Commission in 1984 and the Sphere of Influence for the Crows Landing Community Services District was adopted in 1988. The most recent combined update, adopted in 2019, proposed no changes to the Districts' SOIs. The current update serves to comply with Government Code Section 56425 and will reaffirm the SOIs for each district.

## **Sphere of Influence Determinations**

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.

This document proposes no changes to the Districts' existing spheres of influence. Rather, it serves to reaffirm the existing SOI boundaries.

## **Background**

Special districts are local governments that are separate from cities and counties, yet provide public services such as fire protection, sewer, water, and street lighting. California has over 3,400 special districts, which provide over 30 different types of services. There are 54 major types of special districts ranging from airports to fire protection to mosquito abatement to water conservation. To date, there are approximately 325 community services districts (CSDs) in California.

## **Authority**

This review will cover three independent special districts located on the western portion of Stanislaus County: Crows Landing, Grayson, and Westley Community Services Districts. The Districts were organized under Section 61000 et. seq. of the Government Code. In addition, the Districts are considered “registered voter districts,” as the board members are elected by the registered voters residing within each district’s boundaries.

## **Purpose**

Community services districts may be formed to provide one or more of the following services: water, sewer, garbage disposal, fire protection, public recreation, street lighting, mosquito abatement, police services, library services, street improvements, conversion of overhead electric and communication facilities to underground locations, ambulance services, airport facilities, flood control and transportation services.

## **Classification of Services**

As part of the original MSR completed for the Districts, each District provided a listing of the services provided within their boundaries. The Districts are authorized to provide the functions or classes of services as identified in this report. State Law requires that the Districts seek LAFCO approval in order to exercise any other latent powers not currently provided.



# **CROWS LANDING COMMUNITY SERVICES DISTRICT**

## **Formation**

The Crows Landing Community Services District (CSD) was formed on September 23, 1986.

## **Location and Size**

The District encompasses an area of approximately 124 acres located in the unincorporated community of Crows Landing, on the west side of Stanislaus County along State Highway 33, midway between the cities of Patterson and Newman. In addition, the former Crows Landing Naval Air Base is located approximately one mile west of the District boundaries.

## **Sphere of Influence**

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

## **Governance**

Five Board members, elected by the registered voters within the District boundaries, govern the District. Meetings are held on the third Wednesday each month at 6:30 p.m. at the Crows Landing Fire Station, located at 22012 "G" Street, Crows Landing.

## **Personnel**

There are four part-time employees working for the District to run the day-to-day operations. The District contracts out for assistance with water repairs, as well as engineering, legal and bookkeeping services.

## **Services**

The District provides municipal water services for residential and commercial purposes via two groundwater wells. Currently, the majority of the municipal water is pumped through very old and small pipelines, which tend to lose pressure when heavy consumptive demands are placed on the system. The system is also at capacity, limiting the District's ability to expand. The District is in need of new distribution lines.

## **Support Agencies**

The District maintains collaborative relationships with other agencies, as necessary. These agencies include the: City of Patterson, Stanislaus County (including the Department of Environmental Resources and Public Works Department), West Stanislaus Fire Protection District, State Department of Water Resources and Regional Water Quality Control Board.

## **Funding Sources**

The District's source of revenue is derived from connection and monthly water service fees. The District has also obtained low-interest loans and grants for upgrades and repairs to the water system from the Department of Water Resources, the former Stanislaus County Redevelopment Agency, and the Stanislaus County Community Development Fund.

## **Municipal Service Review Determinations Crows Landing Community Services District**

The following are determinations related to the seven factors required by Section 56430 for a Service Review for the Crows Landing Community Services District:

### **1. Growth and Population Projections for the Affected Area**

The District serves the unincorporated community of Crows Landing with municipal water service. The area is included within a Community Plan in the Stanislaus County General Plan and includes residential, commercial, and industrial designated properties. The current estimated population in Crows Landing is 322 residents according to the decennial 2020 Census. Stanislaus County has designated an area approximately one mile northwest of the District for development of the Crows Landing Industrial Business Park (CLIBP).

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

Existing data from the Department of Water Resources' Disadvantaged Communities Mapping Tool identifies the entire area of Crows Landing as a Disadvantaged Unincorporated Community.

### **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**

The District currently serves 137 service connections, including residential and commercial users, and a school. The District's entire water distribution system is in need of improvements and system upgrades as many of the lines are over 50 years old. The water system is currently at capacity and upkeep of the system is an ongoing challenge as emergency repairs can quickly deplete the District's limited resources. The District relies on two groundwater wells, one of which recently experienced a failure that has necessitated replacement.

Water service is the only service that the Crows Landing Community Services District provides. Private septic systems are used for processing wastewater in the community. The area receives fire protection services from the West Stanislaus Fire Protection District, which operates a fire station in Crows Landing and has an Insurance Service Office (ISO) rating of 4/4Y for the area.

In November of 2022, the Stanislaus County Board of Supervisors approved a Memorandum of Understanding with the District that outlined the rehabilitation of Well No. 4 and construction of a new well for the proposed Crows Landing Industrial Business Park (CLIBP). According to Stanislaus County, the District's rehabilitated well and new CLIBP well will provide redundant well backup water service.

During attempted rehabilitation of Well No. 4, failures in the well casing were found. Stanislaus County Public Works and the District agreed to drill a new well at the Well No. 4 site. While Well No. 4 was being drilled, the District was left with one functioning well (No. 5).

As a result, Stanislaus County approved a declaration of an emergency to drill the new well which helped expedite the replacement process.

#### **4. Financial Ability of Agencies to Provide Services**

The District has limited financial resources to address system deficiencies necessitating assistance from the County and State for improvements. The District is also limited in its revenue stream and does not receive a share of the County property tax. The District raised its water service rates in 2010 and residents now pay a flat rate of \$50 per month. This increase was based on the cost of maintaining the system in compliance with State regulations and the need for infrastructure upgrades to the entire water distribution system, as many of the lines are over 50 years old.

The District is currently working with Self Help Enterprises for funding to replace the District's water distribution system pipes and is continuing its efforts to seek additional funds for further system upgrades.

#### **5. Status of, and Opportunities for, Shared Facilities**

There is no overlapping or duplication of services within the District boundaries. The District entered into a memorandum of understanding with Stanislaus County outlining construction of a new well for the Crows Landing Industrial Business Park (CLIBP) development that may ultimately lead to an interconnection with the District for backup water service. The additional well for the CLIBP has been drilled but functionality will not occur until early 2025. In terms of shared facilities, the West Stanislaus Fire Protection District allows the use of its conference room at the Crows Landing Fire Station for the CSD's monthly meetings.

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

A five-member Board of Directors, elected by the registered voters, governs the District. The District is subject to the provisions of the Brown Act requiring open meetings. Currently there are five part-time employees of the District--a general manager, secretary, clerical staff person, and two water operators.

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

The District has benefited from local private organizations (Lions, FDES) and the West Stanislaus Fire Protection District, which recently assisted the District with the purchase and installation of several new fire hydrants. This effort saved the District several thousand dollars. Additionally, the District has an agreement with the City of Patterson to use personnel from the City's Public Works Department for repairs to the District's system and after-hours emergencies.

## SOI Update – Crows Landing Community Services District

The following determinations for the Crows Landing Community Services District 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 Sphere of Influence includes approximately 124 acres. Territory within the District boundaries consists of residential, commercial and industrial land uses. These uses are not expected to change. The District does not have the authority to make land use decisions. The responsibility for land use decisions within the District boundaries is retained by the County.

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

The present demand for water service is not expected to change. The most critical need in the District at this time, and in the future, is an improved source of water and total upgrade of the existing water distribution system. The District is currently working with Self Help Enterprises on grant funding for needed upgrades.

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

The District's water system is at capacity. Much of the water is pumped through very old and small pipelines, which tend to lose pressure when heavy consumptive demands are placed on the system. The ability of the District to provide water services to its customers may be diminished in the future based on the lack of resources to remedy infrastructure deficiencies. The District should continue to pursue financing options that may be available to provide system-wide upgrades.

#### **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**

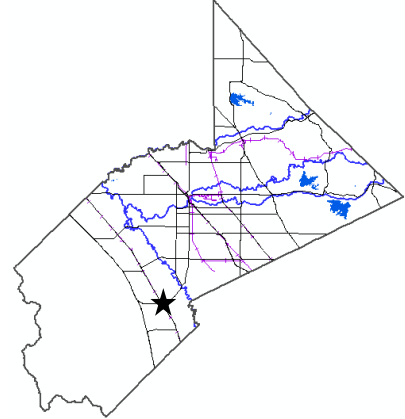
The unincorporated community of Crows Landing is located wholly within the District's boundaries and Sphere of Influence and is the only community of interest in the area.

#### **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**

Based on existing Census data, the community of Crows Landing is considered a disadvantaged unincorporated community. Currently, the District provides only municipal water service. The community relies on private septic tanks for sewer service, as there is no nearby infrastructure to provide public wastewater service. As described in the Municipal Service Review for the District, structural fire protection is provided by the West Stanislaus Fire Protection District.

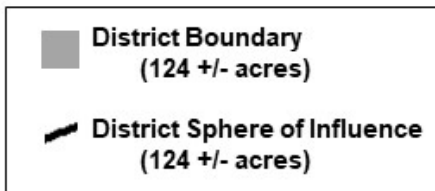
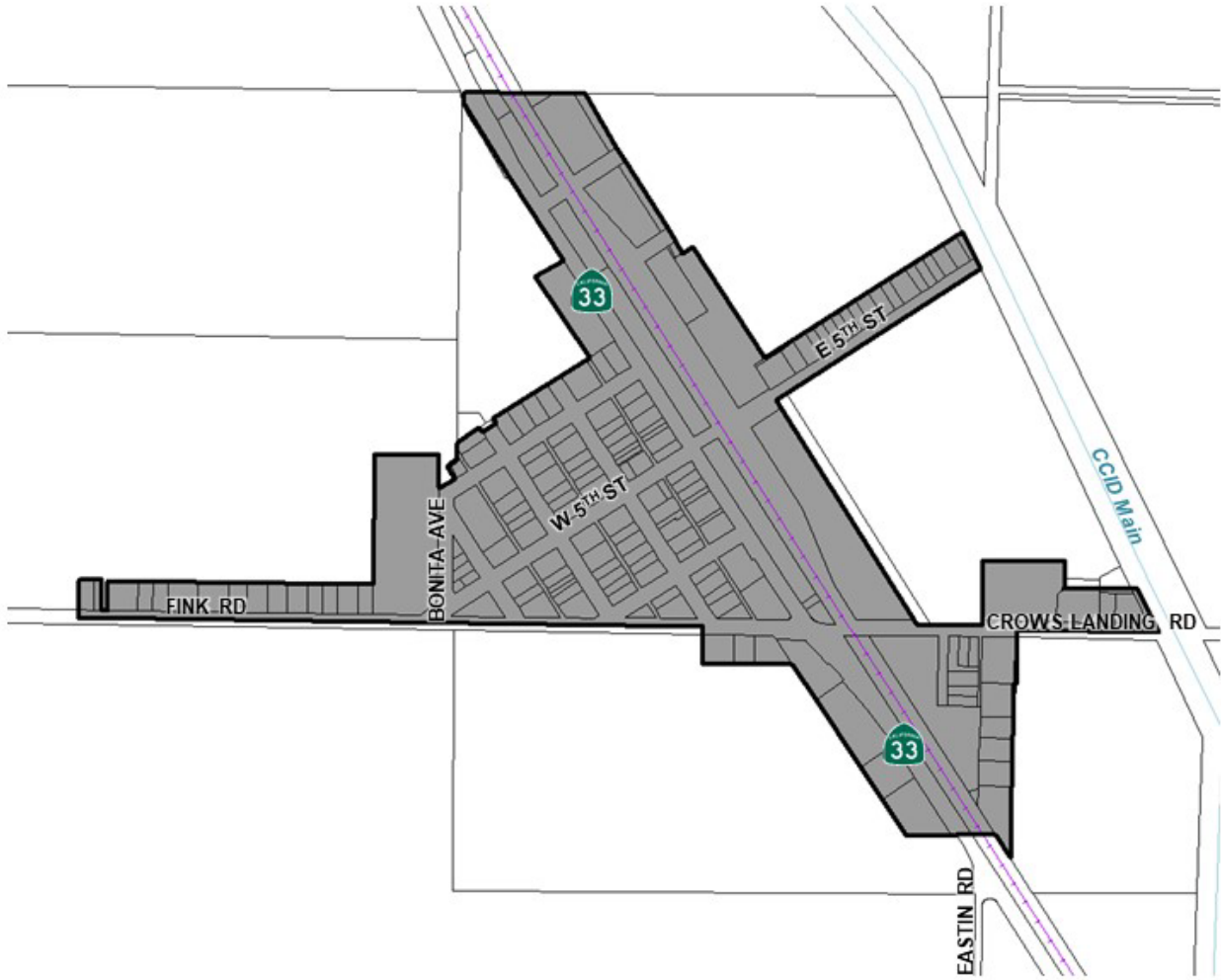
## DISTRICT SUMMARY PROFILE

District:	<b>CROWS LANDING COMMUNITY SERVICES DISTRICT</b>
Location:	Unincorporated community of Crows Landing in Western Stanislaus County, along State Highway 33
Boundary:	Approximately 124 acres
Population*:	Approximately 322 persons
Land Use:	Residential, commercial, and industrial
Date of Formation:	September 23, 1986
Enabling Act:	California Government Code, Section 61000, et. seq.
Governing Body:	Five-member Board of Directors, elected by the registered voters within the District
Administration:	Four part-time employees (a general manager, secretary and two water operators)
District Services:	Distribute water for residential and commercial purposes
Total Revenues:	\$94,220 (Fiscal Year 2024-2025 Budget)
Revenue Sources:	Service and connection fees



\*Source: 2020 Census

# CROWS LANDING COMMUNITY SERVICES DISTRICT BOUNDARY AND SPHERE OF INFLUENCE



Source: LAFCO files, November 2019



# GRAYSON COMMUNITY SERVICES DISTRICT

## **Formation**

The Grayson Community Services District was formed on January 21, 1969.

## **Location and Size**

The District is located in the unincorporated community of Grayson, along the west side of the San Joaquin River, in western Stanislaus County, and encompasses approximately 100 acres.

## **Sphere of Influence**

The District's Sphere of Influence includes approximately 104 acres and is coterminous with the District's current boundaries, with the exception of a small expansion area along the San Joaquin River.

## **Governance**

A five-member Board of Directors, elected by registered voters within the District boundaries, governs the District. Meetings are held on the second Thursday of each month at 7:00 p.m., at the United Community Center, located at 8900 Laird Street in Grayson.

## **Personnel**

The District employs three part-time persons: a general manager, secretary, and wastewater plant operator. The District also contracts out for legal and bookkeeping services.

## **Services**

The District provides street lighting and municipal wastewater (sewer) services to the community of Grayson.

## **Support Agencies**

The District maintains collaborative relationships with other agencies, such as the: the City of Modesto, City of Patterson, Stanislaus County, Turlock Mosquito Abatement District, California Rural Water Association, and the State Regional Water Quality Control Board.

## **Funding Sources**

The District receives funds from monthly service and connection fees, property tax assessments, as well as a small portion of the shared property tax revenues from Stanislaus County.

## **Municipal Service Review Determinations Grayson Community Services District**

The following are determinations related to the seven factors required by Section 56430 for a Service Review for the Grayson Community Services District:

### **1. Growth and Population Projections for the Affected Area**

The District serves the unincorporated community of Grayson. The area is designated in the Stanislaus County General Plan for residential, commercial and industrial uses. However, due to limited service capacity, it is not expected that any significant population growth will occur within the District boundaries in the near future.

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

Based on available Census data, the community of Grayson meets the income criteria to be considered a disadvantaged unincorporated community. The entirety of the community lies within the District's boundary and Sphere of Influence.

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

The Grayson Community Services District currently serves one commercial and 260 residential customers with street lighting and wastewater (sewer) service. The District appears to have the ability and the capacity to serve its existing service area. The District's wastewater collection and treatment system has a designed flow capacity of 100,000 gallons per day. Any growth in the area would require significant upgrades to the system in order to increase this capacity.

The District provides only street lighting and wastewater services. Municipal water is provided by the City of Modesto, who owns and operates the former Del Este water system in the area. Water service is provided via two groundwater wells in the Grayson area and is treated through an ion exchange nitrate treatment system. Structural fire protection service in the area is currently provided by the West Stanislaus Fire Protection District, which operates a fire station approximately one mile away in the community of Westley.

The District is working on the Grayson Wastewater Treatment Plant Screening Installation Project. The project includes replacement of a manual screen with a mechanical screen at the headworks of the District's Wastewater Treatment Plant and will provide electrical power to the screen control panel.

The District previously received a planning grant which will consolidate the wastewater treatment for Westley and Grayson. A new secondary wastewater treatment facility is proposed to be constructed in the current location of the Grayson Wastewater Treatment Plant, which will collect and treat the combined wastewater flow from both communities. If completed, the current wastewater treatment facility will be abandoned and Westley and Grayson will only have one facility to operate and maintain.



#### **4. Financial Ability of Agencies to Provide Services**

At present time, the District appears to have the necessary financial resources to fund existing levels of wastewater and street lighting services within the District's boundaries. Funds are received from monthly service and connection fees and a small portion of the shared property tax revenues from Stanislaus County. The District has also utilized property assessments to fund infrastructure improvements. In 2002, the District passed a \$300,000 special assessment bond for public improvements to the wastewater system, in compliance with the regulations of the Regional Water Quality Control Board. These improvements included installation of new aeration equipment and lift station upgrades.

#### **5. Status of, and Opportunities for, Shared Facilities**

The District utilizes the Grayson United Community Center for its meeting space. There is no overlapping or duplication of services within the District boundaries that would readily allow for other shared facilities. The nearest provider of urban services is the Westley Community Services District, which provides sewer and water services to the unincorporated community of Westley located about a mile southwest of Grayson. Both Districts struggle with aging infrastructure necessitating system-wide improvements. As mentioned previously, the District currently in the planning stages of developing a new wastewater treatment plant to serve both the communities of Grayson and Westley.

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

A five-member Board of Directors, elected by the registered voters, governs the District. The District is subject to the provisions of the Brown Act requiring open meetings. The District has a small, yet adequate part-time staff to provide the necessary services to its customers.

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

None.

## SOI Update – Grayson Community Services District

The following determinations for the Grayson Community Services 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 Sphere of Influence includes approximately 104 acres. Territory within the District boundaries consists of residential, commercial, and industrial use areas. These uses are not expected to change. 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.

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

The need for reliable wastewater service and street lighting in the area is not expected to change. In 2002, the District passed a \$300,000 special assessment bond for public improvements to the wastewater system, in compliance with the regulations of the Regional Water Quality Control Board. These improvements included new aeration equipment and lift station upgrades.

The District is currently in the planning stages for consolidation of its wastewater services with Westley CSD. The plan proposes a future wastewater plant that will provide wastewater services to both Districts.

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

The District’s wastewater treatment plant is designed to handle flows of up to 100,000 gallons per day. According to the District, the plant is currently at capacity. Although at capacity, the District is currently meeting the demands of the community that it serves.

#### **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**

The unincorporated community of Grayson is the only community of interest within the District’s boundaries and Sphere of Influence.

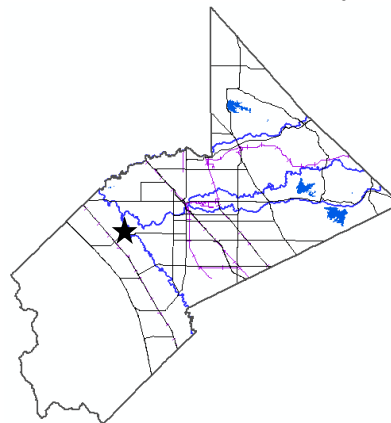
#### **5. For an Update of a Sphere of Influence of a City or Special District That Provides Public Facilities or Services Related to Sewers, Municipal and Industrial Water, or Structural Fire Protection, the Present and Probable Need for Those Public Facilities and Services of Any Disadvantaged Unincorporated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

Grayson is considered a disadvantaged unincorporated community. The Grayson Community Services District provides wastewater services and lighting to the community. Water service is provided by the City of Modesto. As described in the Municipal Service

Review for the District, structural fire protection is provided by the West Stanislaus Fire Protection District.

## DISTRICT SUMMARY PROFILE

District:	<b>GRAYSON COMMUNITY SERVICES DISTRICT</b>
Location:	Unincorporated community of Grayson in Western Stanislaus County
Boundary:	Approximately 100 acres
Population*:	1,041
Land Use:	Residential, commercial and industrial
Date of Formation:	January 21, 1969
Enabling Act:	California Government Code, Section 61000, et. seq.
Governing Body:	Five-member Board of Directors, elected by registered voters within District boundaries
Administration:	Three part-time employees (a district manager, secretary and plant operator)
District Services:	Street lighting and municipal sewer services
Total Revenues:	\$113,759 (Fiscal Year 2024-2025 Budget for Sewer)
Revenue Sources:	Service and connection fees; property taxes



*\*Source: 2020 Census*

# GRAYSON COMMUNITY SERVICES DISTRICT BOUNDARY AND SPHERE OF INFLUENCE



# **WESTLEY COMMUNITY SERVICES DISTRICT**

## **Formation**

The Westley Community Services District was formed on August 5, 1969.

## **Location and Size**

The District is located in the unincorporated community of Westley, along State Highway 33 in western Stanislaus County, and encompasses approximately 60 acres.

## **Sphere of Influence**

The District's Sphere of Influence encompasses approximately 149 acres and includes the Stanislaus County Housing Authority's Westley Migrant and Farm Labor Housing Complex.

## **Governance**

The District is governed by a five-member Board of Directors, elected by the registered voters within the District boundaries. Meetings are held on the second Wednesday of each month at 7:00 p.m. at the Westley Fire Station.

## **Personnel**

There are no paid employees working for the District. However, the District contracts with the Stanislaus County Housing Authority to provide sewer and water services within its boundaries.

## **Services**

The Westley Community Services District was established to provide sewer, water and street lighting services to the unincorporated community of Westley. The Stanislaus County Housing Authority operates a wastewater treatment facility, which serves the Housing Authority's Migrant and Farm Labor Housing Complex, and provides sewer service to the District on a contractual basis. The Housing Authority also provides municipal water service within the District boundaries via two pumping stations.

## **Support Agencies**

The District maintains collaborative relationships with other agencies, as necessary. These agencies include the Stanislaus County Housing Authority and Stanislaus County.

## **Funding Sources**

The District's source of revenue is derived from service fees and a very small portion of the shared Stanislaus County property tax revenues. The District regularly reviews its service fees to adjust for increased costs associated with the sewer and water costs charged by the Housing Authority and PG&E for streetlights.

## **Municipal Service Review Determinations Westley Community Services District**

The following are determinations related to the seven factors required by Section 56430 for a Service Review for the Westley Community Services District:

### **1. Growth and Population Projections for the Affected Area**

The District serves the unincorporated community of Westley, which has an estimated population of 83 residents within the District's boundaries. The Housing Authority's Migrant and Farm Labor Housing Complex, with 173 housing units, lies just outside the District's boundaries and within its Sphere of Influence. The area is designated in the Stanislaus County General Plan for residential, commercial and industrial uses. However, due to the limited service capacity, it is not expected that any significant population growth will occur within the District boundaries in the near future.

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

Based on available Census data, the community of Westley meets the income criteria to be considered disadvantaged unincorporated community.

### **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**

The Westley Community Services District currently serves 38 customer accounts (23 residential and 15 commercial) with street lighting, water and sewer service. The District has indicated that "short-term fix" repairs have been made to the sewer lift station and two pumps. Major repairs to this facility will be necessary at some time in the future.

Structural fire protection service for the community is provided by the West Stanislaus Fire Protection District, which operates a fire station in Westley and has an Insurance Service Office (ISO) rating of 5 for the area.

The District recently completed a Wastewater Treatment Plant Improvement Planning project through a grant provided by the State Water Resources Control Board (SWRCB). As mentioned previously in the document, the project contemplates that from the SWRCB's Drinking Water State Revolving Fund, the Grayson and Westley CSDs will be consolidating into one wastewater treatment plant that will provide services to both communities.

The District received a grant for installation of water meters and commercial backflow devices. The District stated it has been unable to complete the project due to the State grant not covering change orders.

#### **4. Financial Ability of Agencies to Provide Services**

In order to meet the rising costs of sewer, water, and electrical service for streetlights, the District regularly reviews its rates as they relate to actual costs. During the previous update period, reserve funds for the District had been depleted, as costs charged by the Housing Authority and electrical rates had increased. In addition, repairs were needed for the sewer lift station and pumps. The District last updated its fees in 2005.

#### **5. Status of, and Opportunities for, Shared Facilities**

The sewer and water facilities are owned by the Housing Authority, which provides the District services by contract. The current arrangement seems to be the most logical given the size and location of the District. The nearest provider of urban services is the Grayson Community Services District, which provides sewer services to the unincorporated community of Grayson located about a mile northeast of Westley. Both Districts struggle with aging infrastructure necessitating system-wide improvements. The potential for shared facilities is currently being explored; however cost estimates associated with upgrades and regionalization of the infrastructure are significant and would necessitate financial assistance.

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

In the past, the District has had difficulty in securing and/or maintaining the required number of board members. A reduced number of board members can often hinder the District in performing the necessary governmental functions and responsibilities of the District.

The District does not have a traditional management structure, as they do not employ full-time personnel. They do, however, contract with the Stanislaus County Housing Authority, which provides sewer and water services to the District. The current contractual arrangement for service with the Housing Authority appears to be appropriate for this relatively small District.

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

None.



## **SOI Update – Westley Community Services District**

The following determinations for the Westley Community Services 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 Westley Community Services District's Sphere of Influence includes approximately 149 acres, of which 60 acres are currently within the District's boundaries. According to the Stanislaus County General Plan, territory within the District boundaries consists of residential, commercial and industrial land uses. These uses are not expected to change. 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.

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

The present demand for street lighting, water and wastewater services in the area is not expected to change. The District is currently meeting the service needs of its customers. However, the District recognizes that major repairs to the existing sewer lift station and two pumps will be necessary in the near future.

The District is currently working on a project to consolidate its wastewater services with Grayson CSD. The plan proposes a future wastewater plant that will provide wastewater services to both Districts.

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

The District contracts with the Housing Authority for water and wastewater services and the associated facilities are owned by the Housing Authority. The wastewater treatment plant is designed to handle flows of up to 90,000 gallons per day and is considered to be at capacity. Two water wells serve the area and both have necessitated improvements.

#### **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**

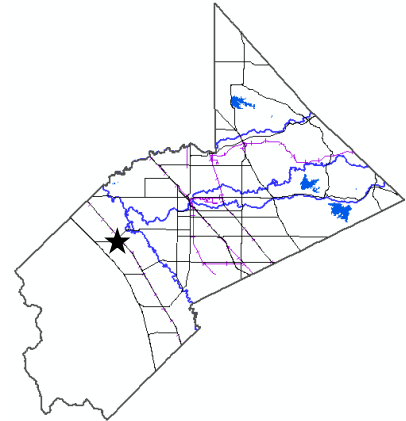
The unincorporated community of Westley, located within the District's Sphere of Influence, is the only community of interest in the area.

**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**

Westley is considered a disadvantaged unincorporated community. The Grayson Community Services District provides water, wastewater services and lighting to the community. As described in the Municipal Service Review for the District, structural fire protection is provided by the West Stanislaus Fire Protection District.

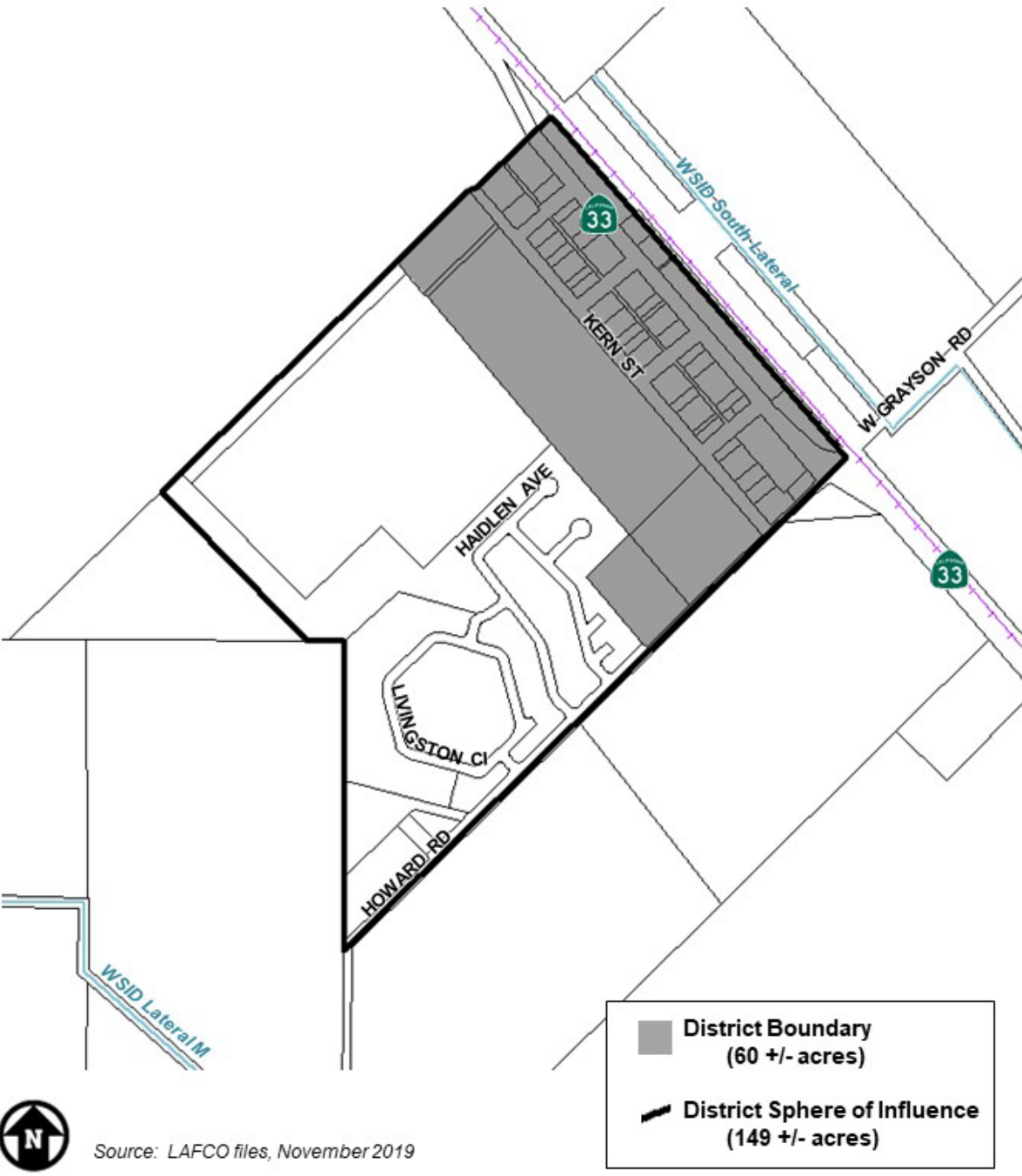
## APPENDIX “C” DISTRICT SUMMARY PROFILE

District:	<b>WESTLEY COMMUNITY SERVICES DISTRICT</b>
Location:	Unincorporated community of Westley in Western Stanislaus County, along State Highway 33
Boundary:	Approximately 60 acres
Population*:	575
Land Use:	Residential, commercial, industrial
Date of Formation:	The August 5, 1969
Enabling Act:	California Government Code, Section 61000, et. seq.
Governing Body:	Five-member Board of Directors, elected by registered voters within District boundaries
District Services:	Collection and treatment of sewage, street lighting and water distribution
Total Revenues:	\$94,350 (Fiscal Year 2024-2025 Budget)
Revenue Sources:	Service and connection fees, property taxes



*\*Source: 2020 Census*

# WESTLEY COMMUNITY SERVICES DISTRICT BOUNDARY AND SPHERE OF INFLUENCE



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## REFERENCES

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1. California Department of Water Resources. *Disadvantaged Communities (DAC) Mapping Tool*. Website (<https://gis.water.ca.gov/app/dacs/>). Accessed September 10, 2024.
2. California State Controller's Office. *Special Districts Annual Report for Crows Landing, Grayson, and Westley CSDs (Fiscal Year 2022)*. <https://bythenumbers.sco.ca.gov/> Accessed November 22, 2013.
3. Crows Landing Community Services District. *Fiscal Budget*. 2024/2025.
4. Grayson Community Services District. *Fiscal Budget*. 2024/2025.
5. United States Census Bureau. 2020.
6. Westley Community Services District. *Fiscal Budget 2024/2025*.

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## INDIVIDUALS AND AGENCIES CONTACTED

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1. Connie Payan, Crows Landing, Grayson, and Westley Community Services Districts

**STANISLAUS COUNTY LOCAL AGENCY  
FORMATION COMMISSION**

**RESOLUTION**

**DATE:** October 23, 2024

**NO.** 2024-11

**SUBJECT:** Municipal Service Review No. 2024-06 and Sphere of influence Update No 2024-06: Crows Landing, Grayson, and Westley Community Services 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 Crows Landing, Grayson, and Westley Community Services 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 October 23, 2024 public hearing by this Commission on this matter;

**WHEREAS**, the subject document is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Sections 15306 and 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 therein, and related information as presented to and considered by this Commission;

**WHEREAS**, the Commission has duly considered the draft Municipal Service Review and Sphere of Influence Update on the Crows Landing, Grayson, and Westley Community Services Districts and the determinations contained therein;

**WHEREAS**, the Crows Landing, Grayson, and Westley Community Services Districts were established to provide public water, sewer, and/or street lighting services within their boundaries;

**WHEREAS**, pursuant to Government Code Section 56425(i), the range of services provided by the Crows Landing, Grayson, and Westley Community Services 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 Sections 15306 and 15061(b)(3) of the State CEQA Guidelines.
2. Approves the Service Review prepared in compliance with State law and update of the Crows Landing, Grayson, and Westley Community Services 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 Crows Landing, Grayson, and Westley Community Services 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 Crows Landing, Grayson, and Westley Community Services Districts.

**DRAFT**

**ATTEST:**

\_\_\_\_\_  
Sara Lytle-Pinhey, Executive Officer

**EXECUTIVE OFFICER'S AGENDA REPORT  
OCTOBER 23, 2024**

TO: LAFCO Commissioners

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

**SUBJECT: PROPOSED AMENDMENT TO POLICY 15 – OUT-OF-BOUNDARY SERVICE CONTRACTS OR AGREEMENTS**

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**RECOMMENDATION**

It is recommended that the Commission approve the amendments to Policy 15 – Out-of-Boundary Service Contracts or Agreements, as included in Exhibit A.

**BACKGROUND**

At the September 25<sup>th</sup> LAFCO meeting, the Commission discussed Policy 15 related to out-of-boundary service extensions. Government Code section 56133 (Exhibit B) requires cities and special districts to first request written approval from the Commission prior to extending services outside their jurisdictional boundaries. Cities and districts often make these requests as an alternative to or in advance of a future annexation. The Government Code describes two situations where the Commission may authorize service extensions:

- (1) For proposals *within* a city or district sphere of influence: in anticipation of a later change of organization (e.g. annexation).
- (2) For proposals *outside* a city or district sphere of influence: to respond to an existing or impending threat to the public health or safety of residents in the affected territory.

The Commission adopted Policy 15 in order to guide the Commission's review of out-of-boundary service applications. Annexation is typically the preferred method for provision of services; however, the Policy details situations and considerations where an out-of-boundary service extension may be appropriate. Policy 15 further delegates review and approval authority to the Executive Officer in specific instances where the request is to remedy a health and safety concern for existing development only.

**SUMMARY OF PROPOSED AMENDMENT**

Staff provided a report at the September 25<sup>th</sup> meeting outlining Policy 15, recent trends related to out-of-boundary service applications, and potential clarifications needed. The Commission discussed three sections of the Policy where improvements could be made, including clarifications regarding the delegation of approval to the Executive Officer and an improvement to the section regarding exemptions.

The proposed changes to the Commission's Policy 15 are attached as Exhibit B. Deletions are represented with stricken text and additions are represented by underlined text. The following is summary of the three proposed changes:



### Executive Officer Delegation – Location (Policy 15, Section B)

The current language of Policy 15 delegates review and approval to the Executive Officer for any out-of-boundary service request addressing health and safety concerns for existing development. This approval authority was originally intended for instances where there was a failing well and septic for existing development just outside an existing agency's boundaries and did not necessarily contemplate far-reaching requests that could be considered growth-inducing. The Commission suggested that a clarification be added to the Executive Officer-level approvals to make them applicable to only those proposals within an agency's sphere of influence.

### Executive Order Delegation – Accessory Dwelling Units (Policy 15, Section B)

Accessory dwelling units (ADUs) or other additions to an existing home can sometimes trigger a requirement to connect to agency sewer and water (for properties not already connected). Under the current Policy, they may also be considered "new development," requiring Commission review. In order to ensure streamlined review of these requests, the Commission discussed and recommended that a clarification added specifically identifying ADUs as falling within review and approval authority of the Executive Officer.

### Exemptions (Policy 15, Section H)

Government Code section 56133(e) identifies a variety of exemptions to the requirement for an out-of-boundary approval. However, the section does not specify a process for determining the exemption. Some LAFCOs have experienced issues with agencies "self-exempting." While our LAFCO has not yet experienced this issue, it is recommended that language be added to Policy 15 that encourages agencies to verify exemption applicability or a prior approval with the Executive Officer.

## **ENVIRONMENTAL ANALYSIS & REVIEW**

Government Code section 56300(a) requires each LAFCO to establish written policies and procedures that encourage and provide for well-ordered and efficient urban development patterns as well as the preservation of open space and agricultural land.

The adoption of clarifying amendments to Policy 15 is a continuing administrative or maintenance activity with no potential for a direct or indirect physical change to the environment. It is therefore not a "project" for the purposes of the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(2). Additionally, there is no possibility that the amendments will have a significant effect on the environment. Although not subject to CEQA, the proposed Policy was posted online and referred to affected agencies. No comments have been received as of the drafting of this report.

## **COMMISSION ACTION**

Staff recommends that the Commission, following the public hearing and consideration of all relevant information presented, approve the proposed policy amendment, and adopt Resolution 2024-12 (attached as Exhibit C), which:

1. Finds that the proposed amendment to Policy 15 is consistent with State Law as well as the overall goals of LAFCO;
2. Finds that the amendment is not a project for the purposes of the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(2); and,
3. Adopts the Policy 15 amendment, to be effective immediately.

Attachments: Exhibit A - Proposed Amendments to Policy 15 (with track-changes)

Exhibit B - Government Code Section 56133

Exhibit C - Draft Resolution 2024-12

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## **EXHIBIT A**

**Proposed Amendments to Policy 15  
(with track-changes)**

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## **POLICY 15 - OUT-OF-BOUNDARY SERVICE CONTRACTS OR AGREEMENTS**

(Amended ~~July 24~~October 23, 2024)

Government Code Section 56133 (Cortese-Knox-Hertzberg Act) specifies that a city or special district must apply for and obtain LAFCO approval before providing new or extended services outside its jurisdictional boundaries. The Commission will consider this policy in addition to the provisions of Government Code Section 56133 when reviewing out-of-boundary service extension requests.

- A. Pursuant to Government Code Section 56133(b), the Commission may authorize a city or district to provide new or extended services outside its jurisdictional boundaries, but within its sphere of influence, in anticipation of a later change of organization. The Commission may authorize a city or district to provide new or extended services outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory in accordance with Government Code Section 56133(c).
  
- B. The Commission has determined that the Executive Officer shall have the authority to approve, or conditionally approve, proposals to extend services outside a city or district's jurisdictional boundaries but within its sphere of influence in cases where the service extension is proposed to remedy a clear health and safety concern for existing development. In addition, the Executive Officer shall have the authority to approve or conditionally approve service extensions where the services will not facilitate development or will provide water and/or sewer service to accessory dwelling units being created on lots where a single-family or multifamily dwelling unit already exists.

In cases where the Executive Officer recommends denial of such a proposed service extension or where the proposal will facilitate new development, that proposal shall be placed on the next agenda for which notice can be provided so that it may be considered by the Commission. After the public hearing, the Commission may approve, conditionally approve, or deny the proposal.

- C. Considerations for Approving Agreements: Annexations to cities and special districts are generally preferred for providing public services; however, out-of-boundary service extensions can be an appropriate alternative. While each proposal must be decided on its own merits, the Commission may favorably consider such service extensions in the following situations:
  - 1. Services will be provided to a small portion of a larger parcel and annexation of the entire parcel would be inappropriate in terms of orderly boundaries, adopted land use plans, open space/greenbelt agreements or other relevant factors.
  - 2. Lack of contiguity makes annexation infeasible given current boundaries and the requested public service is justified based on adopted land use plans or other entitlements for use.
  - 3. Where public agencies have a formal agreement defining service areas provided LAFCO has formally recognized the boundaries of the area.
  - 4. Emergency or health related conditions mitigate against waiting for annexation.

5. Other circumstances which are consistent with the statutory purposes and the policies and standards of the Stanislaus LAFCO.
- D. Health or Safety Concerns: The requirements contained in Section 56133(c) of the Government Code will be followed in the review of proposals to serve territory with municipal services outside the local agency's sphere of influence. Service extensions outside a local agency's sphere of influence will not be approved unless there is a documented existing or impending threat to public health and safety, and the request meets one or more of the following criteria as outlined below:
1. The lack of the service being requested constitutes an existing or impending health and safety concern.
  2. The property is currently developed.
  3. No future expansion of service will be permitted without approval from the LAFCO.
- E. Agreements Consenting to Annex: Whenever the affected property may ultimately be annexed to the service agency, a standard condition for approval of an out-of-boundary service extension is recordation of an agreement by the landowner consenting to annex the territory, which agreement shall inure to future owners of the property.
1. The Commission may waive this requirement on a case-by-case basis upon concurrence of the agency proposing to provide out-of-boundary services.
  2. The Commission has determined, pursuant to Government Code Section 56133(b) that the Beard Industrial Area shall not be subject to the requirement for consent-to-annex agreements, based on the historical land use of the area and its location within the Sphere of Influence of the City of Modesto.
- F. Area-wide Approvals: The Commission has recognized and approved extensions of sewer and/or water services to specific unincorporated areas, including the Bret Harte Neighborhood, Robertson Road Neighborhood, and the Beard Industrial Area. New development in these delineated unincorporated areas is considered infill and does not require further Commission review for the provision of extended sewer and/or water services. The Commission may consider similar approvals for area-wide service extensions on a case-by-case basis when it determines each of the following exists:
1. There is substantial existing development in the area, consistent with adopted land use plans or entitlements.
  2. The area is currently located within the agency's sphere of influence.
  3. The agency is capable of providing extended services to the area without negatively impacting existing users.
  4. The proposal meets one of the situations outlined in Section C of this Policy where extension of services is an appropriate alternative to annexation.
- G. In the case where a city or district has acquired the system of a private or mutual water company prior to January 1, 2001, those agencies shall be authorized to continue such

service and provide additional connections within the certificated service area of the private or mutual water company, as defined by the Public Utilities Commission or other appropriate agency at the time of acquisition, without LAFCO review or approval as outlined in Government Code Section 56133. The continuation of service connections under this policy shall not be constrained by the sphere of influence of that local agency at that time. Proposals to extend service outside this previously defined certificated area would come under the provisions of Government Code Section 56133 for the review and approval by the Commission prior to the signing of a contract/agreement for the provision of the service.

H. Exemptions: ~~Consistent with Government Code Section 56133, this policy does not apply to:~~Commission approval is not required for cities or districts to provide new or extended services outside their jurisdictional boundaries if any of the following exemptions apply in accordance with Government Code Section 56133(e). The Commission encourages cities and districts to verify with the Executive Officer to determine whether statutory exemptions apply or whether the proposed extension falls within a prior approval by the Commission.

1. Two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.
2. The transfer of non-potable or non-treated water;
3. The provision of surplus water to agricultural lands and facilities, including but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.
4. An extended service that a city or district was providing on or before January 1, 2001.
5. A local publicly owned electrical utility, as defined by Section 224.3 of the Public Utilities Code, providing electrical services that do not involve the acquisition, construction, or installation of electrical distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundaries.
6. A fire protection contract, as defined in Section 56134 and Policy 15a.



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## **EXHIBIT B**

**Government Code Section 56133**

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## **Government Code Section 56133**

- (a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the commission of the county in which the affected territory is located.
- (b) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipation of a later change of organization.
- (c) The commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary and outside its sphere of influence to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory, if both of the following requirements are met:
  - (1) The entity applying for approval has provided the commission with documentation of a threat to the health and safety of the public or the affected residents.
  - (2) The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.
- (d) The executive officer, within 30 days of receipt of a request for approval by a city or district to extend services outside its jurisdictional boundary, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of requests made pursuant to this section to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the extended services. If the new or extended services are disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.
- (e) This section does not apply to any of the following:
  - (1) Two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.
  - (2) The transfer of nonpotable or nontreated water.
  - (3) The provision of surplus water to agricultural lands and facilities, including, but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries. However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.

- (4) An extended service that a city or district was providing on or before January 1, 2001.
- (5) A local publicly owned electric utility, as defined by Section 224.3 of the Public Utilities Code, providing electric services that do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundary.
- (6) A fire protection contract, as defined in subdivision (a) of Section 56134.

(Amended by Stats. 2022, Ch. 37)

# **EXHIBIT C**

**Draft Resolution 2024-12**

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**STANISLAUS LOCAL AGENCY  
FORMATION COMMISSION**

**RESOLUTION**

**DATE:** October 23, 2024

**NO.** 2024-12

**SUBJECT:** Amendment to Policy 15 – Out-of-Boundary Service Contracts or Agreements

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

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

**THE FOLLOWING RESOLUTION WAS ADOPTED:**

**WHEREAS**, the Cortese-Knox-Hertzberg Local Government Reorganization Act (Government Code Section 56000 et seq.) and more specifically, Government Code section 56300(a) requires each LAFCO to establish written policies and procedures;

**WHEREAS**, the Commission desires to amend Policy 15 of its Policies and Procedures to make minor clarifications;

**WHEREAS**, the Commission has conducted a noticed public hearing on October 23, 2024 to consider the amendment to Policy 15;

**WHEREAS**, the Commission has considered the written staff report and testimony and evidence presented at the public hearing held on October 23, 2024 regarding the amendment;

**WHEREAS**, adoption of the amendment to Policy 15 is considered a continuing administrative or maintenance activity with no potential for direct or indirect physical change to the environment and is therefore not a “project” for the purposes of the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(2); and,

**WHEREAS**, there is no possibility that the policy amendment will have a significant effect on the environment.

**NOW, THEREFORE, BE IT RESOLVED** that this Commission:

1. Finds that the amendment to Policy 15 is consistent with State Law and the overall goals of LAFCO;
2. Finds that the amendment is not a project for the purposes of the California



Environmental Quality Act (CEQA) pursuant to Section 15378(b)(2); and,

3. Adopts the Policy 15 amendment to be effective immediately.

**ATTEST:**

**DRAFT**

\_\_\_\_\_  
Sara Lytle-Pinhey  
Executive Officer

Attachment: Policy 15 as Amended