

LOCAL AGENCY FORMATION COMMISSION OF YOLO COUNTY

Regular Meeting AGENDA

July 23, 2015 - 9:00 a.m.

BOARD OF SUPERVISORS CHAMBERS

625 COURT STREET, ROOM 206
WOODLAND, CALIFORNIA 95695

COMMISSIONERS

OLIN WOODS, CHAIR (PUBLIC MEMBER)
MATT REXROAD, VICE CHAIR (COUNTY MEMBER)
BILL KRISTOFF (CITY MEMBER)
DON SAYLOR (COUNTY MEMBER)
CECILIA AGUIAR-CURRY (CITY MEMBER)

ALTERNATE COMMISSIONERS

ROBERT RAMMING (PUBLIC MEMBER)
JIM PROVENZA (COUNTY MEMBER)
ROBB DAVIS (CITY MEMBER)

CHRISTINE CRAWFORD
EXECUTIVE OFFICER

ERIC MAY
COMMISSION COUNSEL

This agenda has been posted at least five (5) calendar days prior to the meeting in a location freely accessible to members of the public, in accordance with the Brown Act and the Cortese Knox Hertzberg Act. The public may subscribe to receive emailed agendas, notices and other updates at www.yololafo.org/lafco-meetings.

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 72 hours before the hearing will be distributed to the Commission. If you wish to submit written material at the hearing, please supply 10 copies.

All participants on a matter to be heard by the Commission that have made campaign contributions totaling \$250 or more to any Commissioner in the past 12 months must disclose this fact, either orally or in writing, for the official record as required by Government Code Section 84308.

Any person, or combination of persons, who make expenditures for political purposes of \$1,000 or more in support of, or in opposition to, a matter heard by the Commission must disclose this fact in accordance with the Political Reform Act.

CALL TO ORDER

1. Pledge of Allegiance
2. Roll Call

3. Public Comment: Opportunity for members of the public to address the Yolo County Local Agency Formation Commission (LAFCo) on subjects not otherwise on the agenda relating to LAFCo business. The Commission reserves the right to impose a reasonable limit on time afforded to any topic or to any individual speaker.

CONSENT AGENDA

4. Approve LAFCo Meeting Minutes of May 28, 2015
5. Authorize the Chair to sign the FY 2015/16 Authorization Form required by the Department of Financial Services so that staff can perform the day to day operations of LAFCo
6. Correspondence

PUBLIC HEARINGS

7. Consider and approve Resolution 2015-04 adopting the Final Combined Municipal Service Review (MSR) for the Western Yolo Special Districts, including the Esparto Community Services District (CSD), the Madison CSD and the Madison-Esparto Regional County Service Area (MERCOSA), and the Sphere of Influence (SOI) Update for the Esparto CSD

REGULAR AGENDA

8. Authorize the Chair to sign Agreement 2015-05 for services between Yolo LAFCo and Richardson & Company, LLP, not to exceed \$10,995 to conduct an independent audit of the Yolo LAFCo financial statements for the fiscal years ending in 2013, 2014 and 2015

EXECUTIVE OFFICER'S REPORT

9. A report by the Executive Officer on recent events relevant to the Commission and an update of Yolo LAFCo staff activity for the month. The Commission or any individual Commissioner may request that action be taken on any item listed.
 - Shared Services
 - CALAFCO Conference - September 2-4, 2015
 - Staff Activity Report - May 26 to July 17, 2015

COMMISSIONER COMMENTS

10. Opportunity for any Commissioner to comment on issues not listed on the agenda. No action will be taken on off-agenda items unless authorized by law.

CLOSED SESSION

11. Public Employee Performance Evaluation
(Government Coded Section 54957)

Position Title: LAFCo Executive Officer

Public report of action take in Closed Session (GC§54957.1)

ADJOURNMENT

12. Adjournment

The next meeting scheduled is September 24, 2015.

I declare under penalty of perjury that the foregoing agenda was posted by 5:00 p.m. on July 17, 2015, at the following places:

- On the bulletin board at the east entrance of the Erwin W. Meier Administration Building, 625 Court Street, Woodland, California; and
- On the bulletin board outside the Board of Supervisors Chambers, Room 206 in the Erwin W. Meier Administration Building, 625 Court Street, Woodland, California.
- On the LAFCo website at: www.yololafco.org.

ATTEST:

Terri Tuck, Clerk
Yolo County LAFCo

NOTICE

If requested, this agenda can be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. Persons seeking an alternative format should contact the Commission Clerk for further information. In addition, a person with a disability who requires a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting should telephone or otherwise contact the Commission Clerk as soon as possible and at least 24 hours prior to the meeting. The Commission Clerk may be reached at (530) 666-8048 or at the following address:

Yolo County LAFCo
625 Court Street, Room 203
Woodland, CA 95695

Note: Audio for LAFCo meetings will be available the next day following conclusion of the meeting at www.yololafco.org.



Consent 4.

LAFCO

Meeting Date: 07/23/2015

Information

SUBJECT

Approve LAFCo Meeting Minutes of May 28, 2015

RECOMMENDED ACTION

Approve LAFCo Meeting Minutes of May 28, 2015.

Attachments

[LAFCo Minutes of May 28, 2015](#)

Form Review

Form Started By: Terri Tuck
Final Approval Date: 06/22/2015

Started On: 06/22/2015 10:18 AM

LOCAL AGENCY FORMATION COMMISSION of YOLO COUNTY

MEETING MINUTES

May 28, 2015

The Local Agency Formation Commission of Yolo County met on the 28th day of May 2015, at 9:00 a.m. in the Yolo County Board of Supervisors Chambers, 625 Court Street, Room 206, Woodland CA. Voting Members present were Chair and Public Member Olin Woods, County Member Matt Rexroad, and City Members Cecilia Aguiar-Curry and Alternate (A) Robb Davis. Members absent were County Member Don Saylor and City Member Bill Kristoff. Others present were Executive Officer Christine Crawford, Analyst Tracey Dickinson, Clerk Terri Tuck and Counsel Eric May.

Items № 1 and 2 Call to Order, Pledge of Allegiance and Roll Call

Chair Woods called the Meeting to order at 9:02 a.m.

Commissioner Davis led the Pledge of Allegiance.

PRESENT: Aguiar-Curry, Davis (A), Rexroad, Woods ABSENT: Saylor

Item № 3 Public Comments

None

CONSENT

Item № 4 Approve LAFCo Meeting Minutes of April 23, 2015

Item № 5 Correspondence

Item № 6 Review and File CALAFCO Legislative Update and Letter of Position for AB 1532

Minute Order 2015-17: All recommended actions on Consent were approved.

Approved by the following vote:

MOTION: Davis (A) SECOND: Aguiar-Curry
AYES: Aguiar-Curry, Davis (A), Rexroad, Woods
NOES: None
ABSTAIN: None
ABSENT: Saylor

PUBLIC HEARING

Item № 7 Receive the Fiscal Year 2015/16 Final Budget, Open the Public Hearing for Comments, Close the Public Hearing, Consider and Adopt the Final LAFCo Budget for FY 2015/16

After a report by staff the Chair opened the Public Hearing. No one came forward and the Hearing was closed.

Minute Order 2015-18: The recommended actions were approved.

Approved by the following vote:

MOTION: Rexroad SECOND: Aguiar-Curry
 AYES: Aguiar-Curry, Davis (A), Rexroad, Woods
 NOES: None
 ABSTAIN: None
 ABSENT: Saylor

REGULAR

Item № 8 Elect a Chair and Vice Chair for the Commission to Serve a One-Year Term, Which Ends May 2016

Minute Order 2015-19: Commissioners Woods and Rexroad were elected to another one year term as Chair and Vice Chair, respectively, ending May 2016.

Approved by the following vote:

MOTION: Davis (A) SECOND: Rexroad
 AYES: Aguiar-Curry, Davis (A), Rexroad, Woods
 NOES: None
 ABSTAIN: None
 ABSENT: Saylor

Item № 9 Consider CALAFCO 2015 Board of Director Nominations for One City Member and One Public Member for the Central Region

Minute Order 2015-20: Chair Woods was nominated for the Public Member and Commissioner Aguiar-Curry was nominated for the City Member.

As directed by Yolo LAFCo Administrative Policies and Procedures, the Commission designated Chair Woods as the voting delegate designee for the upcoming CALAFCO Board elections in September 2015.

Approved by the following vote:

MOTION: Rexroad SECOND: Davis (A)
 AYES: Aguiar-Curry, Davis (A), Rexroad, Woods
 NOES: None
 ABSTAIN: None
 ABSENT: Saylor

Item № 10 Consider CALAFCO 2015 Achievement Award Nominations

Minute Order 2015-21: Approves the recommended action nominating the following for CALAFCO Achievement Awards:

1. Yolo Broadband Strategic Plan – Project of the Year
2. Terri Tuck – Outstanding LAFCo Professional

3. Lifetime Achievement Award – Chris Tooker

Approved by the following vote:

MOTION: Davis (A) SECOND: Rexroad

AYES: Aguiar-Curry, Davis (A), Rexroad, Woods

NOES: None

ABSTAIN: None

ABSENT: Saylor

Item № 11 Executive Officer's Report

The Commission was given written reports of the Executive Officer's activities for the period of April 20 through May 22, 2015, and was verbally updated on recent events relevant to the Commission.

Staff commented that the only item currently slated for the June meeting is the Executive Officers annual evaluation. Therefore, unless there were objections, staff, in concurrence with Chair Woods, would be cancelling the June 25, 2015 meeting.

Staff indicated that progress continues in the search for a new analyst and interviews are being scheduled. There were thirty (30) applicants with twenty-one (21) qualifying for the position. After Human Resources and staff screened the 21 applicants, nine (9) were chosen to interview on Tuesday, June 2nd. Staff noted that now that the June meeting has been cancelled, this will be Tracey Dickinson's last meeting with us.

Part of the rationale for cancelling the June meeting is that June 25th ended up being the same date that staff will be traveling to Orange County to attend a meeting of the North Orange Cities Coalition with the Assistant County Administrator and city managers from West Sacramento, Winters and Woodland. There are seven (7) cities in the Coalition which currently operates shared services under a memorandum of understanding (MOU). The Coalition is currently in the process of elevating the MOU to a joint powers authority (JPA) and the Yolo group will be attending a meeting to learn more and ask questions.

Commissioner Davis suggested Chair Woods attend the Coalition meeting. Chair Woods stated that he would discuss the option with the Executive Officer then make a decision.

Staff stated that the committee for Yolo Leaders has tentatively chosen JPAs as its next topic which will segue with the June 25th trip to Orange County and the first planning committee meeting of Yolo Leaders the first week in July.

Staff indicated that the Yolo Broadband Strategic Plan was presented to the West Sacramento City Council last week.

Item № 12 Commissioner Comments

Commissioner Aguiar-Curry thanked the Commission for agreeing to do the Yolo Broadband Strategic Plan and, especially, the Executive Officer for all of the hard work she has put in and the many presentations she has given throughout the state since the inception of the project. Aguiar-Curry also mentioned she has been chosen as the 2014 Innovator of the Year, all of which would not be possible without LAFCo.

Item № 13 Adjournment

Minute Order 2015-22: By order of the Chair, the meeting was adjourned at 9:22 a.m. commending Tracey Dickinson, Associate Management Analyst, for her service to LAFCo since February 2013.

The next scheduled meeting is July 23, 2015.

Olin Woods, Chair
Local Agency Formation Commission
County of Yolo, State of California

ATTEST:

Terri Tuck
Clerk to the Commission



Consent 5.

LAFCO

Meeting Date: 07/23/2015

Information

SUBJECT

Authorize the Chair to sign the FY 2015/16 Authorization Form required by the Department of Financial Services so that staff can perform the day to day operations of LAFCo

RECOMMENDED ACTION

Authorize the Chair to sign the FY 2015/16 Authorization Form required by the Department of Financial Services so that staff can perform the day to day operations of LAFCo.

FISCAL IMPACT

None.

REASONS FOR RECOMMENDED ACTION

The Yolo County Department of Financial Services (DFS) requires authorization regarding use of the County's financial system.

BACKGROUND

In the past, any authorization forms required by the DFS were signed by the Executive Officer (EO). The DFS is now requesting that other agencies and any special districts that maintains all of its accounting records on the County's financial system have signed authorization from its governing body.

The attached document gives the approval for staff to act on behalf of the Commission to perform the day to day operations of LAFCo without the specific approval of the Commission. The Commission Clerk initiates transactions such as purchase orders and payment of invoices and claims. The EO reviews all claims and invoices received by LAFCo and authorizes payment, as appropriate, within the framework and limitations of the budget as adopted by the Commission.

In compliance with the most recent outside audit, staff has also added two colleagues from the County Administrator's Office (CAO) to authorize transactions that the EO should not approve, such as the Executive Officer's own purchase card transactions and quarterly mileage claims. The CAO staff is also available to approve claims if the Executive Officer is out of the office for an extended amount of time.

Attachments

No file(s) attached.

Form Review

Inbox

Christine Crawford
Form Started By: Terri Tuck
Final Approval Date: 07/07/2015

Reviewed By

Christine Crawford

Date

07/07/2015 10:17 AM
Started On: 06/19/2015 09:24 AM



Consent 6.

LAFCO

Meeting Date: 07/23/2015

Information

SUBJECT

Correspondence

RECOMMENDED ACTION

Receive and file the following correspondence:

- A. CALAFCO 2015/16 Strategic Plan
 - B. Letter of position for AB 3
-

Attachments

CALAFCO FY 2015/16 Strategic Plan

LAFCo Letter of position for AB 3

Form Review

Form Started By: Terri Tuck
Final Approval Date: 07/07/2015

Started On: 06/18/2015 01:05 PM

CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS

2015 - 2016 Association Strategic Plan

Adopted by the Board of Directors on 8 May 2015



CALAFCO MISSION

CALAFCO provides educational, information sharing and technical support for its members by serving as a resource for, and by collaborating with, the public, the legislative and executive branches of state government, and other organizations for the purpose of discouraging urban sprawl, preserving open-space and prime agricultural lands, and encouraging orderly growth and development of local agencies.

Reaffirmed by the Board of Directors on 29 January 2015.



CALAFCO MISSION

Provide educational, information sharing and technical support for our members by serving as a resource for, and by collaborating with, the public, the legislative and executive branches of state government and other organizations for the purpose of discouraging urban sprawl, preserving open-space and prime agricultural lands, and encouraging orderly growth and development of local agencies.



2015-2016 Policy and Legislative Priorities

As they relate to and impact discouraging urban sprawl, preserving open-space and prime agricultural lands, and encouraging orderly growth and development of local agencies.

PRIMARY ISSUES

AUTHORITY OF LAFCO

Support legislation that maintains or enhances LAFCo's authority to condition proposals to address any or all financial, growth, service delivery, and agricultural and open space preservation issues. Support legislation that maintains or enhances LAFCo's ability to make decisions regarding boundaries and formations, as well as to enact recommendations related to the delivery of services and the agencies providing them, including consolidations, reorganizations or dissolutions.

AGRICULTURE AND OPEN SPACE PROTECTION

Preserve prime agriculture and open space lands. Support policies that recognize LAFCo's mission to protect and mitigate the loss of prime agricultural and open space lands and that encourage other agencies to coordinate with local LAFCos on land preservation and orderly growth. Support efforts that encourage the creation of habitat conservation plans.

WATER AVAILABILITY

Promote adequate water supplies and infrastructure planning for current and planned growth as well as to support the sustainability of agriculture. Support policies that assist LAFCo in obtaining accurate and reliable water supply information to evaluate current and cumulative water demands for service expansions and boundary changes including impacts of expanding water company service areas on orderly growth, and the impacts of consolidation or dissolution of water companies providing services. Support policies that promote an integrated approach to water availability and management.

VIABILITY OF LOCAL SERVICES

Support legislation that maintains or enhances LAFCo's ability to review and act to determine the efficient and sustainable delivery of local services and the financial viability of agencies providing those services to meet current and future needs including those identified in regional planning efforts such as sustainable communities strategies. Support legislation which provides LAFCo and local communities with options for local governance and service delivery, including incorporation as a city, formation as a special district, or reorganizations or dissolutions to ensure efficient, effective, and quality service delivery. Support efforts which provide tools to local agencies to address aging infrastructure, fiscal challenges and the maintenance of services.



2015 – 2016 Issues of Interest

As these issues relate to and impact orderly growth, sprawl, and local services.

HOUSING

Provision of territory and services to support housing plans consistent with regional land use plans and local LAFCo policies.

TRANSPORTATION

Effects of Regional Transportation Plans and expansion of transportation systems on future urban growth and service delivery needs, and the ability of local agencies to provide those services.

FLOOD CONTROL

The ability and effectiveness of local agencies to maintain and improve levees and protect current infrastructure. Carefully consider and value of uninhabited territory, and the impact to public safety of proposed annexation to urban areas of uninhabited territory which is at risk for flooding. Support legislation that includes assessment of agency viability in decisions involving new funds for levee repair and maintenance. Support efforts that encourage the creation of habitat conservation plans.

ADEQUATE MUNICIPAL SERVICES IN INHABITED TERRITORY

Expedited processes for inhabited annexations should be consistent with LAFCo law and be fiscally viable. To promote environmental justice for underserved inhabited communities, funding sources should be identified for extension of municipal services to these communities, including options for annexation of contiguous disadvantaged unincorporated communities. Promote the delivery of adequate, sustainable, efficient, and effective levels of service through periodic updates of Municipal Service reviews, Spheres of Influence, and other studies.



2015 - 2016 Association Strategies and Objectives

STRATEGIC AREA ONE

Provide educational forums, professional development and networking opportunities for Commissioners, LAFCo staff, Associate Members, and stakeholders.

OBJECTIVES

Annual Conference

1. Provide an annual conference which includes superior professional development sessions and networking opportunities for all attendees.
2. Manage conference finances to organizational policy of a minimum net profit of 15%.
3. Determine desired level of sponsorships for annual conference, and if necessary put additional resources in place to support desired change in time for the 2016 annual conference.

Staff Workshop

1. Provide an annual staff workshop which includes superior professional development sessions and networking opportunities for all LAFCo staff and Associate Members.

CALAFCO University

1. Hold two University courses per year for staff, commissioners and stakeholders, which are focused on skill development of LAFCo process and technical issues.
2. Hold one session in the northern part of the state and one session in the southern part of the state each year to encourage maximum statewide participation.

Organizational Participation

1. CALAFCO Board ad hoc subcommittee and staff to review current conference "Host" model and make recommendations to the full Board for change/improvement.
2. CALAFCO Board make recommendations for change, if any, to the membership at the 2015 annual membership meeting on September 3, 2015.



STRATEGIC AREA TWO

Build strong member LAFCoS and a strong Association through communicating regularly, fostering an environment of support and appreciation by acknowledging volunteer contributions, supporting regional communication and collaboration, strengthening member relationships and increasing membership involvement in the Association.

OBJECTIVES

Association Communications

1. Provide a quarterly update to the members after each Board meeting.
2. Provide written annual report to the membership inside the annual edition of The Sphere to be distributed at the annual conference.
3. Maintain Association's list-serves.
4. Executive Director to visit at least six (6) LAFCoS per year.

Promotion and Recognition of Volunteer Contributions

1. Executive Director to send written thank you acknowledgement to all LAFCoS participating in annual conference and staff workshop within one month of the conclusion of the event.
2. Executive Director to acknowledge host and program committee volunteers with written thank you within one month of the conclusion of each event.
3. CALAFCO to provide each event speaker volunteer with written thank you acknowledgement during the event.
4. All volunteers acknowledged appropriately at each event (either verbally, in writing, or both).
5. Hold annual Achievement Awards to acknowledge contributions and publish award recipients in quarterly reports.

Facilitation of Regional Meetings and Communications

1. CALAFCO to maintain regional list-serves for use by each region's Executive Officer and Board members.
2. CALAFCO regional representatives (Board members, Executive Officer and Deputy Executive Officers) to communicate with their regional LAFCoS at least two (2) times annually, informing them of CALAFCO activities regional level perspectives.
3. CALAFCO Executive Director and Board members to support, as appropriate, regional meetings of LAFCo commissioners and staff, and attend whenever possible.
4. CALAFCO Executive Director to hold at least two (2) staff meetings annually to set and implement annual staff goals and objectives that are aligned with Association's Strategic Plan.

Association Strategic Plan

Adopted by the Board of Directors, 8 May 2015



Increase Membership Activity and Involvement

1. Executive Director, Executive Officer and Deputy Executive Officers to directly encourage LAFCo staff that do not regularly participate in event planning and execution to do so, with the goal of having at least two (2) new members on each planning committee for the annual conference and staff workshop.
2. Achievement Awards Committee members to directly encourage LAFCos in their region to participate in the annual Achievement Awards.
3. Nominations and Recruitment Committee members to directly encourage LAFCos in their region to participate in the Board elections and to attend the annual conference.

STRATEGIC AREA THREE

Provide value-added and timely resources for members through the organization's website, newsletters, and by keeping the Association's policies and procedures up to date.

OBJECTIVES

CALAFCO Website

1. Conduct an RFP for new web hosting and site services and determine cost and new provider by July 31, 2015.
2. Upgrade the CALAFCO website and host services by December 2015. This includes a more stable host, greater site security, and full migration of existing site content.
3. Enhance site security by approving an individual user name and password for each member user with implementation of new site.
4. Add features and functionalities that create value for the membership during 2016.

Newsletters

1. In addition to producing and distributing Quarterly Newsletters, produce and distribute one (1) annual edition of The Sphere, to include articles of interest and a full annual report to the membership, to be distributed at the annual conference.

Association Policies

1. Conduct an annual review of current Association policies and procedures and modify as necessary.

Association Strategic Plan

Adopted by the Board of Directors, 8 May 2015



STRATEGIC AREA FOUR

Support and sponsor research which shares the work and data from member LAFCOs and serves as a resource to all Association members.

OBJECTIVES

Biennial Member Survey

1. Survey Executive Officers on what data serves the greatest value by March 31, 2015.
2. Streamline the survey process to encourage greater participation and focus on the more important data by the end June 2015.
3. Conduct survey and have results published by September 30, 2015.

White Papers

1. Prepare two (2) white papers per year on key legal and/or technical issues of importance to member LAFCOs. Poll members to determine the most relevant and value-added topics.

STRATEGIC AREA FIVE

Serve as a legislative and policy advocate for LAFCO issues and as an information resource to the Legislature and other stakeholders.

OBJECTIVES

Advocate legislative needs and positions

1. Sponsor the annual Assembly Local Government Committee Omnibus bill, which makes technical, non-substantive changes to the Cortese-Knox-Hertzberg Reorganization Act of 2000.
2. Take positions and advocate those positions on legislation pursuant to the Association's adopted Legislative Priorities and Policies. Encourage member LAFCOs to do the same.

Enhance relationships between LAFCO Commissioners and Legislators for legislative advocacy.

1. At least one (1) time per year, CALAFCO Executive Director, Board Chair, and other Board members to visit with key legislators and staff, including but not limited to members and staff of the Assembly Local Government and Senate Governance and Finance Committees.

Association Strategic Plan

Adopted by the Board of Directors, 8 May 2015



Serve as an objective resource to the Legislature, organizations seeking to reform local government and state agencies on local government services and organization as requested and appropriate.

1. Participate in statewide, regional and local meetings, symposiums and other events as appropriate.

Maintain strong relationship with peer Associations

1. Work with peer Associations as appropriate on legislative matters, communicating early on potential CALAFCO legislation that will impact their membership.
2. Inform and educate peer Association members by attending and presenting on the role of LAFCo at least two (2) times per year.

STRATEGIC AREA SIX

Expand Associate membership in the Association and create strong membership value for all Associate members.

OBJECTIVES

Expand Associate member involvement in conferences and workshops

1. Have at least one (1) Associate member on the planning committee of each annual conference and workshop.
2. Distribute Call for Presentations to all Associate members, encouraging them to submit sessions for each event.
3. Use Associate members as session speakers whenever possible and appropriate.

Enhance Associate Membership value

1. Executive Director to examine existing Associate member cost-benefit structure, seeking feedback from Associate members by the end of 2015.
2. Executive Director to make recommendations for changes, if appropriate to the Board by March 31, 2016.
3. Implement any changes to the Associate membership structure at the start of the 2016-2017 fiscal year (July 1, 2016).
4. Transition all Associate members onto the same annual billing cycle of July 1 by July 1, 2016.
5. Implement a new Achievement Award for Associate members, the Associate Member of the Year Award, at the 2015 annual Achievement Awards.

Increase Associate Memberships

1. Increase Gold Associate members in 2015 and 2016 by one (1) member per year.
2. Increase Silver Associate members in 2015 and 2016 by two (2) members per year.

LOCAL
AGENCY
FORMATION
COMMISSION OF
YOLO COUNTY



June 29, 2015

The Honorable Lois Wolk
California State Senate
State Capitol, Room 5114
Sacramento, CA 95814

RE: AB 3 – OPPOSE UNLESS AMENDED

Dear Senator Wolk:

The Local Agency Formation Commission of Yolo County (Yolo LAFCo) has been following AB 3 (Williams), which was last amended on May 5, 2015, to establish the Isla Vista Community Services District (CSD). At this time, we must respectfully take an *Oppose Unless Amended* position.

We appreciate that the situation in Isla Vista is complicated and many community members want to form a CSD. However, as written, the bill fails to require the district be formed in accordance with the Cortese-Knox-Hertzberg Reorganization Act of 2000 (CKH). CKH provides that Local Agency Formation Commissions (LAFCo) have jurisdiction over a CSD and that the organization or reorganization of such a district be subject to LAFCo proceedings. Bypassing this critical process jeopardizes the long-term viability of the CSD in that there is no thorough analysis of the sustainability of the financial, governance and service delivery capacities of the CSD. This bill could establish a dangerous precedent across the state.

We believe that the LAFCo process should not be circumvented and request that the bill be amended to ensure the formation process is compliant with CKH. Specifically, we urge the author to consider AB 2453 (Achadjian) which was signed into law last year as an example of the process for formation. This language allowed the formation process for which LAFCo is responsible to remain intact while addressing the need for the creation of a special governing body based on local circumstances and conditions. This hybrid can easily be applied to the formation of the Isla Vista CSD.

CHAIR
OLIN WOODS
Public Member

VICE CHAIR
MATT REXROAD
Supervisor – 3rd District

BILL KRISTOFF
Councilmember
City of West Sacramento

DON SAYLOR
Supervisor – 2nd District

CECILIA AGUIAR-CURRY
Mayor
City of Winters

ALTERNATE
ROBERT RAMMING
Public Member

ALTERNATE
JIM PROVENZA
Supervisor – 4th District

ALTERNATES
ROBB DAVIS
Councilmember
City of Davis

Staff
CHRISTINE M. CRAWFORD, AICP
Executive Officer

TRACEY DICKINSON, MPPA
Associate Management Analyst

TERRI TUCK
Commission Clerk

ERIC MAY
Commission Counsel

625 Court Street, Suite 203
Woodland CA 95695

(530) 666-8048
lafco@yolocounty.org

www.yololafco.org

We are asking that you Oppose AB 3 unless it is amended to require the district be formed in accordance with CKH. The bill passed out of the Assembly Floor on June 3, 2015 and has been referred to the Senate Governance and Finance Committee.

Sincerely,



Olin Woods

cc: Assembly member Das Williams
Brian Weinberger, Consultant, Senate Governance and Finance Committee
Ryan Eisberg, Senate Republican Caucus
Pamela Miller, CALAFCO



LAFCO

Meeting Date: 07/23/2015

Information

SUBJECT

Consider and approve Resolution 2015-04 adopting the Final Combined Municipal Service Review (MSR) for the Western Yolo Special Districts, including the Esparto Community Services District (CSD), the Madison CSD and the Madison-Esparto Regional County Service Area (MERCOSA), and the Sphere of Influence (SOI) Update for the Esparto CSD

RECOMMENDED ACTION

1. Receive the staff presentation on the Western Yolo Special Districts MSR and SOI Update for the Esparto CSD.
2. Open the Public Hearing for public comments on this item.
3. Close the Public Hearing.
4. Consider the information presented in the staff report and during the Public Hearing. Discuss and direct staff to make any necessary changes.
5. Find that the MSR and SOI Update could not have a significant effect on the environment and adopt a Negative Declaration for the project pursuant to CEQA.
6. Adopt the Municipal Service Review and Sphere of Influence Update.

FISCAL IMPACT

No fiscal impact.

REASONS FOR RECOMMENDED ACTION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act), is LAFCo's governing law and outlines the requirements for preparing periodic Municipal Service Reviews (MSRs) and Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of "discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances".

An MSR is conducted prior to, or in conjunction with, the update of an SOI. LAFCOs are required to review an agency's Sphere of Influence every five years. An MSR evaluates the structure and operations of district services and includes a discussion of the capability and capacity of the district to ensure the provision of municipal services to the existing service area and any future growth of the district's boundaries. The SOI indicates the probable future physical boundaries and service area of a district and lays the groundwork for potential future annexations.

BACKGROUND

District Profiles and Background

Esparto Community Services District (CSD)

The Esparto Community Services District was founded in 1969 and is authorized to provide water, wastewater and street lighting services to the approximately 3,108 residents of the unincorporated community of Esparto (US Census Bureau, 2010).

Madison Community Services District (CSD)

The Madison Community Services District was formed in 1966 to provide water, wastewater, and parks and recreation services to the approximately 503 residents living in the unincorporated community of Madison (US Census, 2010). Additionally, an agreement between the Madison CSD and Yolo County Housing (YCH) was established in 1968 such that the District provides wastewater treatment and domestic water supply services to the Madison Migrant Center operated by Yolo County Housing (YCH). The Migrant Center is located at the District's eastern boundary, and houses about 300 people during the growing season from April through November each year.

Madison-Esparto Regional County Service Area (MERCSA)

The Madison-Esparto Regional County Service Area was formed in 2005 through the consolidation of the Madison County Service Area and the Esparto County Service Area. The Esparto County Service Area (CSA) was formed in 2001 to provide storm drainage, erosion control and park and recreation services in the town of Esparto; and the Madison CSA was formed in 2002 to provide storm drainage and erosion control services. In 2005 the two CSAs were consolidated into MERCSA to provide a more efficient and unified approach to the financial and organizational management of soil erosion and storm drainage maintenance in the region. However, the County still maintains separate funds and budgets per the old Esparto and Madison CSAs.

Municipal Service Review Focus Issues

The report dedicates a chapter to each district individually, making recommendations regarding each of the seven State required determinations that LAFCo's must consider in an MSR. However, in addition to the individual issues of each district, there are governance and efficiency issues that span the entire Madison-Esparto region due to overlapping district boundaries.

This redundancy in special districts in the Esparto-Madison area is not ideal, but was created in 2001 because it was necessary at the time. In 2001, the Madison Storm Drainage Maintenance District (SDMD) needed to be converted to a special district to allow for more funding options (such as bonding). Yolo County Flood Control and Water Conservation District (YCFCWCD) was offered the service, but chose not to take it. Therefore, the Madison County Service Area needed to be formed. Also in 2001, the County approved several subdivisions in Esparto and some public agency needed to maintain the storm water detention basins. The Esparto CSD was offered the service, but declined and consequently, the Esparto CSA was formed. In 2005 the Madison CSA and Esparto CSA were consolidated into MERCSA. In both cases, a CSA was formed (which created overlapping jurisdictions) because it was the next best option for providing a necessary municipal service.

Circumstances have changed in the Madison and Esparto communities since the CSAs were formed in the early 2000's. The overlapping boundaries and redundancy of agencies is causing tension and confusion, and the Esparto CSD and the YCFCWCD have changed their previous stance and they are now willing to provide these services.

The Esparto CSD has indicated that they are willing to provide all the municipal services currently provided by MERCSA in the community of Esparto. Esparto CSD has an office in Esparto, is much more accessible to local residents as issues arise, and has local representation on the Board of Directors. Additionally, they are located close to the detention basins, making it easier to open and close the grates as needed due to flooding. CSA staff has expressed concern regarding the Esparto CSD's expertise and ability to maintain engineered storm detention basins, however LAFCo staff does not share these concerns. The Esparto CSD is capable of adjusting their staff resources as needed.

Additionally, the YCFCWCD has indicated that they are willing to provide the storm drainage services currently provided by MERCSA around the community of Madison. YCFCWCD has an office in the unincorporated area approximately 5 miles to the east along SR 16. YCFCWCD already conducts similar work in its District boundaries, and has the necessary tools, staffing and expertise to provide the service.

In light of the history of how MERCSA evolved and the change in stance of the Esparto CSD and YCFCWCD on providing the services, LAFCo would recommend that MERCSA be dissolved and transfer the services provided within Esparto to the CSD and all the remaining services to the YCFCWCD. However, in 2012 MERCSA was awarded a grant from the California Department of Park and Recreation for the development of a community park and aquatic center in Esparto. There has been much discussion over the course of this MSR regarding how the proposed Esparto Community Park and Aquatic Center might be affected by the dissolution of MERCSA. The California Department of Parks has indicated that the Esparto CSD is not eligible to receive the grant in place of MERCSA. Therefore it was originally thought that if Yolo County decided to accept the grant funds, MERCSA could not be completely dissolved and the CSA would have to remain in order to accept the State Parks grant.

However, after recently reviewing the grant contract between State Department of Parks and Recreation and Yolo County and after the Draft MSR was released, LAFCo notes that the grantee is clearly indicated as the "County of Yolo" and not MERCSA and that the May 19, 2015 Esparto Park Maintenance and Operation Assessment District was levied by Yolo County and not MERCSA. Therefore, LAFCo concludes that the pool grant is not inexorably tied to MERCSA and can be executed in a different manner to be determined by the County, for example as a County Regional Park. Therefore, this MSR concludes and recommends that MERCSA can be dissolved without affecting the State Parks and Recreation Grant Contract. LAFCo can only make a recommendation to Yolo County in this regard, the County will need to evaluate the issues in greater detail, assess its options and take next steps. LAFCo's recommendation is in no way intended to jeopardize the State Parks and Recreation grant for the Esparto Community Park and Aquatic Center.

Given these circumstances, the MSR has been revised since the public review draft as indicated with **new text** and ~~deleted text~~ to recommend the following:

- LAFCo recommends that MERCSA be dissolved and reorganized with the Esparto CSD (for the historic Esparto CSA portion of MERCSA) and the YCFCWCD (for the historic Madison CSA portion of MERCSA). Esparto CSD should take responsibility for landscaping and maintenance of the detention basins in Esparto. YCFCWCD should take responsibility for the storm drainage maintenance function outside of the Esparto CSD boundaries.

Esparto CSD Municipal Service Review

The Esparto CSD appears to engage in sound financial management practices, including adopting an annual budget, commissioning independent audits, maintaining a sufficient level of reserve, maintaining a manageable level of debt, and charging a fair rate for its services. The Esparto CSD has no issues with its meetings being accessible, publicly noticed and being transparent with its customers. Board seats and staff appear stable with no unusually high turnover apparent. The Esparto CSD's budgets and audits are all available online. The detailed discussion and determinations for the CSD are included

in the attached report. For brevity, below are the specific recommendations for the Esparto CSD for each determination issue area:

1. Growth and Population

None.

2. Disadvantaged Unincorporated Communities

None.

3. Capacity and Adequacy of Public Facilities and Services

- The CSD should continue to monitor the deficiencies in the wastewater system that have the potential to cause backups (including several undersized pipes, one pipe with a sag, and the infiltration of ground water and storm water into the system), and should consider conducting infrastructure improvements in the event that the issues become more severe and can no longer be managed through ongoing maintenance.

4. Financial Ability

- The District should consider developing a long-term infrastructure plan that identifies and prioritizes all potential future repair needs.
- The District should consider expanding its financial policies to cover additional topics, such as debt management, reserve and contingency funds, and payroll practices. Financial policies help to ensure the financial stability of an organization, and the District should work towards documenting all of its financial management practices.
- The District should consider annexing its waste water treatment ponds so that it no longer needs to pay property taxes.

5. Shared Services and Facilities

- The Esparto CSD and Madison CSD (as well as any other special districts in the area) should explore opportunities for shared administrative functions (such as staff, leadership or infrastructure and equipment) to achieve cost savings. LAFCo is available to help facilitate these conversations if desired by the CSD.
- The Esparto CSD should consider utilizing the pooled purchasing services offered to special districts by Yolo County to improve buying power and reduce costs.

6. Accountability, Structure and Efficiencies

- LAFCo recommends that MERCOSA be dissolved and reorganized with the Esparto CSD (for the historic Esparto CSA portion of MERCOSA) and the YCFCWCD (for the historic Madison CSA portion of MERCOSA). Esparto CSD should take responsibility for landscaping and maintenance of the detention basins in Esparto. YCFCWCD should take responsibility for the storm drainage maintenance function outside of the Esparto CSD boundaries.
- If the County chooses to move forward with dissolving MERCOSA, the Esparto CSD should begin preparing a District Service Plan to determine its staffing, infrastructure and financial needs to provide these additional functions. The District Service Plan will be required by LAFCo in order to consolidate services with the Esparto CSD.

7. Other Issues

None.

Esparto CSD Sphere of Influence Update

Based on the findings in the MSR, LAFCo staff is recommending that the Esparto CSD SOI be expanded to align with the County's adopted land use plan and the SACOG Sustainable Communities Strategy. A map of the proposed SOI expansion is attached. The expansion would add approximately 102 acres to the Esparto CSD's sphere of influence, about two-thirds of which is already developed and the other one-third being fragmented agricultural land.

Madison CSD Municipal Service Review

The Madison CSD appears to engage in sound financial management practices, such as adopting an annual budget and maintaining a sufficient level of reserve. However, the Districts current rate structure is not sufficient to fund several near-term infrastructure improvement projects. The District has expressed that it needs to raise its rates, but has concerns about how a significant rate increase might impact the community, as the median income in the Madison community is only 53 percent of the state median. The detailed discussion and determinations for the CSD are included in the attached report. For brevity, below are the specific recommendations for the Madison CSD for each determination issue area:

1. Growth and Population

None.

2. Disadvantaged Unincorporated Communities

None.

3. Capacity and Adequacy of Public Facilities and Services

- The District should continue working with the Central Valley Regional Water Quality Control Board to remain in compliance

with water quality standards, and to meet the terms of the Cease-and-Desist Order.

- The District should continue monitoring odor levels at the wastewater treatment ponds, and mitigate any issues that arise.
- The District should implement as funding allows the suggested improvement in the Madison CSD 2011 Facility Master Plan (including replacement and upsizing of the transite water pipes at the water facility, and adding a 0.25 MG storage tank at the water facility).

4. Financial Ability

- The District might consider conducting a Proposition 218 election to raise its rates (particularly for its water service), in order to provide it with a funding stream sufficient to conduct the necessary maintenance and repairs to its systems. The Madison CSD should consult with its legal counsel (County Counsel's Office) to discuss options.
- The District should get caught up on its overdue audits, and ensure that independent audits are conducted on a regular basis moving forward, to monitor the financial health of the organization.
- LAFCo encourages the District to develop financial policies, which are helpful in ensuring the financial stability of an organization. At a minimum, the District should adopt financial policies on its budget preparation process, reserve and contingency practices, and debt management practices.
- The District should consider developing a dedicated (interest earning) reserve account, rather than keeping its reserve funds in the fund balance.
- The District has several significant and costly infrastructure upgrades to plan for in the future, and may benefit from developing two separate reserves (one for unexpected events and one meant to save for significant upcoming infrastructure upgrades).
- The District might consider developing a long-term infrastructure plan that identifies all potential future repair needs in order to prioritize which repairs to make and how to expend the District's limited resources. This plan should specifically address the long-term funding need for the installation of water meters.
- The District should become a member of the California Special Districts Association (CSDA) in order to have resources to obtain financial policy templates that reflect best practices and remain updated on potential funding opportunities for infrastructure upgrades.

5. Shared Services and Facilities

- The Esparto CSD and Madison CSD (as well as any other special districts in the area) should explore opportunities for shared administrative functions (such as staff, leadership or infrastructure and equipment) to achieve cost savings. LAFCo is available to help facilitate these conversations if desired by the CSD.
- The Madison CSD should consider utilizing the pooled purchasing services offered to special districts by Yolo County to improve buying power and reduce costs.

6. Accountability, Structure and Efficiencies

- The District should consider developing a website for communication with the public, as time and resources allow.
- The District should explore opportunities to reduce costs by sharing administrative functions with the Esparto CSD, or other special districts in the area.
- LAFCo staff recommends that all Board members immediately catch up on their required training (if currently not in compliance) and then remain in compliance with the adopted policy on an ongoing basis.

7. Other Issues

None.

Madison CSD Sphere of Influence

Based on the results of the MSR, staff is not recommending an SOI update for the Madison CSD in this review. The 2030 Countywide General Plan (2009) Land Use Figure LU-6 would allow for development of a Specific Plan outside the CSD's sphere of influence. However, a Specific Plan approved by the County Board of Supervisors would be required which would include a master plan and environmental review prior to any development. Therefore, a SOI Update is not recommended at this time. LAFCo can evaluate the demand for a sphere of influence update for the next review in approximately five years.

MERCSA Municipal Service Review

MERCSA is currently experiencing financial difficulties, particularly in its services focused on the Esparto community. It appears that the CSA can no longer afford to maintain its current level of park and recreation services or drainage basin maintenance in Esparto without an increase in revenues. MERCSA has no issues with its meetings being accessible or publicly noticed, and the District's budgets and audits are available to the public on the County website. The District appears to be administratively stable, but does struggle with filling advisory committee seats and achieving a quorum at advisory committee meetings. The detailed discussion and determinations for MERCSCA are included in the attached report. For brevity, below are the specific recommendations for MERCSCA for each determination issue area:

1. Growth and Population

None.

2. Disadvantaged Unincorporated Communities

None.

3. Capacity and Adequacy of Public Facilities and Services

None.

4. Financial Ability

- Should the MERCSA services not be transferred to the Esparto CSD and YCFCWCD (as recommended in this report), LAFCo encourages the CSA to consider options for reducing costs or increasing revenues to address ongoing cost overruns, and to begin building a reserve when finances allow. If responsibility for maintenance of the drainage basins and park and recreation services are transferred to the Esparto CSD (as recommended in this report) the CSD will need to assess its expected costs for providing the service, and then determine a solution for any expected cost overruns.

5. Shared Services and Facilities

None.

6. Accountability, Structure and Efficiencies

- LAFCo recommends that the District extract pages relevant to the CSA from the larger countywide documents, and post them directly on the MERCSA website.
- LAFCo recommends that MERCSA be dissolved and reorganized with the Esparto CSD (for the historic Esparto CSA portion of MERCSA) and the YCFCWCD (for the historic Madison CSA portion of MERCSA). Esparto CSD should take responsibility for landscaping and maintenance of the detention basins in Esparto. YCFCWCD should take responsibility for the storm drainage maintenance function outside of the Esparto CSD boundaries.

7. Other Issues

None.

MERCSA Sphere of Influence

Based on the results of the MSR, staff is not recommending an SOI update for MERCSA in this review. The District's existing sphere is well aligned with the land use plan, and there is no expected growth outside the CSA's boundaries.

Public/Agency Involvement

LAFCo staff has taken several steps to allow for public and stakeholder involvement in the MSR/SOI process for the Western Yolo Special Districts. While researching the MSR, staff conducted outreach with several stakeholders including the Esparto CSD staff, Madison CSD staff, MERCSA staff, District 5 Board of Supervisor's Office, Clerk of the Board and the County Administrator's Office.

On July 1, 2015 a Notice of Availability of Draft MSR/SOI and Public Hearing was released by LAFCo and published in the Woodland Democrat, which requested written comments from the public and stakeholders. In addition, notices were sent to every "affected agency", meaning all other agencies and schools with overlapping service areas with the subject districts. In addition, notices were emailed via the Capay Valley Vision distribution lists. At the date of writing this staff report, no comments have yet been received. Any comments received before the hearing date will be provided to the Commission in a supplemental packet.

CEQA

This MSR reviews the services provided by the subject agencies. Adopting the MSR itself would not result in any physical changes to the environment that would require consideration under CEQA. However, the proposed SOI Update for the Esparto CSD would add approximately 102 acres to the Esparto CSD's sphere of influence, about two-thirds of which is already developed and the other one-third being fragmented agricultural land. However, the SOI would not directly result in the conversion to non-agricultural uses. The SOI is merely a planning boundary and is a necessary step prior to any potential future annexation and development. The 35 acres of prime agricultural land is fragmented into multiple parcels and is located between the existing Esparto CSD waste water treatment ponds and State Route 16, so its location and productivity is already somewhat compromised.

Project specific evaluation of impacts to agricultural land would need to be evaluated if and when a specific development application is submitted. Any future development would be required to comply with both the County's and LAFCo's locally adopted agricultural mitigation policies. In addition, the cumulative impacts of potential conversion of farmland to urban uses was analyzed and disclosed in the Yolo County 2030 Countywide General Plan EIR (SCH# 2008102034). Therefore, staff has prepared a Negative Declaration and Initial Study Checklist (which was available for a 20-day public review period) and recommends that the SOI Update could not have a significant adverse environmental impact. Staff recommends the Commission adopt a Negative Declaration for the project.

Attachments

ATT 1-Resolution 2015-04

ATT 2-Draft Combined Western Yolo Special Districts MSR/SOI

Form Review

Inbox

Christine Crawford

Form Started By: Christine Crawford

Final Approval Date: 07/10/2015

Reviewed By

Christine Crawford

Date

07/10/2015 03:32 PM

Started On: 07/02/2015 10:43 AM

LOCAL AGENCY FORMATION COMMISSION OF YOLO COUNTY

Resolution № 2015-04

A Resolution Approving the Municipal Service Review for the Western Yolo Special Districts (including Esparto Community Services District (CSD), Madison CSD and the Madison-Esparto Regional County Service Area (MERCSA)) and the Sphere of Influence Update for the Esparto CSD

LAFCo Proceeding S-039

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“Cortese-Knox-Hertzberg”), set forth in Government Code Sections 56000 et seq., governs the organization and reorganization of cities and special districts by local agency formation commissions established in each county, as defined and specified in Cortese-Knox-Hertzberg; and,

WHEREAS, Government Code Section 56425 provides that the local agency formation commission in each county shall develop and determine the sphere of influence of each local governmental agency within the county, and enact policies designed to promote the logical and orderly development of areas within the spheres of influence, as more fully specified in Sections 56425 et seq.; and,

WHEREAS, Government Code Section 56430 requires that local agency formation commissions conduct a municipal service review (MSR) prior to, or in conjunction with, consideration of actions to establish or update a sphere of influence (SOI) in accordance with Sections 56076 and 56425; and,

WHEREAS, beginning in Fiscal Year 2013/14, the Yolo County Local Agency Formation Commission (LAFCo) has been conducting a review of the municipal services and SOI of the Western Yolo Special Districts; and,

WHEREAS, based on the results of the MSR, staff has determined that an SOI Update is needed for the Esparto CSD only, which would align the SOI with the County’s 2030 Countywide General Plan adopted Land Use Diagram; and,

WHEREAS, staff has reviewed the MSR and SOI Update and prepared an initial study checklist pursuant to the California Environmental Quality Act (CEQA) and determined that the project will not have a significant adverse impact on the environment; and, based thereon, the Executive Officer prepared a Negative Declaration; and,

WHEREAS, the Executive Officer set a public hearing for July 23, 2015 for consideration of the Negative Declaration and the draft MSR/SOI and caused notice thereof to be posted, published and mailed at the times and in the manner required by law at least twenty-one (21) days in advance of the date; and,

WHEREAS, on July 23, 2015, the draft MSR/SOI was heard before the LAFCo Commission, at the time and place specified in the Notice of Public Hearing; and,

WHEREAS, at said hearing, LAFCo reviewed and considered the Negative Declaration, the draft Municipal Service Review and Sphere of Influence Update, and the Executive Officer's Report and Recommendations; each of the policies, priorities and factors set forth in Government Code Sections 56430 et seq.; LAFCo's Guidelines and Methodology for the Preparation and Determination of Municipal Service Reviews and Spheres of Influence; and all other matters presented as prescribed by law; and,

WHEREAS, at that time, an opportunity was given to all interested persons, organizations, and agencies to present oral or written testimony and other information concerning the proposal and all related matters; and,

WHEREAS, LAFCo received, heard, discussed, and considered all oral and written testimony related to the sphere update, including but not limited to protests and objections, the Executive Officer's Report and Recommendations, the environmental determinations and the municipal service review.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED that the Yolo County Local Agency Formation Commission hereby:

1. Finds that the proposal will not have a significant adverse impact on the environment and all potentially significant effects have been adequately analyzed in a Negative Declaration. The Negative Declaration adequately addresses all environmental issues related to the Municipal Service Review for the Western Yolo Special Districts and the Esparto CSD Sphere of influence Update;
2. Certifies the Negative Declaration and directs the Executive Officer to file a Notice of Determination with the County Recorder.
3. Adopts Resolution 2015-04 approving the Municipal Service Review for the Western Yolo Special Districts, making written determinations in each of the areas required under Government Code Section 56430, and approving a Sphere of Influence Update for the Esparto CSD (Exhibit A), subject to the following findings and recommendations:

FINDINGS

1. Finding: the proposal will not have a significant adverse impact on the environment and all potentially significant effects have been adequately analyzed in a Negative Declaration. The Negative Declaration adequately addresses all environmental issues related to the Municipal Service Review for the Western Yolo Special Districts and the Esparto CSD Sphere of influence Update; the Executive Officer will file a Notice of Determination with the County Recorder.

Evidence: Staff prepared an Initial Study for the MSR for the Western Yolo Special Districts and SOI Update for the Esparto CSD and found that all potential environmental effects were less than significant and no mitigation measures were needed. LAFCO distributed a Notice of Intent to adopt the Negative Declaration on July 1, 2015. It was posted at the Yolo County Clerk's Office and distributed to all affected agencies per Cortese-Knox-Hertzberg. The Negative Declaration was made available to the public during this review period. On the basis of the Negative Declaration, Initial Study and the whole record, there is no substantial evidence to support a fair argument that the proposal will have a significant adverse impact on the environment. Environmental effects were adequately addressed in the Initial Study/Negative Declaration.

2. Finding: Approval of the Municipal Service Review and the Esparto Sphere of Influence Update is consistent with all applicable state laws, including but not limited to Cortese-Knox-Hertzberg, and LAFCO's locally adopted policies.

Evidence: The MSR was prepared consistent with the requirements in Cortese-Knox-Hertzberg for a MSR/SOI, and recommendations and determinations were made for each of the three Districts included in the MSR. The MSR includes written determinations as required by Section 56430 of Cortese-Knox-Hertzberg. A notice of Public Hearing was published on July 1, 2015 in a local newspaper of general circulation at least 21 days prior to the hearing. The Draft MSR was circulated to all affected agencies and the County Clerk for review. The MSR and SOI Update is consistent with the Guidelines for the Preparation of Municipal Service Plans and Determination of Sphere of Influence Lines, dated June 24, 2002 and all applicable Yolo LAFCO policies.

RECOMMENDATIONS

Esparto CSD Recommendations

1. The CSD should continue to monitor the deficiencies in the wastewater system that have the potential to cause backups (including several undersized pipes, one pipe with a sag, and the infiltration of ground water and storm water into the system), and should consider conducting infrastructure improvements in the event that the issues become more severe and can no longer be managed through ongoing maintenance.
2. The District should consider developing a long-term infrastructure plan that identifies and prioritizes all potential future repair needs.
3. The District should consider expanding its financial policies to cover additional topics, such as debt management, reserve and contingency funds, and payroll practices. Financial policies help to ensure the financial stability of an organization, and the District should work towards documenting all of its financial management practices.
4. The District should consider annexing its waste water treatment ponds so that it no longer needs to pay property taxes.

5. The Esparto CSD and Madison CSD (as well as any other special districts in the area) should explore opportunities for shared administrative functions (such as staff, leadership or infrastructure and equipment) to achieve cost savings. LAFCo is available to help facilitate these conversations if desired by the CSD.
6. The Esparto CSD should consider utilizing the pooled purchasing services offered to special districts by Yolo County to improve buying power and reduce costs.
7. LAFCo recommends that MERCESA be dissolved and reorganized with the Esparto CSD (for the historic Esparto CSA portion of MERCESA) and the YCFCWCD (for the historic Madison CSA portion of MERCESA). Esparto CSD should take responsibility for landscaping and maintenance of the detention basins in Esparto. YCFCWCD should take responsibility for the storm drainage maintenance function outside of the Esparto CSD boundaries. This recommendation is predicated on the understanding that MERCESA can be dissolved without affecting the State Parks and Recreation Grant Contract. The County will need to evaluate the issues in greater detail, assess its options and take next steps. LAFCo's recommendation is in no way intended to jeopardize the State Parks and Recreation grant for the Esparto Community Park and Aquatic Center.
8. If the County chooses to move forward with dissolving MERCESA, the Esparto CSD should begin preparing a District Service Plan to determine its staffing, infrastructure and financial needs to provide these additional functions. The District Service Plan will be required by LAFCo in order to consolidate services with the Esparto CSD.

Madison CSD Recommendations

1. The District should continue working with the Central Valley Regional Water Quality Control Board to remain in compliance with water quality standards, and to meet the terms of the Cease-and-Desist Order.
2. The District should continue monitoring odor levels at the wastewater treatment ponds, and mitigate any issues that arise.
3. The District should implement as funding allows the suggested improvement in the Madison CSD 2011 Facility Master Plan (including replacement and upsizing of the transite water pipes at the water facility, and adding a 0.25 MG storage tank at the water facility).
4. The District might consider conducting a Proposition 218 election to raise its rates (particularly for its water service), in order to provide it with a funding stream sufficient to conduct the necessary maintenance and repairs to its systems. The Madison CSD should consult with its legal counsel (County Counsel's Office) to discuss options.
5. The District should get caught up on its overdue audits, and ensure that independent audits are conducted on a regular basis moving forward, to monitor the financial health of the organization.
6. LAFCo encourages the District to develop financial policies, which are helpful in ensuring the financial stability of an organization. At a minimum, the District

should adopt financial policies on its budget preparation process, reserve and contingency practices, and debt management practices.

7. The District should consider developing a dedicated (interest earning) reserve account, rather than keeping its reserve funds in the fund balance.
8. The District has several significant and costly infrastructure upgrades to plan for in the future, and may benefit from developing two separate reserves (one for unexpected events and one meant to save for significant upcoming infrastructure upgrades).
9. The District might consider developing a long-term infrastructure plan that identifies all potential future repair needs in order to prioritize which repairs to make and how to expend the District's limited resources. This plan should specifically address the long-term funding need for the installation of water meters.
10. The District should become a member of the California Special Districts Association (CSDA) in order to have resources to obtain financial policy templates that reflect best practices, remain updated on potential funding opportunities for infrastructure upgrades.
11. The Esparto CSD and Madison CSD (as well as any other special districts in the area) should explore opportunities for shared administrative functions (such as staff, leadership or infrastructure and equipment) to achieve cost savings. LAFCo is available to help facilitate these conversations if desired by the CSD.
12. The Madison CSD should consider utilizing the pooled purchasing services offered to special districts by Yolo County to improve buying power and reduce costs.
13. The District should consider developing a website for communication with the public, as time and resources allow.
14. The District should explore opportunities to reduce costs by sharing administrative functions with the Esparto CSD, or other special districts in the area.
15. LAFCo staff recommends that all Board members immediately catch up on their required training (if currently not in compliance) and then remain in compliance with the adopted policy on an ongoing basis.

MERCESA Recommendations

1. LAFCo recommends that MERCESA be dissolved and reorganized with the Esparto CSD (for the historic Esparto CSA portion of MERCESA) and the YCFWCWD (for the historic Madison CSA portion of MERCESA). Esparto CSD should take responsibility for landscaping and maintenance of the detention basins in Esparto. YCFWCWD should take responsibility for the storm drainage maintenance function outside of the Esparto CSD boundaries. This recommendation is predicated on the understanding that MERCESA can be dissolved without affecting the State Parks and Recreation Grant Contract. The County will need to evaluate the issues in greater detail, assess its options and take next steps. LAFCo's recommendation is in no way intended to jeopardize

the State Parks and Recreation grant for the Esparto Community Park and Aquatic Center.

2. Should the MERCSA services not be transferred to the Esparto CSD and YCFCWCD (as recommended in this MSR report), LAFCo encourages the CSA to consider options for reducing costs or increasing revenues to address ongoing cost overruns, and to begin building a reserve when finances allow. If responsibility for maintenance of the drainage basins and park and recreation services are transferred to the Esparto CSD (as recommended in this report) the CSD will need to assess its expected costs for providing the service, and then determine a solution for any expected cost overruns.
3. LAFCo recommends that the District extract pages relevant to the CSA from the larger countywide documents, and post them directly on the MERCSA website.

PASSED AND ADOPTED by the Local Agency Formation Commission, County of Yolo, State of California, this 23rd day of July, 2015, by the following vote:

Ayes:
Noes:
Abstentions:
Absent:

Olin Woods, Chair
Yolo County Local Agency Formation Commission

Attest:

Christine Crawford, Executive Officer
Yolo County Local Agency Formation Commission

Approved as to form:



By: _____
Eric May, Commission Counsel

Esparto Community Services District Boundary and Sphere of Influence

Exhibit A



Map is not to scale

-  Community Services District Boundary
-  Sphere of Influence Boundary

Produced by Neuert GIS Services, LLC 3/29/15 - Updated 6/23/15. Data Sources: Yolo County.



Adopted by Yolo LAFCo July 23, 2015

2015

Attachment 2

DRAFT
MUNICIPAL SERVICE REVIEW
AND SPHERE OF INFLUENCE
STUDY

FOR THE

Western Yolo Special Districts

Esparto Community Services District

Madison Community Services District

Madison-Esparto Regional County Service Area

YOLO LOCAL AGENCY FORMATION COMMISSION
Public Review Draft Adopted July 23~~1~~, 2015





Project Name: MSR/SOI for the Western Yolo Special Districts
Esparto Community Services District
Madison Community Services District
Madison-Esparto Regional County Service Area

LAFCo Project No. S-039

Conducted By: Yolo Local Agency Formation Commission
625 Court Street, Suite 203
Woodland, CA 95695

Date: ~~June~~ **July** 2015

Subject Agency # 1: **Esparto Community Service District**
PO Box 349, Esparto, CA 95627
(530) 787-4502
Contact: Mel Smith (General Manager)
Last MSR/SOI: 3/24/2003

Subject Agency # 2: **Madison Community Service District**
PO Box 40, Madison, CA 95653
(530) 666-2888
Contact: Leo Refsland (District Manager)
Last MSR/SOI: 6/23/2008

Subject Agency # 3: **Madison-Esparto Regional County Service Area**
292 West Beamer Street, Woodland, CA 95695
(530) 666-8725
Contact: Regina Espinoza (CSA Coordinator)
Last MSR/SOI: 3/28/2005

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MSR/SOI BACKGROUND

ROLE AND RESPONSIBILITY OF LAFCO

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended (“CKH Act”) (California Government Code §§56000 et seq.), is LAFCo’s governing law and outlines the requirements for preparing Municipal Service Reviews (MSRs) for periodic Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of “discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (§56301). CKH Act Section 56301 further establishes that “one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities.”

Based on that legislative charge, LAFCo serves as an arm of the State; preparing and reviewing studies and analyzing independent data to make informed, quasi-legislative decisions that guide the physical and economic development of the state (including agricultural uses) and the efficient, cost-effective, and reliable delivery of services to residents, landowners, and businesses. While SOIs are required to be updated every five years, they are not time-bound as planning tools by the statute, but are meant to address the “probable physical boundaries and service area of a local agency” (§56076). SOIs therefore guide both the near-term and long-term physical and economic development of local agencies their broader county area, and MSRs provide the near-term and long-term time-relevant data to inform LAFCo’s SOI determinations.

PURPOSE OF A MUNICIPAL SERVICE REVIEW

As described above, MSRs are designed to equip LAFCo with relevant information and data necessary for the Commission to make informed decisions on SOIs. The CKH Act, however, gives LAFCo broad discretion in deciding how to conduct MSRs, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services. The purpose of a Municipal Services Review (MSR) in general is to provide a comprehensive inventory and analysis of the services provided by local municipalities, service areas, and special districts. A MSR evaluates the structure and operation of the local municipalities, service areas, and special districts and discusses possible areas for improvement and coordination. The MSR is intended to provide information and analysis to support a sphere of influence update. A written statement of the study’s determinations must be made in the following areas:

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; and
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

The MSR is organized according to these determinations listed above. Information regarding each of the above issue areas is provided in this document.

PURPOSE OF A SPHERE OF INFLUENCE

In 1972, LAFCOs were given the power to establish SOIs for all local agencies under their jurisdiction. As defined by the CKH Act, “‘sphere of influence’ means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission” (§56076). SOIs are designed to both proactively guide and respond to the need for the extension of infrastructure and delivery of municipal services to areas of emerging growth and development. Likewise, they are also designed to discourage urban sprawl and the premature conversion of agricultural and open space resources to urbanized uses.

The role of SOIs in guiding the State’s growth and development was validated and strengthened in 2000 when the Legislature passed Assembly Bill (“AB”) 2838 (Chapter 761, Statutes of 2000), which was the result of two years of labor by the Commission on Local Governance for the 21st Century, which traveled up and down the State taking testimony from a variety of local government stakeholders and assembled an extensive set of recommendations to the Legislature to strengthen the powers and tools of LAFCOs to promote logical and orderly growth and development, and the efficient, cost-effective, and reliable delivery of public services to California’s residents, businesses, landowners, and visitors. The requirement for LAFCOs to conduct MSRs was established by AB 2838 as an acknowledgment of the importance of SOIs and recognition that regular periodic updates of SOIs should be conducted on a five-year basis (§56425(g)) with the benefit of better information and data through MSRs (§56430(a)).

Pursuant to Yolo County LAFCO policy an SOI includes an area adjacent to a jurisdiction where development might be reasonably expected to occur in the next 20 years. A MSR is conducted prior to, or in conjunction with, the update of a SOI and provides the foundation for updating it. In Yolo County, a SOI generally has two planning lines. One is the 10-year boundary which includes the area that may likely be annexed within 10 years, while the 20-year boundary is anticipated to accommodate boundary expansions over a 20-year horizon.

LAFCO is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425(c)):

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 an SOI 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.

DISADVANTAGED UNINCORPORATED COMMUNITIES

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of SOI determination #5 listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income.

On March 26, 2012, LAFCo adopted a “Policy for the Definition of ‘Inhabited Territory’ for the Implementation of SB 244 Regarding Disadvantaged Unincorporated Communities”, which identified 21 inhabited unincorporated communities for purposes of implementing SB 244.

CKH Act Section 56375(a)(8)(A) prohibits LAFCo from approving a city annexation of more than 10 acres if a DUC is contiguous to the annexation territory but not included in the proposal, unless an application to annex the DUC has been filed with LAFCo. The legislative intent is to prohibit “cherry picking” by cities of tax-generating land uses while leaving out under-served, inhabited areas with infrastructure deficiencies and lack of access to reliable potable water and wastewater services. DUCs are recognized as social and economic communities of interest for purposes of recommending SOI determinations pursuant to Section 56425(c).

ORGANIZATION OF MSR/SOI STUDY

This report has been organized in a checklist format to focus the information and discussion on key issues that may be particularly relevant to the subject agency while providing required LAFCo’s MSR and SOI determinations. The checklist questions are based on the Cortese-Knox-Hertzberg Act, the LAFCo MSR Guidelines prepared by the Governor’s Office of Planning and Research and adopted Yolo LAFCo local policies and procedures. This report provides the following:

- Provides a description of the subject agency;
- Provides any new information since the last MSR and a determination regarding the need to update the SOI;
- Provides MSR and SOI draft determinations for public and Commission review; and
- Identifies any other issues that the Commission should consider in the MSR/SOI.

AFFECTED AGENCIES

Per Government Code Section 56427, a public hearing is required to adopt, amend, or revise a sphere of influence. Notice shall be provided at least 21 days in advance and mailed notice shall be provided to each affected local agency or affected County, and to any interested party who has filed a written request for notice with the executive officer. Per Government Code Section 56014, an affected local agency means any local agency that overlaps with any portion of the subject agency boundary or SOI (included proposed changes to the SOI).

YOLO LAFCo MUNICIPAL SERVICE REVIEW/SPHERE OF INFLUENCE STUDY

The affected local agencies for this MSR/ SOI are:

County/Cities:

- City of Davis
- City of West Sacramento
- City of Winters
- City of Woodland
- County of Yolo

County Service Areas (CSAs)

- Dunnigan, El Macero, Garcia Bend, **Madison-Esparto Regional CSA (MERCSA)**, North Davis Meadows, Snowball, Wild Wings, and Willowbank

School Districts:

- Davis Joint Unified
- Esparto Unified
- Pierce Joint Unified
- River Delta Unified
- Washington Unified
- Winters Joint Unified
- Woodland Joint Unified
- Los Rios Community College District
- Solano Community College District
- Woodland Community College District
- Yuba Community College District

Special Districts:

- Cemetery District – **Capay, Cottonwood**, Davis, Knight’s Landing, Mary’s, Winters
- Community Service District – Cacheville, **Esparto**, Knight’s Landing, **Madison**
- Fire Protection District – Capay, Clarksburg, Dunnigan, East Davis, Elkhorn, **Esparto**, Knights Landing, **Madison**, No Man’s Land, Springlake, West Plainfield, Willow Oak, Winters, Yolo, Zamora
- Sacramento-Yolo Port District
- Reclamation District – 150, 307, 537, 730, 765, 785, 787, 827, 900, 999, 1600, 2035
- Yolo County Resource Conservation District
- Water District – Dunnigan, Knight’s Landing Ridge Drainage, **YCFCWCD**

Multi-County Districts:

- Reclamation District – 108 (Colusa), 2068 (Solano), 2093 (Solano)
- Water District – Colusa Basin Drainage
- Sacramento-Yolo Mosquito Vector Control District



MUNICIPAL SERVICE REVIEW FOCUS ISSUES

This report conducts a review of the municipal services for three special districts in the Madison-Esparto area of Yolo County, including (1) Esparto Community Services District, (2) Madison Community Services District, and (3) Madison-Esparto Regional County Service Area.

The report dedicates a chapter to each district individually, making recommendations regarding each of the seven State required findings that LAFCo's must consider in an MSR. However, in addition to the individual issues of each district, there are governance and efficiency issues that span the entire Madison-Esparto region due to overlapping district boundaries. This includes the three districts being considered in this report, as well as the Yolo County Flood Control and Water Conservation District (YCFCWCD). The table below provides a summary of which districts provide the relevant services in each community.

	Services in Madison			Services in Esparto		
	Madison CSD	MERC SA	YCFCWCD	Esparto CSD	MERC SA	YCFCWCD
Water	✓	○		✓	○	
Wastewater	✓	○		✓	○	
Street Lighting	✓	○		✓	○	
Park and Recreation	✓	○		○	✓	
Storm Drainage	○	✓	❖	○	✓	❖
KEY:						
✓ Perform service						
❖ Authorized to perform service, but does not due to lack of funding						
○ Could be authorized to perform service						

As displayed in the table above, there are several overlapping districts in each community that can provide the same services. This redundancy in special districts in the Esparto-Madison area is not ideal, but was created in 2001 because it was necessary at the time as evidenced by the chronology below.

History of Special District Formations in Madison and Esparto

The table below shows the evolution of these four special districts in the Madison and Esparto communities.

1951	YCFCWCD formed with original intent of obtaining water sources for unincorporated Yolo.
1953	Madison Storm Drainage Maintenance District (SDMD) formed to provide storm drainage in Madison.
1966	Madison CSD was formed to provide water and wastewater services in Madison.
1969	Esparto CSD was formed to provide water and wastewater services to Esparto.
2001	Madison SDMD converted to CSA to allow for more funding options (such as bonding). <i>*** YCFCWCD was offered the service, but chose not to take it.</i>
2001	Esparto CSA formed to provide storm drainage and park services to new subdivisions in Esparto. <i>***Esparto CSD was offered the service, but chose not to take it.</i>

2005 Madison CSA and Esparto CSA consolidated into MERCSA to provide more consistent storm drainage services throughout region.

Based on the history of special district formation in the region, the overlapping jurisdictions were created out of necessity. Before forming the Madison CSA the opportunity to conduct storm drainage services was offered to YCFWCWD, who declined to take on the service. Similarly, before forming the Esparto CSA, the opportunity to provide storm drainage and park services was offered to the Esparto CSD, who declined to take on the service. In both cases, a CSA was formed (which created overlapping jurisdictions) because it was the next best option for providing a necessary municipal service.

Current Conditions in Madison and Esparto

Circumstances have changed in the Madison and Esparto communities since the CSAs were formed in the early 2000's. The overlapping boundaries and redundancy of agencies is causing tension and confusion, and the Esparto CSD and the YCFWCWD have reconsidered their previous stance that they were not willing to provide the subject municipal services.

The Esparto CSD has indicated that they are willing to provide all the municipal services currently provided by MERCSA in the community of Esparto. Esparto CSD has an office in Esparto, is much more accessible to local residents as issues arise, and has local representation on the Board of Directors. Additionally, they are located close to the detention basins, making it easier to open and close the grates as needed due to flooding. CSA staff has expressed concern regarding the Esparto CSD's expertise and ability to maintain engineered storm detention basins, however LAFCo staff does not share these concerns.

Additionally, the YCFWCWD has indicated that they are willing to provide the storm drainage services currently provided by MERCSA around the community of Madison. YCFWCWD has an office in the unincorporated area approximately 5 miles to the east along SR 16. Additionally, YCFWCWD already conducts similar work in its District boundaries, and has the necessary tools, staffing and expertise to provide the service.

Recommendation

In light of the history of how MERCSA evolved and the change in stance of the Esparto CSD and YCFWCWD on providing the services, LAFCo would recommend that MERCSA be dissolved and transfer the services provided within Esparto to the CSD and all the remaining services to the YCFWCWD.

There has been much discussion over the course of this MSR regarding how the proposed community park and aquatic center in Esparto might be affected by the dissolution of MERCSA.

However, in 2012, MERCSA **Yolo County** was awarded a grant from the California Department of Park and Recreation for the development of the Esparto Community Park and Aquatic Center. The California Department of Parks has indicated that the Esparto CSD is not eligible to receive the grant in place of **MERCSA Yolo County**. Therefore if the Yolo County decides to accept the grant funds, MERCSA cannot be completely dissolved at this time. Existing services and funding for those services within Esparto should still be transferred to the CSD, but the CSA would have to remain in order to accept the State Parks grant. However Yolo County should consider transferring construction and operations of the Esparto Community Park and Aquatic Center over to the Esparto CSD at the earliest opportunity.

In early 2015 MERCSA began a Proposition 218 election process to secure ongoing funding for the maintenance of the park, and the Proposition 218 assessment was approved by the voters on May 19, 2015. **And consequently, on May 19, 2015 the Board of Supervisors approved the Esparto Park Maintenance and Operations Assessment, which is independent of MERCSA.** The Board of Supervisors is expected to review a complete funding plan for park maintenance and

operations during the summer of 2015, and make a final decision regarding whether or not to accept the grant at that time.

After reviewing the grant contract between State Department of Parks and Recreation and Yolo County, LAFCo notes that the grantee is clearly indicated as the "County of Yolo" and not MERCSA and that the May 19, 2015 assessment has been levied by Yolo County and not MERCSA, therefore LAFCo concludes that the pool grant is not inexorably tied to MERCSA and can be executed in a different manner to be determined by the County, i.e. as a County Regional Park for example. Therefore, this MSR concludes and recommends that MERCSA can be dissolved without affecting the State Parks Grant Contract.

Given these circumstances, LAFCo has the following recommendation:

- ~~• If the Board of Supervisors chooses to accept the State Parks grant for the community park and aquatic center, LAFCo recommends that all MERCSA territory except the community park and aquatic center site be detached and reorganized with the Esparto CSD (for the historic Esparto CSA portion of MERCSA) and the YCFCWCD (for the historic Madison CSA portion of MERCSA). MERCSA should retain its park and recreation functions for that site until the grant has been received, and transfer responsibility for grant management, construction and operation of the pool to the Esparto CSD as soon as practically feasible (either via contracting with the CSD or by dissolving MERCSA altogether and identifying the Esparto CSD as the successor agency). Esparto CSD should take responsibility for landscaping and maintenance of the detention basins in Esparto. YCFCWCD should take responsibility for the storm drainage maintenance function outside of the Esparto CSD boundaries.~~
- If the Board of Supervisors chooses not to accept the State Parks grant for the community park and aquatic center, LAFCo recommends that MERCSA be dissolved and reorganized with the Esparto CSD (for the historic Esparto CSA portion of MERCSA) and the YCFCWCD (for the historic Madison CSA portion of MERCSA). Esparto CSD should take responsibility for landscaping and maintenance of the detention basins in Esparto. YCFCWCD should take responsibility for the storm drainage maintenance function outside of the Esparto CSD boundaries. **This recommendation is predicated on the understanding that MERCSA can be dissolved without affecting the State Parks and Recreation Grant Contract. The County will need to evaluate the issues in greater detail, assess its options and take next steps. LAFCo's recommendation is in no way intended to jeopardize the State Parks and Recreation grant for the Esparto Community Park and Aquatic Center.**

MUNICIPAL SERVICE REVIEW: ESPARTO COMMUNITY SERVICES DISTRICT

Agency Profile

The Esparto Community Services District was founded in 1969 and is authorized to provide water, wastewater and street lighting services to the approximately 3,108 residents of the unincorporated community of Esparto (US Census Bureau, 2010).

The Esparto CSD is governed by a five member Board of Directors, which meets monthly on the first Wednesday of the month. The District is staffed by a General Manager, Fiscal Services Assistant, and two Utility Operators.

The Esparto CSD is located on Highway 16 between the communities of Madison and Capay. See the map below for greater detail. The previous MSR/SOI for the Esparto CSD was completed in 2003, and since that time the District has completed four annexations that successfully added 105 acres to be served by the District.

Esparto Community Services District Boundary and Existing Sphere of Influence Update



Public Review Draft June 2015

MSR Checklist and Determinations

The MSR determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most or all of the determinations are not significant, as indicated by “no” answers, the Commission may find that a MSR update is not warranted.

- Growth and Population
- Disadvantaged Unincorporated Communities
- Capacity, Adequacy & Infrastructure to Provide Services
- Financial Ability
- Shared Services
- Accountability
- Other

1. GROWTH AND POPULATION

Growth and population projections for the affected area.	YES	MAYBE	NO
--	-----	-------	----

a) Is the agency's territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will population changes have an impact on the subject agency's service needs and demands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will projected growth require a change in the agency's service boundary?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Discussion:

- a-b) According to the U.S. Census Bureau (2010) the unincorporated community of Esparto had a population of 3,108 residents in 2010, with a total of 1,093 housing units. The California Department of Finance (2013) estimates that the unincorporated areas of Yolo County will see a population growth of 1.04 percent between 2010 and 2015, with an additional 1.06 percent between 2015 and 2020. Therefore, the community of Esparto is not expected to experience significant population growth in the next 5-10 years.
- c) According to the 2030 Countywide General Plan (2009) Land Use Figure LU-1B, there is land designated by the County for future development in Esparto that is currently outside of the Esparto CSD's boundaries. Most but not all of this land is already included in the Esparto CSD's sphere of influence. Therefore, the CSD's sphere of influence should be aligned to the County's existing Community boundary and General Plan land use designations.

Esparto CSD: Growth and Population MSR Determination

The Esparto CSD’s territory and surrounding area is not expected to experience significant population growth that would impact the CSD’s service needs and demands over the five-year MSR horizon. However, the County’s 2030 General Plan designates some land outside of the current sphere of influence for future urban development. The Esparto CSD’s sphere of influence should be updated to include parcels designated in the County’s land use plan for future development.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

	YES	MAYBE	NO
a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Are there any “inhabited unincorporated communities” (per adopted Commission policy) within or adjacent to the subject agency’s sphere of influence that are considered “disadvantaged” (80% or less of the statewide median household income)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) If “yes” to both a) and b), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community (if “no” to either a) or b), this question may be skipped)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion:

- a) The Esparto CSD provides municipal water, wastewater and street lighting services to the community of Esparto. Municipal water and wastewater are both services that may trigger the provisions of SB 244.
- b) The term “Inhabited Unincorporated Communities” is defined per Commission adopted policy as those areas on the County of Yolo 2030 General Plan Land Use Map (see Figures LU-1B through LU-1H) that contain land use designations that are categorized as Residential by Table LU-6. The communities of Rumsey and West Kentucky are also included in this definition (even though the current land use designations are Agriculture (AG) and Commercial Local (CL) respectively) because their existing uses are residential. These communities are as follows:

Binning Farms	Guinda	West Kentucky
Capay	Knights Landing	West Plainfield
Clarksburg	Madison	Willow Oak
Dunnigan	Monument Hills	Willowbank
El Macero	North Davis Meadows	Yolo
El Rio Villa	Patwin Road	Zamora
Esparto	Royal Oak	
	Rumsey	

The community of Esparto is considered an inhabited unincorporated community as defined by LAFCo policy and listed above. According to the US Census Bureau (2012), Esparto has a median household income of \$56,694, which is 92 percent of the statewide median household income of \$61,400. A community is only considered disadvantaged for the purposes of SB 244 if the community has a median household income level at less than 80% of the median statewide income, which means that Esparto is not a disadvantaged unincorporated community. In addition, Esparto already has access to public water, sewer and structural fire protection; therefore the community is not being denied access to essential public services for the purposes of SB 244.

c) Not applicable.

Esparto CSD: Disadvantaged Unincorporated Communities MSR Determination

The community of Esparto is not considered a disadvantaged unincorporated community under SB 244 because its median household income is higher than 80% of the statewide median household income. In addition, Esparto already has access to public water, sewer and structural fire protection.

3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

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.

	YES	MAYBE	NO
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency's sphere of influence?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a-d) The Esparto Community Services District is empowered to provide three municipal services (domestic water, wastewater, and street lighting) to the residents of Esparto.

WATER: The Esparto CSD owns, operates and maintains the water system servicing the community of Esparto, which serves a total of 1,025 water connections. According to the District's Facility Master Plan (2011), the system's infrastructure includes:

- Four (4) wells- Well 1A, Well 5, and Well 6 (all with a depth of 400 feet)
- Emergency well- The fourth well is not currently in use due to adequacy issues, but still connected to the system for emergency use
- 500,000 gallon storage tank
- Booster pump station
- Two (2) hydropneumatic tanks- connected to the distribution system in order to maintain system pressure and reliability

Additionally, the District recently completed the construction of a new well (Well 5b) with a depth of 1200 feet. The District performed all the necessary water quality testing on the new well, and received authorization to begin operating the well in May 2015.

Water Adequacy: LAFCo staff is not aware of any adequacy issues with the CSD's water system.

Water Capacity: The 2011 Final Facility Master Plan reports that the combined capacity of the CSD's three wells is 1,432 gpm, while the calculated daily average use is 650 gpm. A capacity of 1,432 gpm is not adequate to deliver the state mandated 1,500 gpm and 2,500 gpm commercial fire flow requirements. However, CSD staff has stated that several improvements have been made to address the fire flow issues since it was last tested, including adding a large booster pump station at the 500,000 gallon storage tank, as well as a new 12" main from the pump station down to Fremont Street. With these updates CSD staff is confident that the system meets both domestic supply needs and fire flow requirements. The system has not been pressure tested to confirm that the system's capacity has improved.

Water System Infrastructure Needs: The 2011 Facility Master Plan reports that a potential solution to the water system's fire flow capacity issues is an upsizing of the existing 4-inch and 6-inch diameter water pipelines. This is a very expensive upgrade that is not financially feasible for the District at this time. However, as discussed in the previous section, the District recently made several improvements that are believed to have resolved the system's fire flow issues, making this upgrade not immediately necessary.

WASTEWATER: Esparto CSD provides wastewater collection and treatment services for 1,017 connections in the community of Esparto. According to the Esparto CSD Facility Master Plan (2011), the wastewater is collected through a system of vitrified clay pipe with diameter ranging from 4-inch through 12-inch. The collection system flows by gravity to a system of 10 facultative treatment ponds located on the eastern side of Esparto. A pump station is located at the headworks to the treatment ponds and is pumped into ponds by a submersible pump lift station equipped with two 500 gpm submersible Chicago pumps.

The CSD owns 90-acres of land which are intended to be used for treatment ponds or other treatment and disposal facilities. However, the actual useable property is approximately 75-acres containing 10 ponds totaling 42.7-acres.

Wastewater Adequacy: LAFCo staff is not aware of any adequacy issues with the District's wastewater system.

Wastewater Capacity: Esparto CSD's current collection and treatment systems have the capacity to meet flow generation of current development, plus an additional 10-15% increase in flow. Overall, the CSD has adequate capacity for sewer treatment.

Wastewater System Infrastructure Needs: The 2011 Facility Master Plan reports that there are several minor deficiencies with the wastewater system, including several undersized pipes, a sag in one of the pipes, and the infiltration of groundwater and storm water into the system. These issues put additional burden on the system, and contributed to a backup in flows in 2011. Since the District staff became aware of these issues, they conduct increased maintenance to ensure that no further backups occur and customers are not affected. In the event that the issues become more severe and can no longer be managed through ongoing maintenance the Facility Master Plan suggests several possible improvements, including:

1. Upsizing one of the 6-inch sewer trunks to an 8-inch sewer trunk, in order to reduce backups.
2. Replacing the inverted siphon under Lamb Slough with a small lift station and force main to reduce sediment/solids buildup and clogging.

STREET LIGHTING: The Esparto CSD collects payments for street lighting service provided by PG&E with its utility billing, and then pays PG&E for the service. The Esparto CSD's street lighting service is essentially a utility billing and collection service to facilitate PG&E as the actual service provider.

Street Lighting Adequacy, Capacity and Infrastructure: LAFCo is not aware of any issues with the District's street lighting adequacy, capacity or infrastructure.

- e) The California Department of Public Health (CDPH) has been in the process of adopting a hexavalent chromium maximum contamination level (MCL) of 0.010 mg/l for drinking water, which went into effect on July 1, 2014 (CDPH, 2014). The regulations require that all applicable public water systems initiate monitoring for hexavalent chromium by January 1, 2015, and a result exceeding the MCL could trigger quarterly monitoring requirements. To date, the District has conducted 3 tests for hexavalent chromium. The test well, as required by law, had levels under the state maximum. The District also tested its new well for hexavalent chromium on two separate occasions. The first test came back with a level just slightly over the state maximum. The re-test indicated that the well was within the allowable limits. Therefore, new state standards are not triggering infrastructure upgrades or additional treatment costs for the District.
- f) As discussed in the Disadvantaged Unincorporated Communities section (Section #2), Esparto does not qualify as a disadvantaged community. In addition, the community already has access to water, sewer and structural fire protection services.

Esparto CSD: Capacity and Adequacy of Public Facilities and Services MSR Determination

The District's water, wastewater and street lighting services have the capacity to meet the current demands for service, and no increased demand for service is anticipated over the five-year MSR horizon. LAFCo is not aware of any issues with the adequacy of any of the services provided by the CSD.

The CSD's water system does not have any near-term infrastructure needs. The wastewater system has several minor issues that have the potential to cause build-up if not properly maintained, but District staff is aware of the issues and conducts increased maintenance to ensure that they do not affect customers. The District believes that no infrastructure upgrades are needed at this time to manage the issues.

Recommendations:

- The CSD should continue to monitor the deficiencies in the wastewater system that have the potential to cause backups (including several undersized pipes, one pipe with a sag, and the infiltration of ground water and storm water into the system), and should consider conducting infrastructure improvements in the event that the issues become more severe and can no longer be managed through ongoing maintenance.

4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

	YES	MAYBE	NO
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Is the organization's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Is improvement needed in the organization's financial policies to ensure its continued financial accountability and stability?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Is the organization's debt at an unmanageable level?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) Overall, LAFCo staff believes that the Esparto Community Services District engages in sound financial management practices. The Esparto CSD routinely adopts and operates an annual budget with a budget cycle of July 1 through June 30. The budget is prepared by the General Manager and then reviewed and adopted by the Board of Directors during its June meeting. Additionally, the CSD has annual independent audits conducted by certified public accountants.

The table below provides a summary of the District's budgets from fiscal year (FY) 10/11 to 13/14. The District's major revenues sources include property taxes and charges for services. The District's major expenditure categories include salaries and benefits, services and

supplies, and other charges. Additionally, the District places approximately \$60,000 each year into reserve, split between its four reserve set-aside accounts.

Esparto CSD Budget Summary				
	2010-11	2011-12	2012-13	2013-14
Revenues:				
Taxes	38,976.06	38,296.91	38,560.94	38,903.00
Investment Earnings	2,326.73	2,752.32	1,476.77	1,729.00
Intergovernmental Transfers	1,349.75	1,244.12	0.00	0.00
Charges for Service	1,143,570.53	1,102,631.88	1,104,693.29	1,091,000.00
Other	4,103.09	118.85	15,482.96	1,041.00
TOTAL REVENUES	1,190,326.16	1,145,044.08	1,160,213.96	1,132,673.00
Expenditures:				
Salaries and Benefits	514,920.29	408,707.11	393,118.26	429,200.00
Services and Supplies	442,048.88	234,738.21	285,622.27	320,900.00
Other Charges	346,758.32	343,096.68	302,578.70	307,000.00
Reserve Set-Aside	25,593.00	65,593.00	60,593.00	60,593.00
TOTAL EXPENDITURES	1,329,320.49	1,052,135.00	1,041,912.23	1,117,693.00
<i>Revenues Less Expenditures</i>	<i>-138,994.33</i>	<i>92,909.08</i>	<i>118,301.73</i>	<i>14,980.00</i>
<i>Capital Asset Costs</i>	<i>49,756.81</i>	<i>0.00</i>	<i>217,849.70</i>	<i>515,000.00</i>

The District does not include capital asset costs in its operating budget because it uses development impact fees to fund major construction activities, which are held in a separate fund. The Fund held \$896,803 prior to construction of the new well. Annual costs for capital assets are noted at the bottom of the table.

- b) The District has not adopted a formal reserve policy, but does maintain four Reserve Set Aside Accounts with a combined total of nearly \$300,000. The accounts include Equipment Reserve, Land Reserve, USDA Loan (water) Reserve, and USDA Loan (sewer) Reserve. These accounts are used to deal with major maintenance and repair projects as they occur, as well as ensuring that the District is able to pay its loans in a timely manner. FY 13/14 balances for each reserve account are provided in the table below. The funds in each account have steadily increased over the past three years, and LAFCo does not have any concerns regarding the CSDs reserve practices. However, the District may wish to consider adopting a formal policy that reflects its strong financial reserve practices, so the organization will be better equipped to maintain its financial stability during times of organizational change or staff turnover.

Esparto CSD Reserve Accounts	
Reserve Account	FY 13/14 Balance
Equipment Reserve	\$150,056.44
Land Reserve	\$55,782.84
USDA Loan (water) Reserve	\$52,601.50
USDA Loan (sewer) Reserve	\$24,475.70
TOTAL RESERVE:	\$282,916.48

c) The table below displays a summary of the District’s fee schedule. The water rates were raised in March 2014, while the other rates have been in effect since 2007.

Esparto CSD Rate Schedule				
Type of Property	Breakdown of Fees			
	Water Base:	Water Consumption (per unit of water):	Sewer:	Street Lighting
Single Family	\$37	0-9.99 units \$1.00 per unit	\$40.50/unit	\$1.73 per month (\$20.76 annually)
Multi-Family (per dwelling unit)	\$32		\$28.35/unit	
Duplex (per dwelling unit)	\$32		\$28.35/unit	
Mobile Home	\$32		\$28.35/unit	
Unoccupied Lots	\$24	10-10.99 units \$.90 per unit	-	
Retail Office	\$32		\$35.21/account	
Meeting Hall	\$32		\$25.04/account	
Commercial- 1 inch Meter	\$35	20 units & up \$.80 per unit	-	
Commercial- 1 ½ inch Meter	\$130		-	
Commercial- 2 inch Meter	\$160		-	
Commercial- 3 inch Meter	\$390		-	

The new rate structure implemented water rates based on consumption (with a monthly base rate), which is a significant change from how customers were previously charged. This means that water revenues are less stable, as they go up and down based on usage. The District Manager has indicated that it is too soon to tell with any certainty how the new rates will impact the District. The District has also indicated that after implementing the new rates (based on usage) the District saw a 20-25% decrease in water usage as compared to the same months in previous years, which is positive for water conservation but results in lower CSD revenues. Over time, the District will adjust to these revenue fluctuations through changes to its budgeting and financial management practices.

Water Rates: The Esparto CSD charges its water customers a flat monthly base rate, and then an additional rate based on water consumption. It is difficult to compare these rates to other special districts, as Esparto CSD is currently the only special district in the area charging for water based on usage. However, charging for water by usage is one of the best methods of ensuring that the costs of operating a water system get passed on fairly to customers.

Wastewater: The Esparto CSD charges a flat residential rate of \$40.5 per month (\$486 annually). This is on the higher end of the wastewater rates at comparable districts (Madison CSD is higher still), but the districts with lower rates have indicated significant struggles with funding their operations. Therefore, the wastewater rates appear to be reasonable and within the range of rates charged by other providers in the County.

Comparison of Wastewater Rates (Residential)		
	Monthly	Annual
Wild Wings CSA	\$20.08	\$241
Knights Landing CSD	\$20.75	\$249
Esparto CSD	\$40.5	\$486
Madison CSD	\$47	\$564

Street Lighting: The Esparto CSD charges a flat rate of \$1.73 per month (\$20.76 annually). This appears to be a reasonable rate for the District, as compared to other Districts that provide a similar street lighting service.

Comparison of Street Lighting Rates		
	Monthly	Annual
Dunnigan CSA	-	\$19
Esparto CSD	\$1.73	\$20.76
Madison CSD	\$2	\$24
Knights Landing CSD	\$3	\$36

- d) The Esparto CSD does not have a long-term infrastructure maintenance and replacement plan. However, the District does maintain several reserve accounts that are used to address maintenance and repair issues as they arise. The reserve accounts provide a cushion in the event that an unexpected infrastructure maintenance issue arises, and the District has indicated that it is currently able to fund all of its near-term infrastructure maintenance issues.

Although it is able to fund its existing infrastructure needs, the District should consider developing a long-term infrastructure plan that identifies and prioritizes all potential future repair needs. This would allow the District to better plan for and fund future repairs and replacements.

- e) The Esparto CSD has a set of financial policies that guide its financial management practices on several topics, including budget preparation, fixed asset accounting control, and investment of District funds. The policies were last revised in February 2000.

LAFCo staff believes it may be helpful for the District to expand its financial policies to cover additional topics, such as debt management, reserve and contingency funds, and payroll practices. Financial policies help to ensure the financial stability of an organization, and the District should work towards documenting all of its financial management practices.

- f) The CSD has outstanding balances on two loans, including a USDA Water Loan (current balance of \$3,149,000) and a USDA Sewer Loan (current balance of \$1,453,000). The District appears to manage its debt responsibly, and the outstanding balance has been consistently paid down each year. Additionally, the District maintains two reserve accounts (one for each loan) to ensure that it is able to continue making its loan payments if unexpected financial issues occur.

Esparto CSD: Financial Ability MSR Determination

The Esparto CSD appears to engage in sound financial management practices, including adopting an annual budget, commissioning independent audits, maintaining a sufficient level of reserve, maintaining a manageable level of debt, and charging a fair rate for its services. However, LAFCo staff does recommend that the District expand its financial policies and develop a long-term infrastructure plan. These recommendations are not based on any issues with the District’s current financial management practices, but rather, are intended to capture and ensure the continued use of the District’s current successful practices.

Recommendations:

- The District should consider developing a long-term infrastructure plan that identifies and prioritizes all potential future repair needs.
- The District should consider expanding its financial policies to cover additional topics, such as debt management, reserve and contingency funds, and payroll practices. Financial policies help to ensure the financial stability of an organization, and the District should work towards documenting all of its financial management practices.

- The District should consider annexing its waste water treatment ponds so that it no longer needs to pay property taxes.

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Are there any shared services and/or shared facility options that may produce economies of scale and/or improve buying power in order to reduce costs?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Are there options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion:

- a-c) The Esparto CSD and Madison CSD share equipment and expertise on an as needed basis. The Esparto CSD has also occasionally shared staff resources with Madison to complete projects. In addition to the sharing that already occurs, the Esparto CSD and Madison CSD (as well as any other special districts in the area) should explore opportunities for shared administrative functions (such as staff, leadership or infrastructure and equipment) to achieve cost savings.

Yolo County also offers pooled purchasing to special districts to improve buying power and reduce costs, which may be an opportunity the CSD could take advantage of for future purchases.

Esparto CSD: Shared Services MSR Determination

The Esparto CSD already shares equipment and occasional staff resources with the Madison CSD. The Esparto CSD could explore further opportunities to share resources or administrative functions with the Madison CSD, or other special districts in the community.

Recommendations

- The Esparto CSD and Madison CSD (as well as any other special districts in the area) should explore opportunities for shared administrative functions (such as staff, leadership or infrastructure and equipment) to achieve cost savings. LAFCo is available to help facilitate these conversations if desired by the CSD.
- The Esparto CSD should consider utilizing the pooled purchasing services offered to special districts by Yolo County to improve buying power and reduce costs.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

Accountability for community service needs, including governmental structure and operational efficiencies.

	YES	MAYBE	NO
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with staff turnover or operational efficiencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is there a lack of regular audits, adopted budgets and public access to these documents?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion:

- a) The Esparto Community Services District is governed by a five-member Board of Directors, which meets on the first Wednesday of every month at 7:00pm in the District Administrative Office. In the past two years the District has had only one Board meeting cancellation due to lack of a quorum. The District seems to be in full compliance with the Brown Act, consistently providing official public notice prior to each meeting. In addition to public Board Meetings, the District offers local access and accountability by maintaining a District website and producing a newsletter to the community that is published in the Valley Voice.
- b) Currently, all five seats on the Board of Directors are filled, and the District handles applications, appointments, elections and resignations to the Board in a timely manner. There appear to be no issues with maintaining board members.
- c) The Esparto Community Services District appears to be administratively stable. The District currently accomplishes its work with four full-time employees, including one General Manager, one Fiscal Services Assistant, and two Utility Operators. Additionally, the District is represented by independent legal counsel when needed, on a time and material basis. The District maintains regular office hours (Monday to Friday from 8:00am-5:00pm) at its District

Office. The District has stated that it is in excellent condition in terms of human resources and materials, and no assistance is needed at this time.

- d) As noted in the finance section, the Esparto CSD performs regular audits in accordance with best practices. Annual budgets and audits are all publicly accessible on the CSD's website.
- e, f, g) In 2001 the Yolo County Board of Supervisors approved the development of three subdivisions in Esparto, which resulted in the need for a special district to provide ongoing maintenance of water detention basins and landscaping/park facilities for the new developments. At that time, the Esparto CSD declined to perform those functions and consequently the Esparto County Service Area (CSA) was formed to provide the services. In January 2005, the Esparto CSA was merged with the Madison CSA to create the Madison-Esparto Regional County Service Area (MERC SA).

The Esparto CSD and MERC SA currently have overlapping boundaries in Esparto, which are creating service inefficiencies. In particular, the districts have reported ongoing conflicts between Esparto CSD (as the water provider) and MERC SA (as the customer) for watering a portion of the landscaped areas in the community, and as a result, a significant portion of public landscaping died during the summer of 2011. The Esparto residents called to complain about the dying landscaping, but due to confusion about which district was responsible for services, often complained to the Esparto CSD rather than MERC SA.

In order to resolve issues with overlapping service boundaries, the Esparto CSD has indicated that they are willing to provide all the municipal services currently provided by MERC SA in the community of Esparto. Esparto CSD has an office in Esparto, is much more accessible to local residents as issues arise, and has local representation on the Board of Directors. Additionally, they are located close to the detention basins, making it easier to open and close the grates as needed due to flooding. However, CSA staff has expressed some concerns regarding the Esparto CSD's expertise and ability to maintain engineered storm detention basins, but LAFCO staff does not share these concerns.

Transferring the Esparto CSA portion of MERC SA over to the CSD would eliminate overlapping boundaries that confuse the public, cause service inefficiencies, and increase the cost of services.

In light of the history of how MERC SA evolved and the change in stance of the Esparto CSD and YCFWCWD on providing the services, LAFCO ~~would~~ recommends that MERC SA be dissolved and transfer the services provided within Esparto to the CSD and all the remaining services to the YCFWCWD.

There has been much discussion over the course of this MSR regarding how the proposed community park and aquatic center in Esparto might be affected by the dissolution of MERC SA.

~~However, In 2012, MERC SA Yolo County was awarded a grant from the California Department of Park and Recreation for the development of the Esparto Community Park and Aquatic Center. The California Department of Parks has indicated that the Esparto CSD is not eligible to receive the grant in place of MERC SA Yolo County. Therefore if the Yolo County decides to accept the grant funds, MERC SA cannot be completely dissolved at this time. Existing services and funding for those services within Esparto should still be transferred to the CSD, but the CSA would have to remain in order to accept the State Parks grant. However Yolo County should consider transferring construction and operations of the Esparto Community Park and Aquatic Center over to the Esparto CSD at the earliest opportunity.~~

In early 2015 MERC SA began a Proposition 218 election process to secure ongoing funding for the maintenance of the park, and the Proposition 218 assessment was approved by the voters on May 19, 2015. **And consequently, on May 19, 2015 the Board of Supervisors approved the Esparto Park Maintenance and Operations Assessment, which is independent of MERC SA.** The

Board of Supervisors is expected to review a complete funding plan for park maintenance and operations during the summer of 2015, and make a final decision regarding whether or not to accept the grant at that time.

After reviewing the grant contract between State Department of Parks and Recreation and Yolo County, LAFCo notes that the grantee is clearly indicated as the "County of Yolo" and not MERCSA and that the May 19, 2015 assessment has been levied by Yolo County and not MERCSA, therefore LAFCo concludes that the pool grant is not tied to MERCSA and can be executed in a different manner to be determined by the County, i.e. as a County Regional Park for example. Therefore, this MSR concludes and recommends that MERCSA can be dissolved without affecting the State Parks Grant Contract.

Esparto CSD: Accountability, Structure and Efficiencies MSR Determination

The Esparto CSD has no issues with its meetings being accessible, publicly noticed and being transparent with its customers. Board seats and staff appear stable with no unusually high turnover apparent. The Esparto CSD's budgets and audits are all available online.

However, there are issues with overlapping agency boundaries between the Esparto CSD and MERCSA in the community of Esparto, which confuses the public, creates service inefficiencies and friction between the two agencies. LAFCo recommends that the Esparto CSD take over all services currently provided by MERCSA within the CSD's territory. Consolidating MERCSA services with the Esparto CSD will increase accountability, create efficiencies, and avoid continued public confusion.

Recommendations

- ~~• If the Board of Supervisors chooses to accept the State Parks grant for the community park and aquatic center, LAFCo recommends that all MERCSA territory except the community park and aquatic center site be detached and reorganized with the Esparto CSD (for the historic Esparto CSA portion of MERCSA) and the YFCWCWCD (for the historic Madison CSA portion of MERCSA). MERCSA should retain its park and recreation functions for that site until the grant has been received, and transfer responsibility for grant management, construction and operation of the pool to the Esparto CSD as soon as practically feasible (either via contracting with the CSD or by dissolving MERCSA altogether and identifying the Esparto CSD as the successor agency). Esparto CSD should take responsibility for landscaping and maintenance of the detention basins in Esparto. YFCWCWCD should take responsibility for the storm drainage maintenance function outside of the Esparto CSD boundaries.~~
- If the Board of Supervisors chooses not to accept the State Parks grant for the community park and aquatic center, LAFCo recommends that MERCSA be dissolved and reorganized with the Esparto CSD (for the historic Esparto CSA portion of MERCSA) and the YFCWCWCD (for the historic Madison CSA portion of MERCSA). Esparto CSD should take responsibility for landscaping and maintenance of the detention basins in Esparto. YFCWCWCD should take responsibility for the storm drainage maintenance function outside of the Esparto CSD boundaries. **This recommendation is predicated on the understanding that MERCSA can be dissolved without affecting the State Parks and Recreation Grant Contract. The County will need to evaluate the issues in greater detail, assess its options and take next steps. LAFCo's recommendation is in no way intended to jeopardize the State Parks and Recreation grant for the Esparto Community Park and Aquatic Center.**
- If the County chooses to move forward with dissolving MERCSA, the Esparto CSD should begin preparing a District Service Plan to determine its staffing, infrastructure and financial needs to provide these additional functions. The District Service Plan will be required by LAFCo in order to consolidate services with the Esparto CSD.

7. OTHER ISSUES

Any other matter related to effective or efficient service delivery, as required by commission policy.

	YES	MAYBE	NO
a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a) LAFCo staff conducted outreach with Esparto CSD staff, Madison CSD staff, MERC SA staff, the District 5 Board of Supervisors Office, and the County Administrator. This outreach did not identify additional service delivery issues that need to be resolved in the MSR.

Esparto CSD: Other Issues Determination

LAFCo staff did not identify any other service delivery issues that need to be resolved in this MSR.

SPHERE OF INFLUENCE STUDY: ESPARTO CSD

On the basis of the Municipal Service Review:

- Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency's SOI is recommended and SOI determinations HAVE NOT been made.
- Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency's SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

SPHERE OF INFLUENCE MAP(S)

Existing and Proposed Sphere

This study proposes that the SOI for the Esparto CSD be expanded to reflect the sphere shown in the map below. The current boundaries and sphere for the Esparto CSD are shown in the map below, as well as the proposed additions to the sphere highlighted in green.

Esparto Community Services District Boundary and Proposed Sphere of Influence Update



Public Review Draft June 2015

POTENTIALLY SIGNIFICANT SOI DETERMINATIONS

The SOI determinations below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages.

- Present and Planned Land Uses
- Need for Public Facilities and Services
- Capacity and Adequacy of Provide Services
- Social or Economic Communities of Interest
- Disadvantaged Unincorporated Communities

1. PRESENT AND PLANNED LAND USES

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

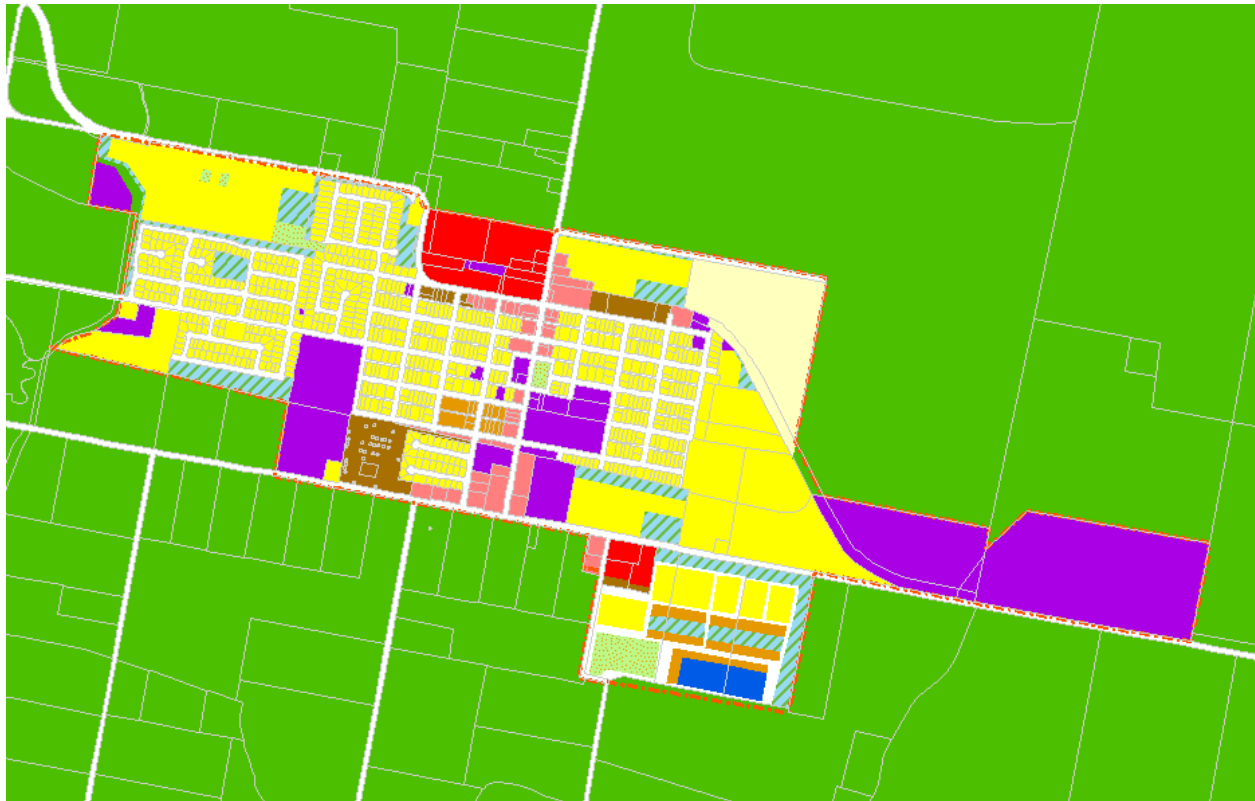
	YES	MAYBE	NO
a) Are there any present or planned land uses in the area that would create the need for an expanded service area?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Would the SOI conflict with planned, orderly and efficient patterns of urban development?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Is there a conflict with the adopted SACOG Metropolitan Transportation Plan/Sustainable Communities Strategy?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Would the SOI result in the loss of prime agricultural land or open space?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Would the SOI impact the identity of any existing communities; e.g. would it conflict with existing postal zones, school, library, sewer, water census, fire, park and recreation boundaries?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any natural or man-made obstructions that would impact where services can reasonably be extended or should otherwise be used as a logical SOI boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Would the proposed SOI conflict with a Census boundary, such that it would compromise the ability to obtain discrete data?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a-c) According to the 2030 Countywide General Plan (2009) Land Use Figure LU-1B (provided below), there is land designated for future development in Esparto that is currently outside of the Esparto CSD’s boundaries and sphere of influence.

Staff recommends that the District’s SOI be aligned with the County’s land use plan. The County recently completed a comprehensive General Plan Update that considered the balance of urban uses and the Regional Housing Needs Allocation with protection of agricultural land. The County’s land use plan is also consistent with SACOG’s Sustainable Communities Strategy.

Esparto General Plan Land Use Map (Land Use Figure LU-1B)



Open Space (OS)	Residential Low (RL)	Commercial Local (CL)	Mineral Resource Overlay (MRO)
Agriculture (AG)	Residential Medium (RM)	Industrial (IN)	Agricultural District Overlay (ADO)
Parks and Recreation (PR)	Residential High (RH)	Public and Quasi-Public (PQ)	Specific Plan Overlay (SPO)
Residential Rural (RR)	Commercial General (CG)	Specific Plan (SP)	Growth Boundaries

d) Of the parcels proposed to be added to the SOI which total approximately 102 acres, 67 acres are already developed with urban uses and 35 acres are classified as prime agricultural land (only 20 acres of which appears to be actively farmed). The proposed SOI represents a logical extension of the existing urban pattern that extends out to existing developed uses. The parcel at 26797 Highway 16 is already developed with the Manas Ranch Custom Meat Market and the proposed SOI area on the eastern side of Esparto extends to the CSD’s existing waste water treatment ponds. The proposed SOI expansion is

already designated for future urban uses by the Yolo County 2030 General Plan as discussed under item a-c) above. Staff recommends placing the territory in the District's sphere of influence, so that the District may choose to annex it at a later date if it wishes. Staff determined that one potential benefit of annexation would be that the District would no longer have to pay property taxes on the land, for which it currently pays a minimal amount. The District may wish to weigh the cost on ongoing property taxes against the cost of annexation fees when determining whether to eventually annex the territories into its boundaries.

- e) The proposed SOI represents a logical expansion of the community of Esparto and would not impact community identity. See also item d) above.
- f) The recommended sphere of influence for the Esparto CSD will not be impacted by any man-made or natural obstructions that would compromise the future extension of services. See also item d) above.
- g) The proposed SOI would not conflict with the boundary of the Esparto Census Designated Place.

Esparto CSD: Present and Planned Land Uses SOI Determination

The Yolo County 2030 General Plan land use map and SACOG's Sustainable Communities Strategy designate land uses for urban development that are currently outside the Esparto CSD's sphere of influence. Expanding the SOI to be consistent would represent a logical and orderly extension of the existing urban pattern. The proposed SOI includes approximately 102 acres total, with 35 of which is classified as prime agricultural land (and 20 acres of which appears to be actively farmed). If this land is developed, future projects will be required to comply with both the Yolo County and LAFCo agricultural mitigation policies.

2. NEED FOR PUBLIC FACILITIES AND SERVICES

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

	YES	MAYBE	NO
a) Would the SOI conflict with the Commission's goal to increase efficiency and conservation of resources by providing essential services within a framework of controlled growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Would the SOI expand services that could be better provided by a city or another agency?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Does the SOI represent premature inducement of growth or facilitate conversion of agriculture or open space lands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Does the SOI conflict with the Regional Housing Needs Analysis (RHNA) or other SACOG growth projections?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

e) Are there any areas that should be removed from the SOI because existing circumstances make development unlikely, there is not sufficient demand to support it or important open space/prime agricultural land should be removed from urbanization?

f) Have any agency commitments been predicated on expanding the agency's SOI such as roadway projects, shopping centers, educational facilities, economic development or acquisition of parks and open space?

Discussion:

a-f) The proposed SOI for the Esparto CSD will create a sphere of influence that is more closely aligned with the planned growth for the Esparto community. The only areas being added to the SOI have already been developed, which is consistent with the Commission's goals of controlled growth and the preservation of open space and agricultural lands.

The areas being added to the SOI would not be better served by another jurisdiction, as Esparto CSD is the only jurisdiction within reasonable proximity that provides similar services. Additionally, LAFCo staff is not aware of any areas that should be removed from the existing SOI, the changes in SOI do not conflict with SACOG growth projections, and no agency commitments have been predicated on expanding the SOI.

Esparto CSD: Need for Public Facilities and Services SOI Determination

The proposed SOI for the Esparto CSD will create a sphere that is more closely aligned with the planned growth for the Esparto community, but does not encourage growth, sprawl or the premature conversion of agricultural or open space lands. Additionally, staff has determined that Esparto CSD is the only jurisdiction within a reasonable proximity to the parcels being added, no areas need to be removed from the SOI, and the changes do not conflict with SACOG growth projections.

3. CAPACITY AND ADEQUACY OF PROVIDED SERVICES

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

	YES	MAYBE	NO
a) Are there any issues regarding water availability and sewer capacity for the proposed SOI territory?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any issues regarding the agency's willingness and ability to extend services?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with the agency's ability to maintain an adequate level of service currently and/or with future extension of services per the proposed SOI?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) There are no issues regarding water and wastewater capacity for the proposed SOI expansion. The territories included in the proposed SOI expansion would not constitute a significant increase in water or wastewater demand, as the majority of the land already contains the District's wastewater treatment ponds.

There is one small section of urban territory in the expanded SOI that might require water and wastewater services if annexed, but the District's existing systems have additional capacity available. The District's water system has a combined capacity of 1,432 gallons per minute (gpm), while the calculated daily average use is only 650 gpm. The District's wastewater system has the capacity to meet the current development, plus an additional 10-15% increase in flow.

- b) The District's General Manager has stated that the District is willing to provide service to the expanded SOI area.
- c) There are no issues with the District's ability to maintain an adequate service level.

Esparto CSD: Capacity and Adequacy of Provided Services SOI Determination

The Esparto CSD has indicated its willingness to provide services to the areas in the proposed SOI, and LAFCo staff has no concerns regarding the District's capacity or adequacy of services. The District provides all of its services at an adequate level, and both its water and wastewater systems have additional service capacity.

4. SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST

The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

	YES	MAYBE	NO
a) Are there any "inhabited unincorporated communities" (per adopted Commission policy) within or adjacent to the subject agency's sphere of influence that are considered "disadvantaged" (same as MSR checklist question 2b)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) As established in section 2b of the MSR, the only inhabited community within or contiguous to the Esparto CSD is the community of Esparto. Esparto has a median household income of \$56,694, which is 92 percent of the statewide median household income of \$61,000. A community is only considered disadvantaged for the purposes of SB 244 if the community has a median household income level at less than 80% of the median statewide income, which means that Esparto is not a disadvantaged unincorporated community.

Esparto CSD: Social or Economic Communities of Interest SOI Determination

There are no social or economic communities of interest within the boundaries and sphere of the Esparto CSD. The only community within or contiguous to the CSD is the community of Esparto, which does not qualify as a disadvantaged unincorporated community for the purposes of SB 244. In addition, the community of Esparto already has municipal water, wastewater and structural fire protection services.

5. DISADVANTAGED UNINCORPORATED COMMUNITIES

For an update of an SOI 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.

	YES	MAYBE	NO
a) Does the subject agency provide public services related to sewers, municipal and industrial water or structural fire protection (same as MSR checklist question 2a)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) If yes, does the proposed SOI exclude any disadvantaged unincorporated community (per MSR checklist question 2b) where it either may be feasible to extend services or it is required under SB 244 to be included?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) As established in section 2a of the MSR, the Esparto CSD provides municipal water and wastewater services to the community of Esparto.
- b) Esparto does not qualify as a Disadvantaged Unincorporated Community for the purposes of SB 244. Esparto has a median household income of \$56,694, which is 92 percent of the statewide median household income of \$61,000. A community is only considered disadvantaged for the purposes of SB 244 if the community has a median household income level at less than 80% of the median statewide income.

Esparto CSD: Disadvantaged Unincorporated Communities SOI Determination

Esparto does not qualify as a Disadvantaged Unincorporated Community for the purposes of SB 244.

MUNICIPAL SERVICE REVIEW: MADISON COMMUNITY SERVICES DISTRICT

AGENCY PROFILE

The Madison Community Services District was formed in 1966 to provide water, wastewater, and park a recreation services to the approximately 503 residents living in the unincorporated community of Madison (US Census, 2010). Additionally, an agreement between the Madison CSD and Yolo County Housing (YCH) was established in 1968 such that the District provides wastewater treatment and domestic water supply services to the Madison Migrant Center operated by Yolo County Housing (YCH). The Migrant Center is located at the District’s eastern boundary, and houses about 300 people during the growing season from April through November each year.

The Madison CSD is governed by a five member Board of Directors, which meets on the second Wednesday of every month at 5:45pm in the District Office. The District is staffed by a ¾-time General Manager and a half-time Secretary/Bookkeeper, as well as two licensed water and sewer operators (contract employees).

The Madison CSD serves approximately 60 acres bounded by Highway 16 on the north and Interstate 505 on the east. The Madison Migrant Center is located outside the District boundaries but within the current SOI. The previous MSR/SOI for the Madison CSD was completed in 2008, and the District’s boundary and sphere of influence have not changed since that time. See the map below for greater detail.

Madison Community Services District Boundary and Sphere of Influence



Public Review Draft June 2015

POTENTIALLY SIGNIFICANT MSR DETERMINATIONS

The MSR determinations checked below are potentially significant, as indicated by “yes” or “maybe” answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most or all of the determinations are not significant, as indicated by “no” answers, the Commission may find that a MSR update is not warranted.

- | | |
|---|---|
| <input type="checkbox"/> Growth and Population | <input checked="" type="checkbox"/> Shared Services |
| <input type="checkbox"/> Disadvantaged Unincorporated Communities | <input checked="" type="checkbox"/> Accountability |
| <input checked="" type="checkbox"/> Capacity, Adequacy & Infrastructure to Provide Services | <input type="checkbox"/> Other |
| <input checked="" type="checkbox"/> Financial Ability | |

1. GROWTH AND POPULATION

Growth and population projections for the affected area.	YES	MAYBE	NO
a) Is the agency’s territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will population changes have an impact on the subject agency’s service needs and demands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will projected growth require a change in the agency’s service boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a-b) According to the U.S. Census Bureau (2010) the unincorporated community of Madison had a population of 503 residents in 2010, with a total of 117 housing units. The CSD also serves the approximately 300 residents of the Madison Migrant Center through an agreement with Yolo County Housing. The California Department of Finance (2013) projects that the unincorporated areas of Yolo County will see a population growth of only 1.04 percent between 2010 and 2015, with an additional 1.06 percent between 2015 and 2020. There are no development proposals for the area currently being processed by the County Planning Division. Therefore, the community of Madison is not expected to experience any significant population growth in the next 5-10 years that will have an impact on the CSD’s service needs and demands.
- c) The 2030 Countywide General Plan (2009) for the community of Madison allows for a potentially significant increase in development adjacent to the Madison CSD boundaries. However, per the General Plan policies a Specific Plan approved by the County would be required prior to any development, which is a significant undertaking. Therefore, development is not anticipated in the five-year MSR horizon.

Madison CSD: Growth and Population MSR Determination

Madison is not expected to experience any significant development or population growth that might impact the District's ability to deliver water, wastewater, or park and recreation services. Therefore, there is no projected growth that would trigger the need for a change in the CSD's service boundary.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

	YES	MAYBE	NO
d) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Are there any "inhabited unincorporated communities" (per adopted Commission policy) within or adjacent to the subject agency's sphere of influence that are considered "disadvantaged" (80% or less of the statewide median household income)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) If "yes" to both a) and b), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community (if "no" to either a) or b), this question may be skipped)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) The Madison CSD provides municipal water, wastewater and park and recreation services to the community of Madison. Municipal water and wastewater are both services that may trigger the provisions of SB 244.
- b) The term "Inhabited Unincorporated Communities" is defined per Commission adopted policy as those areas on the County of Yolo 2030 General Plan Land Use Map (see Figures LU-1B through LU-1H) that contain land use designations that are categorized as Residential by Table LU-6. The communities of Rumsey and West Kentucky are also included in this definition (even though the current land use designations are Agriculture (AG) and Commercial Local (CL) respectively) because their existing uses are residential. These communities are as follows:

Binning Farms	Knights Landing	West Kentucky
Capay	Madison	West Plainfield
Clarksburg	Monument Hills	Willow Oak
Dunnigan	North Davis Meadows	Willowbank
El Macero	Patwin Road	Yolo
El Rio Villa	Royal Oak	Zamora
Esparto	Rumsey	
Guinda		

Madison CSD serves the community of Madison, which is considered an inhabited unincorporated community according to the list above. The US Census Bureau (2012)

indicates that Madison has a median household income of \$32,813, which is only 53 percent of the statewide median household income of \$61,400. A community is considered disadvantaged for the purposes of SB 244 if the community has a median household income level at less than 80% of the median statewide income. Therefore, Madison is considered a disadvantaged unincorporated community (DUC).

- c) The community of Madison is provided municipal water, sewer and structural fire protection services despite its DUC status. The community receives water and wastewater services from the Madison CSD, and fire protection services from the Madison Fire Protection District. Therefore, reorganizing to extend services is not necessary.

Madison CSD: Disadvantaged Unincorporated Communities MSR Determination

The Madison CSD provides municipal water and wastewater services to the inhabited unincorporated community of Madison, which is considered a disadvantaged unincorporated community (DUC) because its median household income (\$32,813) is lower than 80% of the statewide median household income (\$61,400). However, the community is fully served with municipal water, sewer services and structural fire protection, and therefore the provisions of SB 244 do not apply.

3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

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.

	YES	MAYBE	NO
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency's sphere of influence?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a-d) Madison CSD provides three municipal services (domestic water, wastewater and park and recreation) to the residents of Madison.

WATER: The Madison CSD provides domestic water services to the community of Madison and seasonally to the residents of the Madison Migrant Center. The water system serves 15 fire hydrants, 239 residential connections (93 are seasonal), and 9 commercial connections (1 is seasonal).

According to the Madison CSD Facility Master Plan (2011), the CSD's domestic water supply and distribution system was constructed in the 1960's and consists primarily of 6-inch diameter pipes made of transite. The system has three wells (Park Wells 1, 2, and 3). Park Well 3 is the primary well with a production rate of 500 gallons per minute (gpm). Park Well 1 is used as the back-up well with a production rate of 450 gpm. Park Well 2 is considered an emergency back-up well due to sand infiltration problems, and is only capable of approximately 110 gpm.

Water Adequacy: LAFCo staff is not aware of any adequacy issues with the District's water services. The CSD reports that the system is providing adequate services to residents, and LAFCo staff has not heard of any complaints that contradict this finding.

Water Capacity: The only capacity issue with the Madison CSD water system relates to fire flows. The most recent fire flow test was completed prior to the construction of Well 3 in 2010 and found that the system did not meet the state mandated 1,500 gpm (residential) and 2,500 gpm (commercial) fire flow requirements. The addition of Well 3 was expected to accommodate the residential requirement of 1,500 gpm, but not without significant damage to the transite pipes. The system is not capable of meeting the commercial fire flow requirements. In order to address this issue, the Madison Fire Protection District has arrangements for a cooperative response from the neighboring Esparto Fire Protection District, and also has arrangements for the provision of water tanker trucks to provide additional flows when needed.

Overall, the Madison CSD has sufficient water capacity to meet current demands, but is not able to meet state mandated fire flow requirements.

Water System Infrastructure Needs: The 2011 Facility Master Plan reports that the Madison CSD water system's transite pipe distribution network is prone to water main breaks and leaks, with approximately four to six major breaks per year. The system is also unable to meet state mandated fire flow requirements, as discussed previously. The system requires several near-term improvements to address these issues, including replacement of the transite water main pipes, upsizing of the existing water mains from 6-inch to 12-inch, and the addition of a 0.25 MG storage tank. The District also hopes to add water meters to all connections in order to more accurately charge for water usage.

The CSD has developed a cost estimate for pipeline replacement and upsizing, adding water meters to all homes, and adding additional water storage. The estimate for the work is \$4,544,527. See Appendix A for the full cost estimate. The CSD does not currently have the funding necessary to conduct these improvements, but plans to pursue possible grant sources.

WASTEWATER: Madison CSD provides wastewater collection and treatment services for the community of Madison. According to the 2011 Facility Master Plan the existing collection system consists of 6-inch and 8-inch vitrified clay pipe that was constructed in the 1960's, which flows by gravity to a treatment pond system. The treatment system consists of four facultative ponds located on a 14-acre property, and a submersible pump lift station with a 120 gpm

pump and a 4-inch diameter discharge line. In recent years the District has updated the system's headworks, added new wetwell grinder pumps, and installed new flowmeter monitoring equipment, a high water alarm, and a hookup for a generator.

Wastewater Adequacy: The District's wastewater system has a long history of compliance issues with the Central Valley Regional Water Quality Control Board. In 2000 the CSD was placed under two compliance orders, including Waste Discharge Requirements (WDR) Order 5-00-039 and Amended Cease and Desist Order (CDO) No. 94-062, due to numerous adequacy issues identified by the Water Board. The District received a Notice of Violation (NOV) on three separate occasions between 2000 and 2007, and was unable to comply with many of the requirements outlined in its CDO during that period. In 2007 the District was issued another CDO (Time Schedule and Cease and Desist Order R5-2007-0020) due to non-compliance with previous orders.

In June 2014 the District received a new NOV for failure to comply with its most recent CDO. Staff from the Water Quality Control Board conducted a site visit of the wastewater treatment facility in March 2014 that was spurred by reports of low dissolved oxygen concentrations and pH exceedences, and issued a NOV following the visit.

During the site visit Water Board staff reported that the facility appeared to be well operated and maintained. The report indicated that many of the upgrades required in the 2007 CDO had been completed; including upgrades to the facility headworks, lift station, pond berms and electrical system. However, an NOV was issued because the CSD did not file Quarterly Progress Reports or a report certifying that the necessary improvements have been completed, as required by the CDO. The CSD staff worked with the Water Board on resolving these issues, and has now presented all past due reports and continues to remain current on the required Quarterly Reports.

In addition to the issues with the Water Quality Control Board, the CSD has received complaints during the summer of 2014 from Yolo County Housing (YCH) regarding odors emanating from the ponds located near the Madison Migrant Center. YCH staff has indicated that residents were unable to use their water coolers or open their windows in the evening due to the smells. District staff stated that the odors were caused by several factors, including unusually high temperatures, limited water supply in the ponds due to the drought, and some work being conducted on the ponds that required low water levels. When the ponds have low water levels the wastewater is more concentrated, which causes a stronger than usual odor. Following complaints from YCH the District Manager drained the pond nearest the Migrant Center by transferring water into an adjacent pond to temporarily resolve the issue. The work that caused the original odor issues has now been completed, and YCH staff has indicated that there are no current odor issues. However, odor problems typically occur during the hot season, so the District will monitor for any additional odor issues during the summer of 2015.

Wastewater Capacity: The CSD's wastewater system has the capacity to serve the current demand and additional infill development in the area, but would require significant upgrades to serve the build-out as envisioned in the General Plan. Additionally, a Cease and Desist Order filed by the Central Valley Regional Water Quality Control Board in 2007 (to be discussed in further detail in section D) mandates that the District may not serve more than an additional 4 connections until the order is rescinded or revised, which has not yet occurred. This issue will have to be resolved before the District can expand its wastewater services. However, this MSR has determined that significant near-term growth in the community of Madison is unlikely, and staff does not expect to be an issue in the 5-year MSR horizon.

Wastewater System Infrastructure Needs: The 2011 Facility Master Plan reports that the Madison CSD's wastewater collection system has very few repair or maintenance

requirements, but has historically had issues with the infiltration of ground water and inflow of storm water into the collection system, which burdens the system. In order to identify the cause of these issues, the CSD conducted a smoke test on the system to identify any potential leaks or openings that would allow infiltration. The test did not identify any points of entry. Additionally, the CSD added manhole liners to each manhole, and annually inspect the liners for any issues. Based on this work, the CSD believes that the system itself does not have any infiltration issues, and that infiltration actually occurs due to residents removing the manhole covers to drain flood water. The CSD is working to educate residents regarding how this negatively impacts their wastewater system.

PARK AND RECREATION: The Madison CSD maintains and operates one park within the community of Madison. The park is approximately 1.5 acres and is adjacent to the Madison High School. The park facilities include children's playground equipment, several picnic tables and a soccer field with goals.

Park and Recreation Adequacy and Infrastructure Needs: LAFCo staff is not aware of any adequacy issues or infrastructure needs with the District's public park.

Park and Recreation Capacity: The 2030 Countywide General Plan Policy PF-3.1 establishes a service threshold of 5 acres of community park per 1,000 people in each unincorporated town. Madison CSD's park and recreation function serves more than 500 residents of Madison with only 1.5 acres of community park, and therefore, does not meet this threshold. Therefore, the County General Plan Action Items indicate that all new development shall be required to provide "turnkey" community parks at the required standard, as well as to identify the funding source for ongoing maintenance of the parks. If the County moves forward with development in Madison all of these issues will need to be addressed in the future Specific Plan and development agreements.

- e) The California Department of Public Health (CDPH) has been in the process of adopting a hexavalent chromium maximum contamination level (MCL) of 0.010 mg/l for drinking water, which went into effect on July 1, 2014 (CDPH, 2014). The regulations require that all applicable public water systems initiate monitoring for hexavalent chromium by January 1, 2015, and a result exceeding the MCL could trigger quarterly monitoring requirements. The CSD conducted the initial test in December 2014, and there were no issues with hexavalent chromium. The CSD will conduct another test in December 2017.
- f) As discussed in the Disadvantaged Unincorporated Communities section (determination #2), Madison does qualify as a DUC. However, the community already has access to water, sewer and structural fire protection services.

Madison CSD: Capacity and Adequacy of Public Facilities and Services MSR Determination

LAFCo has no concerns regarding the adequacy of the Madison CSD's domestic water and park and recreation services. Staff did identify two adequacy issues with the wastewater treatment facility during the MSR process, including compliance issues with the Central Valley Regional Water Quality Control Board and odor issues that impact the nearby Madison Migrant Center. The CSD staff was active and responsive in addressing both issues, and staff believes that the wastewater system is performing adequately at this time.

With regards to capacity, the CSD's water system has sufficient capacity to meet current demands but is not able to meet state mandated fire flow requirements; the wastewater system has the capacity to meet the current demand for service with no adjustments; and although the park and recreation function does not currently meet the Yolo County community park standard of 5 acres per 1,000 residents (currently 1.5 acres for 503 residents), future development will be responsible for helping to achieve these standards, not the Madison CSD. No increased demand

for service/capacity is anticipated over the five-year MSR horizon that will significantly impact the CSD's service delivery.

The CSD's domestic water system requires near-term improvements, including replacement and upsizing of the transite water pipes, the addition of water meters at every connection, and the addition of a 0.25 MG storage tank at the domestic water facility.

Recommendations:

- The District should continue working with the Central Valley Regional Water Quality Control Board to remain in compliance with water quality standards, and to meet the terms of the Cease-and-Desist Order.
- The District should continue monitoring odor levels at the wastewater treatment ponds, and mitigate any issues that arise.
- The District should implement as funding allows the suggested improvement in the Madison CSD 2011 Facility Master Plan (including replacement and upsizing of the transite water pipes at the water facility, and adding a 0.25 MG storage tank at the water facility).

4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

	YES	MAYBE	NO
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Is the organization's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Is improvement needed in the organization's financial policies to ensure its continued financial accountability and stability?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Is the organization's debt at an unmanageable level?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Discussion:

- a) The Madison Community Services District routinely adopts and operates an annual budget with a budget cycle of July 1 through June 30. The budget is prepared by the District Bookkeeper, the General Manager is offered an opportunity to provide comment regarding upcoming infrastructure needs, and then the budget is reviewed and adopted by the Board of Directors. All revenues for the District are collected by the County of Yolo, which in turn administers the District's payroll and pays its bills.

The CSD should be receiving an independent audit every two fiscal years (FYs), but is currently behind on its audits. The last audit available for the CSD was from FYs 04/05 and 05/06. Independent audits are an important part of ensuring the financial health of an organization, and LAFCo recommends that the District prioritize getting caught up on its audits.

The table below provides a summary of the District's budgets from Fiscal Year (FY) 09/10 to 13/14. The District's most significant revenue source is charges for services, which have remained relatively stable over the five year period reviewed. The District's major expenditure categories include salaries and benefits, services and supplies, and fixed assets. The District's expenditures have fluctuated over the five year period from a low of \$211,417 to a high of \$309,014, depending largely on the unpredictable costs of supplies and fixed assets.

Madison Community Service District Budgets					
	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues:					
Charges for Services	224,525.84	226,003.88	226,937.76	224,495.10	229,797.65
Investment Earnings	1,957.71	1,122.85	965.65	820.39	958.09
Other	70,000.00	8,640.22	159,006.31	59.92	500.00
TOTAL REVENUES	296,483.55	235,766.95	386,909.72	225,375.41	231,255.74
Expenditures:					
Salaries and Benefits	89,900.95	90,015.55	91,997.98	89,618.39	93,935.69
Services and Supplies	117,132.94	118,761.60	167,070.03	89,445.28	98,594.86
Fixed Assets	91,109.07	1,678.19	0.00	0.00	0.00
Other Charges	10,872.00	9,917.00	23,294.49	34,904.94	18,886.64
TOTAL EXPENDITURES	309,014.96	220,372.34	282,362.50	213,968.61	211,417.19
<i>Revenues Less Expenditures</i>	<i>-12,531.41</i>	<i>15,394.61</i>	<i>104,547.22</i>	<i>11,406.80</i>	<i>19,838.55</i>
SOURCE: County of Yolo Budget and Revenue Status Reports					
*These numbers do not include depreciation.					

In addition to its traditional funding sources, the Madison CSD has been relatively successful in the past at securing grants and donations to fund some of its maintenance needs. The table below provides an inventory of the various grants and donations that the CSD has received since 2008.

Madison CSD Grants and Donations (FY 08/09-FY 13/14)		
Awarding Party	Amount	Purpose
Yocha Dehe Wintun Nation	\$16,000	Park improvements: Concrete, park benches, stationary picnic tables
Yolo County	\$40,000	Madison CSD Master plan
Capay Valley Rotary	\$5,000	Back-up generator transfer switch for Park Well # 3
Esparto Lions Club	\$3,000	Portable soccer goals

- b) The District does not maintain a separate reserve account for emergencies. However, the District does have approximately \$125,000 in unused fund balance that operates much like a

reserve. The District Manager does not intend to spend this money except in the event of an emergency, and tries to add a small amount to this balance each year. Additionally, the District's annual budget includes a \$5,000 contingency set-aside for unexpected operating costs.

Maintaining a combined reserve and contingency of \$130,000 is well within the financial management best practices on reserves, which suggest that an agency should have approximately 5-20% of its total budget held in contingency or reserve for unexpected events. However, LAFCo staff believes there are several ways in which the District could strengthen its reserve practices. First, the District has several significant and costly infrastructure upgrades to plan for in the future, and may benefit from developing two separate reserves (one for unexpected events and one meant to save for significant upcoming infrastructure upgrades). Second, the District may wish to develop a dedicated (interest earning) reserve account, rather than keeping the funds in the fund balance. Finally, the District may wish to adopt a formal reserve policy, which would provide guidance to the General Manager and Board of Directors on how and when to spend reserve dollars.

- c) The table below provides a description of the District's fee schedule for the upcoming fiscal year, which provides the majority of the District's revenues. The District has the discretion to raise its rates annually by a minimal amount (under 3%), as long as it properly notices its customers in advance. In order to raise the rates sufficiently to fund the large-scale repair projects that will be needed in upcoming years, the District will need to conduct a Proposition 218 election. However, the District has concerns about how a significant rate increase might impact the community, as the median income in the Madison community is only 53 percent of the state median. A large rate increase would be a great burden to customers.

Madison CSD Rate Schedule (2015)					
Type of Resident	Breakdown of Monthly Fees			Total Monthly Fees	Total Annual Fees
	Water	Sewer	Lights		
Residential	\$36	\$47	\$2	\$85	\$1,020
Tier 1 Commercial	\$43	\$55	\$2	\$100	\$1,200
Tier 2 Commercial	\$85	\$110	\$2	\$197	\$2,364
Schools	-	-	-	\$151	\$1,812
Miscellaneous	-	-	-	Discretion of Board	Discretion of Board
Outside Water Sales	-	-	-	Discretion of Board	Discretion of Board
Shut Off/Reconnection Fee: \$50/ Returned Check Fee: \$40/ Late Fee: 8% of Balance Due					

Water Rates: The CSD charges its water costumers a flat residential rate of \$36 per month (\$432 annually). This is one of the lowest water charges among Yolo's special districts, and is not sufficient to meet the District's upcoming infrastructure needs (such as upsizing of the water mains and the installation of water meters).

Comparison of Water Rates (Residential)		
	Monthly	Annual
Knights Landing CSD	\$20.75	\$249
Madison CSD	\$36	\$432
Cacheville CSD	\$55	\$660
Wild Wings CSA	\$76	\$911

The District has also expressed an interest in installing meters on all its connections so it can charge by volume, which is an effective way of ensuring that the costs of operating and

maintaining the water system are passed on fairly to users, and also encourages customers to conserve water. However, District staff has stated that installing meters is very expensive, and is cost prohibitive for the District at this time. LAFCo is supportive of charging for water by usage, and encourages the District to develop a long-term financing plan for the installation of water meters.

Sewer: The CSD charges a flat residential rate of \$47 per month (\$564 annually), which is the highest wastewater rate among local districts providing this service. The District's rate is only slightly higher than Esparto CSD. The two districts with much lower rates (Knights Landing CSD and Wild Wings CSA) have both indicated that they struggle with insufficient funds to provide services due to their low rates. Therefore, the District's rates appear to be reasonable for the service it provides.

Comparison of Wastewater Rates (Residential)		
	Monthly	Annual
Wild Wings CSA	\$20.08	\$241
Knights Landing CSD	\$20.75	\$249
Esparto CSD	\$40.5	\$486
Madison CSD	\$47	\$564

Street Lighting: The CSD charges a flat rate of \$2 per month (\$24 annually). This appears to be a reasonable rate for the District, as compared to other Districts in the area, which all have similar rates.

Comparison of Street Lighting Rates		
	Monthly	Annual
Dunnigan CSA	-	\$19
Esparto CSD	\$1.73	\$20.76
Madison CSD	\$2	\$24
Knights Landing CSD	\$3	\$36

Rates at the Madison Migrant Center: The District has had ongoing disagreements with Yolo County Housing (YCH) regarding the rates at the Madison Migrant Center. The District charges the Migrant Center the same rate per connection (year round) as it does for its other customers. However, YCH has expressed that they only operate the Center seasonally, and believe they should only pay for services when the Center is operating. The District has argued that the costs associated with maintaining the system are year-round, regardless of whether the services are being used year-round.

YCH has expressed that paying the existing rates is a challenge given their limited funding, and they may pursue other options for water and wastewater services if the issues continue. Revenues from the Migrant Center account for approximately 40 percent of the CSDs funding, and if those revenues were lost it would be very difficult for the District to continue operating.

- d) The District does not have an established long-term infrastructure replacement schedule included in its budget, although it does include estimated repairs and maintenance costs for the FY in each annual budget.

The District conducts a steady stream of upgrades and repairs, and each year selects a priority upgrade or repair project that can be completed within the operating budget,

ranging in price from \$5,000 to \$50,000. This is a promising fiscal practice as this routine maintenance will make it less likely that the District will have to accommodate a sudden repair project that has not been planned for in the budget. However, should a larger and more expensive repair problem arise, such as the replacement of the existing water delivery pipes and water storage tanks that the District has stated may soon become necessary, the District has expressed that it will be unable to fund the project and will need to seek additional funding via grants, assistance, or increased revenues.

The District might consider developing a long-term infrastructure plan that identifies all potential future repair needs in order to prioritize which repairs to make and how to expend the District's limited resources. Additionally, the District should consider becoming a member of the California Special Districts Association in order to remain updated on potential funding opportunities for infrastructure upgrades. The District has indicated that this suggestion was also made by its legal counsel, and the CSD will be joining the Association in the next FY.

- e) The Madison CSD has not adopted financial policies to guide its financial management practices. LAFCo encourages the District to develop financial policies, which are helpful in ensuring the financial stability of an organization. At a minimum, the District should adopt financial policies on its budget preparation process, reserve and contingency practices, and debt management practices.
- f) The Madison CSD has taken a total of \$126,051 in loans from the County of Yolo. It appears that the current monthly cost of loan repayment is a burden to the CSD given its current financial struggles, and the District should avoid taking further loans if possible. The loan details are described in the table below.

Madison CSD: Outstanding Loans from Yolo County						
	Reason	Agreement Date	Amount	Term	Deferment Period	Anticipated Payment
Loan 1	Engineering Study	5/13/03	\$15,300	15 year loan at 3% simple interest	5/03-4/06	\$126.65
Loan 2	Drilling New Well	8/5/03	\$35,751	15 year loan at 3% simple interest	8/03-7/06	\$295.94
Loan 3	Improvements of Treatment Ponds	11/2007	\$75,000	30 year loan at 3% simple interest	11/07-11/12	\$355.66
Total Amount:			\$126,051	Monthly Payment:		\$778.25

Following the deferment periods of loans 1 and 2 the District was unable to begin making payments until July 2011. To maintain the terms of the loan, the District has agreed to continue making the expected payments until the end of the loan term, at which point the District is expected to make a balloon payment for the unpaid balance accrued during the time the district was not making payments. This would be a significant cost given the size of the District's budget, and it will be necessary for the District to either begin placing funds in reserve for this future expense, or re-negotiate the terms of the loan with the County.

Madison CSD: Financial Ability MSR Determination

The Madison CSD appears to engage in sound financial management practices, such as adopting an annual budget and maintaining a sufficient level of reserve. However, the District's current rate structure is not sufficient to fund several near-term infrastructure improvement projects. The District has expressed that it needs to raise its rates, but has concerns about how a

significant rate increase might impact the community, as the median income in the Madison community is only 53 percent of the state median.

Recommendations:

- The District might consider conducting a Proposition 218 election to raise its rates (particularly for its water service), in order to provide it with a funding stream sufficient to conduct the necessary maintenance and repairs to its systems. The Madison CSD should consult with its legal counsel (County Counsel’s Office) to discuss options.
- The District should get caught up on its overdue audits, and ensure that independent audits are conducted on a regular basis moving forward, to monitor the financial health of the organization.
- LAFCo encourages the District to develop financial policies, which are helpful in ensuring the financial stability of an organization. At a minimum, the District should adopt financial policies on its budget preparation process, reserve and contingency practices, and debt management practices.
- The District should consider developing a dedicated (interest earning) reserve account, rather than keeping its reserve funds in the fund balance.
- The District has several significant and costly infrastructure upgrades to plan for in the future, and may benefit from developing two separate reserves (one for unexpected events and one meant to save for significant upcoming infrastructure upgrades).
- The District might consider developing a long-term infrastructure plan that identifies all potential future repair needs in order to prioritize which repairs to make and how to expend the District’s limited resources. This plan should specifically address the long-term funding need for the installation of water meters.
- The District should become a member of the California Special Districts Association (CSDA) in order to have resources to obtain financial policy templates that reflect best practices, remain updated on potential funding opportunities for infrastructure upgrades.

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Are there any shared service and/or shared facility options that may produce economies of scale and/or improve buying power in order to reduce costs?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Are there options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion:

a-c) The Madison CSD and Esparto CSD share equipment and expertise on an as needed basis. The Esparto CSD has also occasionally shared staff resources with Madison to complete projects. The Madison CSD also utilizes bill collection, payroll and accounting services provided by the Yolo County Auditor's Office to handle its finances.

In addition to the sharing that already occurs, the Esparto CSD and Madison CSD (as well as any other special districts in the area) should explore opportunities for shared administrative functions (such as staff, leadership or infrastructure and equipment) to achieve cost savings.

Yolo County also offers pooled purchasing to special districts to improve buying power and reduce costs, which may be an opportunity the CSD could take advantage of for future purchases.

Madison CSD: Shared Services MSR Determination

The Madison CSD already borrows equipment and occasional staff resources with Esparto CSD as needed. The CSD might also explore shared administrative functions with other special districts located in the Esparto and Madison area to increase efficiency.

Recommendations

- The Esparto CSD and Madison CSD (as well as any other special districts in the area) should explore opportunities for shared administrative functions (such as staff, leadership or infrastructure and equipment) to achieve cost savings. LAFCo is available to help facilitate these conversations if desired by the CSD.
- The Madison CSD should consider utilizing the pooled purchasing services offered to special districts by Yolo County to improve buying power and reduce costs.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

Accountability for community service needs, including governmental structure and operational efficiencies.

	YES	MAYBE	NO
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Are there any issues with filling board vacancies and maintaining board members?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with staff turnover or operational efficiencies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Is there a lack of regular audits, adopted budgets and public access to these documents?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?

g) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?

Discussion:

a) The Madison Community Services District is governed by a five-member Board of Directors, which meets on the second Wednesday of every month at 5:45 pm in the District's Administration Building.

California State law (AB 1234) requires that members of the "legislative body" (or Board) of an agency receive ethics training every two years during their tenure, including training of the Brown Act. The CSD Board recently adopted a Board Training Policy to ensure that they remain in compliance with State law, which requires that members participate in ethics training within one year of taking office and every two years thereafter. Following adoption of the new Board Training Policy two CSD Board members are not in compliance with the policy. Ethics training is an important responsibility of any local official, and LAFCo staff recommends that all Board members immediately catch up on their required training, and then remain in compliance with the adopted policy.

b) Currently, all five Board seats are filled, and the District has reported no difficulty with filling seats when they become vacant. Additionally, the Board reports no canceled meetings in the past year due to quorum issues.

c) The District is staffed by two part-time employees, including one Manager and one Bookkeeper/Secretary. The District also employs two contract employees, who are supervised by the District Manager.

The District is currently working to address some structural issues relating to staffing and finance. Historically, the Secretary/Bookkeeper position has worked from home, and has reported directly to the Board of Directors rather than the General Manager. This left the General Manager with little authority to implement fiscal policy and structural changes within the organization. This structure has caused friction between employees and Board; uncertainty regarding which staff members is responsible for which administrative activities; and difficulty in ensuring accountability. For instance, the District Bookkeeper creates the budget and presents it to the Board with little input from the General Manager, despite the reality that the General Manager has to find ways to operate within that budget throughout the year.

The District has participated in ongoing discussions regarding this issue, and has engaged its legal counsel in the process. Recently the Board was asked to vote on the issue, and it was determined that the General Manager should have all authorities generally associated with a General Manager position. However, the CSD has indicated that it still expects some friction and resistance as the organization adjusts to this new structure. LAFCo supports an organization hierarchy where the District Bookkeeper reports directly to the General Manager to promote operational efficiency.

d) As noted in the finance section, the Madison CSD has not had an independent audit since FY 05/06. Independent audits are an important part of ensuring the financial health of an

organization, and LAFCo recommends that the District prioritize getting caught up on its audits.

The District does not currently provide community outreach in the form of a newsletter or website as the District feels that this outreach is not necessary in such a small community, where the District's limited staffing and financial resources can be put to better use. However, the District has expressed that it would like to develop a website as new growth in the District comes to fruition. Additionally, the District states that its staff deals with most public concerns and communications on a daily basis.

- e) As discussed in Section 5, the District could explore opportunities to reduce costs by sharing administrative functions with the Esparto CSD, or other special districts in the area.
- f-g) The Madison CSD and MERCSA currently have overlapping boundaries in Madison, which has resulted in some confusion for the public regarding which agency is responsible for which functions. In particular, Madison CSD has expressed concerns over the level of storm drainage maintenance occurring in the Madison area, as they hear complaints from residents regarding this issue. In the MERCSA discussion included in this MSR, LAFCo is recommending that the YFCWCDC take responsibility for the storm drainage maintenance functions for what used to be the Madison CSA area. This may not completely resolve public confusion over which local agency is performing the storm drainage maintenance, but it will promote operational efficiency by giving these services to the agency best equipped to perform and manage them.

Madison CSD: Accountability, Structure and Efficiencies MSR Determination

The Madison CSD has no issues with its meetings being accessible or publicly noticed. Board seats and staff appear stable, and the District is able to deal with public concerns and communications on a daily basis. The District's budgets and audits are available to the public at the District office.

The District has expressed that there are issues with overlapping agency boundaries between the Madison CSD and MERCSA in the community of Madison, which confuses the public and creates service inefficiencies, particularly with regards to MERCSA's storm drainage function in the area. LAFCo is recommending that the storm drainage function be transferred to the YFCWCDC.

Recommendations

- The District should consider developing a website for communication with the public, as time and resources allow.
- The District should explore opportunities to reduce costs by sharing administrative functions with the Esparto CSD, or other special districts in the area.
- LAFCo staff recommends that all Board members immediately catch up on their required training (if currently not in compliance) and then remain in compliance with the adopted policy on an ongoing basis.

7. OTHER ISSUES

Any other matter related to effective or efficient service delivery, as required by commission policy.

	YES	MAYBE	NO
a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a) LAFCo staff conducted outreach with Esparto CSD staff, Madison CSD staff, MERCSA staff, the District 5 Board of Supervisors Office, and the County Administrator. This outreach did not identify additional service delivery issues that need to be resolved in the MSR.

Madison CSD: Other Issues Determination

LAFCo staff did not identify any other service delivery issues related to the Madison CSD that need to be resolved in this MSR.

SPHERE OF INFLUENCE STUDY: MADISON CSD

Madison CSD Existing Boundary and Sphere of Influence

The current boundary and sphere of influence for the Madison CSD are as reflected in the map below. No sphere of influence update is recommended with this review.



The 2030 Countywide General Plan (2009) Land Use Figure LU-6 (shown on the next page) would allow for development of a Specific Plan outside the CSD's sphere of influence. However, a Specific Plan approved by the County Board of Supervisors would be required which would include a master plan and environmental review prior to any development. Therefore, a SOI Update is not recommended at this time. LAFCo can evaluate the demand for a sphere of influence update for the next review in approximately five years.

Madison General Plan Land Use Map (Land Use Figure LU-6)



On the basis of the Municipal Service Review:

- Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency's SOI is recommended and SOI determinations HAVE NOT been made.
- Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency's SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

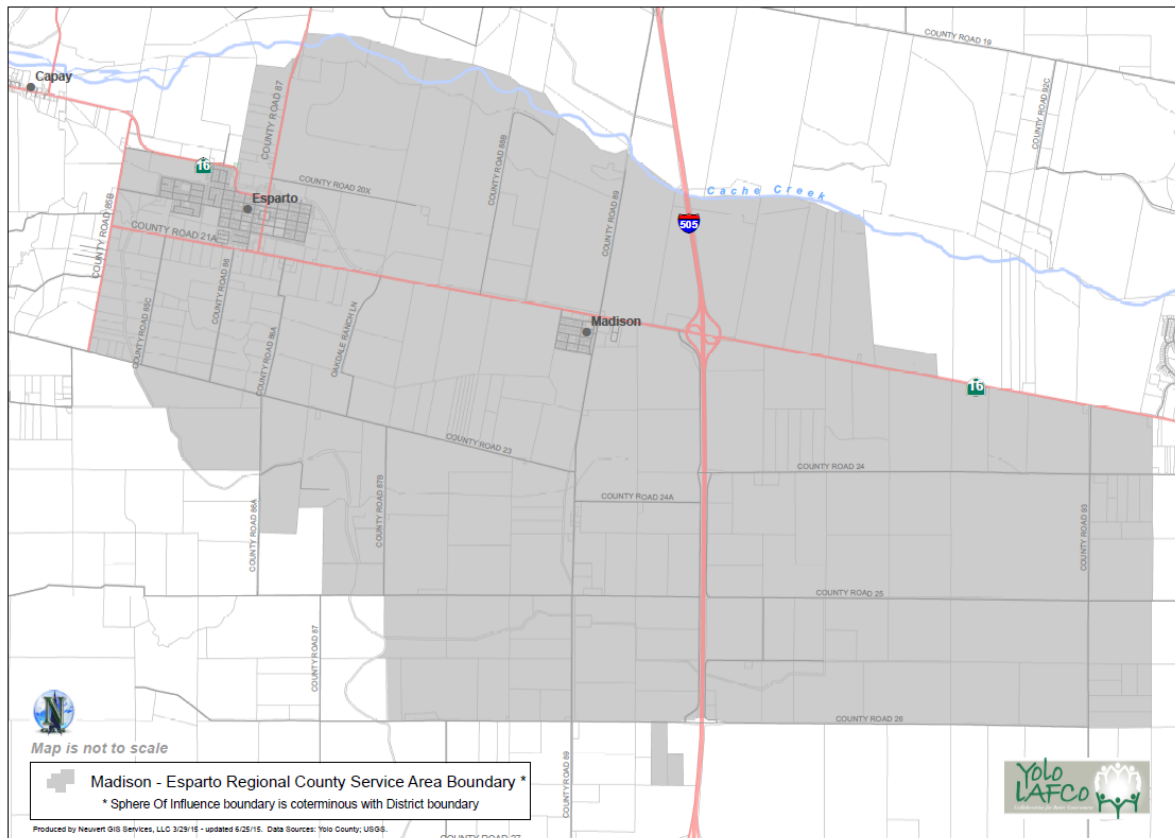
MUNICIPAL SERVICE REVIEW: MADISON-ESPARTO REGIONAL COUNTY SERVICE AREA

AGENCY PROFILE

The Madison-Esparto Regional County Service Area was formed in 2005 through the consolidation of the Madison County Service Area and the Esparto County Service Area. The Esparto County Service Area (CSA) was formed in 2001 to provide storm drainage, erosion control and park and recreation services in the town of Esparto; and the Madison CSA was formed in 2002 to provide storm drainage and erosion control services. In 2005 the two CSAs were consolidated into MERCSA to provide more efficient financial and organizational management, and combined have the powers from both agencies. However, the County still maintains separate funds and budgets per the old Esparto and Madison CSAs.

The Yolo County Board of Supervisors governs MERCSA, and receives recommendations from a seven member advisory committee composed of local Madison and Esparto residents who are appointed to the committee by the Board of Supervisors. As directed by California Government Code Section 25212.4, the advisory committee's role is to provide advice to the Board regarding the services and facilities of the CSA, but it is not within the authority of the advisory committee to make decisions, manage, or direct the delivery of services and facilities. The CSA is staffed by the Department of Planning, Public Works, and Environmental Services (PPWES), and is billed for the staff time of the CSA Coordinator, finance staff, and County legal counsel when such

Madison-Esparto Regional County Service Area Boundary and Sphere of Influence



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services are utilized.

MERCSA is located in the southwest quadrant of Yolo County, encompassing the communities of Esparto and Madison. Cache Creek generally forms the northern boundary of the District, with County Road 26 generally forming the southern boundary. County Roads 85B and 93 form the approximate western and eastern boundaries, respectively. Highway 16 is the only major road in the area, and most of the residents are concentrated in the towns of Madison and Esparto.

Since its formation, MERCSA has successfully completed one annexation, adding an additional 43 acres into its territory. MERCSA's sphere of influence is coterminous with its current boundaries. See the map for greater detail.

POTENTIALLY SIGNIFICANT MSR DETERMINATIONS

The MSR determinations checked below are potentially significant, as indicated by "yes" or "maybe" answers to the key policy questions in the checklist and corresponding discussion on the following pages. If most or all of the determinations are not significant, as indicated by "no" answers, the Commission may find that a MSR update is not warranted.

- Growth and Population Shared Services
- Disadvantaged Unincorporated Communities Accountability
- Capacity, Adequacy & Infrastructure to Provide Services Other
- Financial Ability

1. GROWTH AND POPULATION

Growth and population projections for the affected area.	YES	MAYBE	NO
a) Is the agency's territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Will population changes have an impact on the subject agency's service needs and demands?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Will projected growth require a change in the agency's service boundary?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a-b) MERCSA serves the unincorporated communities of Madison (with a population of 503) and Esparto (with a population of 3,108). The California Department of Finance (2013) projects that the unincorporated areas of Yolo County will see a population growth of only 1.04 percent between 2010 and 2015, with an additional 1.06 percent between 2015 and 2020. The communities of Madison and Esparto are expected to experience only a small level of

population growth in the foreseeable future, which is unlikely to significantly impact the District's boundaries or ability to provide services.

- c) The 2030 Countywide General Plan (2009) allows for a significant increase in residential units as well as commercial and industrial growth in both the communities of Madison and Esparto. However, there are no near term development plans in either community and this MSR assumes no development that would require a boundary change for the District in the foreseeable future.

MERC SA: Growth and Population MSR Determination

At this time the communities of Madison and Esparto are not projected to experience any significant development or population growth that might impact MERC SA's ability to deliver storm drainage or park and recreation services. There are no development plans in MERC SA's territory at this time, and this MSR assumes no development in the foreseeable future.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

	YES	MAYBE	NO
a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Are there any "inhabited unincorporated communities" (per adopted Commission policy) within or adjacent to the subject agency's sphere of influence that are considered "disadvantaged" (80% or less of the statewide median household income)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) If "yes" to both a) and b), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community (if "no" to either a) or b), this question may be skipped)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) MERC SA provides storm drainage and park and recreation services to the communities of Esparto and Madison. Neither of these services triggers the provisions of SB 244.
- b) The term "Inhabited Unincorporated Communities" is defined per Commission adopted policy as those areas on the County of Yolo 2030 General Plan Land Use Map (see Figures LU-1B through LU-1H) that contain land use designations that are categorized as Residential by Table LU-6. The communities of Rumsey and West Kentucky are also included in this definition (even though the current land use designations are Agriculture (AG) and Commercial Local (CL) respectively) because their existing uses are residential. These communities are as follows:

Binning Farms
 Capay
 Clarksburg
 Dunnigan
 El Macero
 El Rio Villa
Esparto

Guinda
 Knights Landing
Madison
 Monument Hills
 North Davis Meadows
 Patwin Road
 Royal Oak

Rumsey
 West Kentucky
 West Plainfield
 Willow Oak
 Willowbank
 Yolo
 Zamora

MERCSA serves the communities of Esparto and Madison, which are both considered inhabited unincorporated communities according to the list above.

According to the United States Census Bureau (2012), Madison has a median household income of \$32,813, which is only 53 percent of the statewide median household income of \$61,400. Esparto has a median household income of \$56,694, which is 92 percent of the statewide median household income of \$61,400. A community is considered disadvantaged for the purposes of SB 244 if the community has a median household income level that is less than 80% of the median statewide income, which means that Madison is considered a disadvantaged unincorporated community (DUC) while Esparto is not considered a DUC.

- c) Regardless of each community's DUC status, both Madison and Esparto are fully served with municipal services. Madison receives water and wastewater services from the Madison CSD, and fire protection services from the Madison Fire Protection District. Esparto receives water and wastewater services from the Esparto CSD, and fire protection services from the Esparto Fire Protection District.

MERCSA: Disadvantaged Unincorporated Communities MSR Determination

MERCSA provides storm drainage and park and recreation services to the inhabited unincorporated communities of Madison and Esparto. Madison is considered a disadvantaged unincorporated community (DUC) and Esparto is not considered a DUC. However, regardless of each community's DUC status, both Madison and Esparto are fully served with municipal services so the provisions of SB 244 do not apply. And MERCSA does not provide any services that trigger the provisions of SB 244.

3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES

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.

	YES	MAYBE	NO
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

c) Are there any concerns regarding public services provided by the agency being considered adequate?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Are there any significant infrastructure needs or deficiencies to be addressed?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Are there changes in state regulations on the horizon that will require significant facility and/or infrastructure upgrades?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency's sphere of influence?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a-d) MERCSA is empowered to provide three municipal services (soil erosion, drainage control and park and recreation) to the community of Esparto, and two municipal services (soil erosion and storm drainage) to the community of Madison.

SOIL EROSION: MERCSA has the power to conduct soil erosion work in the communities of Madison and Esparto, but the power is not currently funded or utilized.

DRAINAGE CONTROL: MERCSA provides storm drainage services to the communities of Esparto and Madison. The two communities have interconnected storm drainage issues, as runoff from Esparto flows into the Madison system.

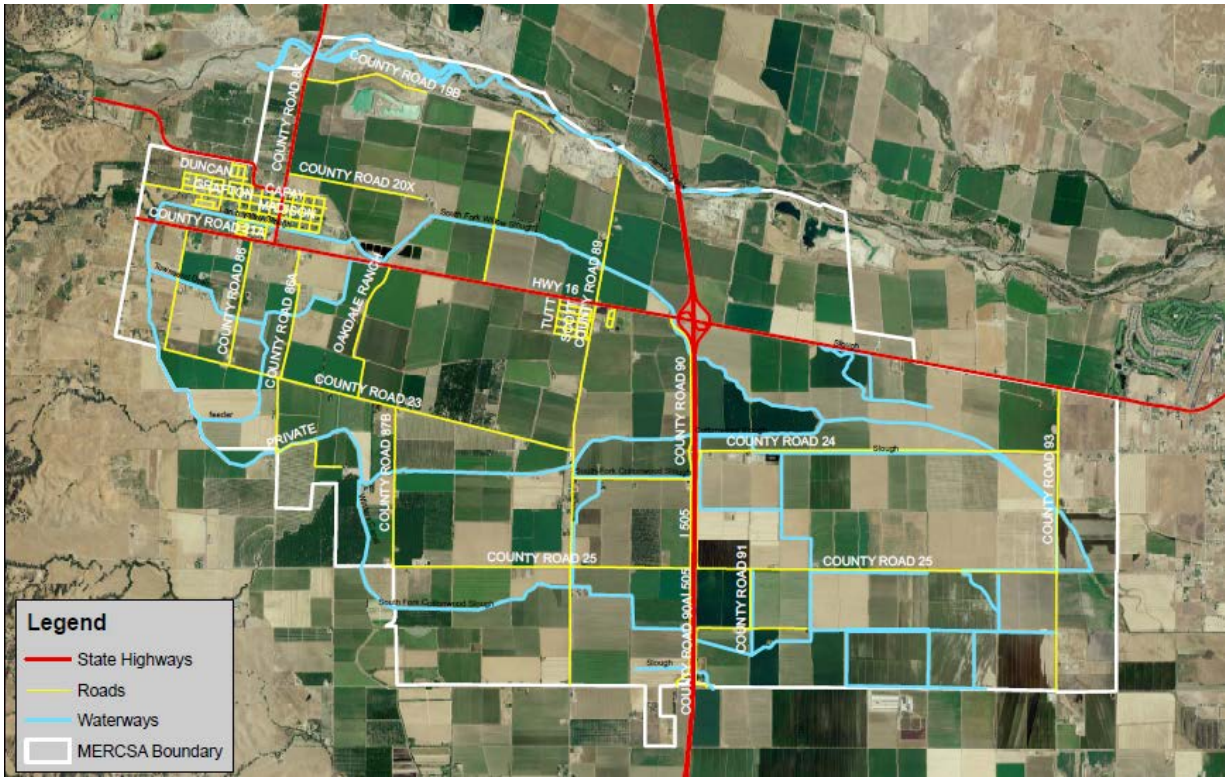
Neither community has established drainage infrastructure that is owned and maintained by the CSA, with the exception of a system of detention ponds in the community of Esparto. Rather, the drainage system utilizes existing sloughs, canals, ditches and other waterways to manage storm runoff.

In Esparto, much of the storm water runoff is caught in the system of detention ponds, and retained until the ditches, canals and sloughs can accommodate and absorb the drainage. The ponds have outlets (or "gates") that need to be closed in order to retain water, and opened when it is time to release the water. Once opened, water drains through the outlets and into existing drainage systems in Lamb Valley Slough. The CSA contracts with the County Department of Planning, Public Works and Environmental Services (PPWES) to conduct maintenance of the detention ponds, and to manage the outlets as necessary.

Most runoff from both Madison and Esparto eventually drains into Willow Slough and Cottonwood Slough.

- Runoff coming from Esparto travels through Lamb Valley Slough, which eventually joins with Willow Slough downstream of Esparto. This provides drainage for the northern portion of the CSA boundaries.
- South Cottonwood Slough provides drainage to the southwestern portion of Madison CSA, but can only accommodate minimal drainage.
- Cottonwood Slough provides drainage for the center of the CSA boundary, and joins Willow Slough about one mile east of I-505.

- Other drainage channels in the system include irrigation channels on private properties, the Winters Canal, and the Willow Creek channel.



MERCSA does not have right-of-ways for maintenance of the drainage system, and has to receive approval from landowners before doing work in any of the waterways. When working in channels, the CSA must receive permission from the landowner whose property the channel passes through. When working in the sloughs, the CSA must receive permission from the California Department of Fish and Wildlife.

Drainage Control Adequacy: MERCSA has established Standard Operating Procedures (SOP) for drainage system maintenance in both the Madison and Esparto areas, which specify the responsibilities and procedures for inspecting and cleaning the ditches, storm sewers and storage basins (see appendices B and C for more detail). MERCSA staff reports that each year they conduct maintenance work on different areas of the drainage system, depending on the impairment of channels. The SOPs also mandate quarterly inspections of all drainage facilities within its jurisdiction, as well as inspections on an as needed basis during the rainy season.

LAFCo staff is not aware of any adequacy issues related to MERCSA’s maintenance of the storm drainage system. MERCSA staff reports that the drainage system is as adequate as it could be in the Esparto/Madison area, given that the area is very prone to flooding. An expensive overhaul of the storm drainage system would be required to eliminate flooding in these communities, which is not feasible at this time. Instead, MERCSA staff works to ensure that impairments of the system do not cause additional flooding, but even when clear the system cannot always accommodate the amount of water runoff that exists.

Drainage Control Capacity: MERCSA staff indicates that it has the capacity to serve existing territory and future growth through its service contracts with PPWES, but funding is a constant challenge. This issue will be discussed in Section 4 of this MSR.

Drainage Control Infrastructure Needs: MERCSA staff indicates that the only near-term infrastructure need for the storm drainage system is to resize the water meters in the Esparto detention basins. MERCSA does not have funding for this improvement at this time, but staff has indicated that they may pursue a grant from the State to fund the work.

PARK AND RECREATION: MERCSA provides park and recreation services to the community of Esparto, mostly in the form of median and public space landscaping services for the newer subdivisions. MERCSA is not responsible for maintenance of the Esparto Community Park, which is completed by the Yolo County Parks Division.

Park and Recreation Adequacy: Since the previous MSR, the only significant adequacy issue that LAFCo staff is aware of involves MERCSA's ongoing struggles with water costs and the need to borrow money from the Madison CSA to cover costs. These issues were most apparent in the summer of 2011 when conflicts between the Esparto CSD and MERCSA resulted in significant portions of community landscaping to die due to lack of water.

Park and Recreation Capacity: The 2030 Countywide General Plan Policy PF-3.1 establishes a service threshold of 5 acres of community park per 1,000 people in each unincorporated town. The community park in Esparto serves the approximately 3,000 residents of Esparto with only 1 acre of park space. However, the community is also able to use the storm water detention basins as recreational space when they are empty, which provides an additional 12 acres (Parker Basin: 2.5 acres; Lopez Basin: 6.0 acres; Duncan Basin: 1.1 acres; Wyatt Basin: 2.4 acres).

Park and Recreation Infrastructure Needs: The existing park territory maintained by MERCSA does not have any significant infrastructure needs. However, MERCSA staff has expressed an interest in planting more drought tolerant vegetation and trees throughout the community's public areas in an effort to become more water conscious. There is currently no funding available for changing out vegetation, but MERCSA staff is exploring financial opportunities (such as small drought grants or tree foundations).

Construction of the Esparto Community Park and Aquatic Center: At the urging of the local community, MERCSA has been exploring opportunities to expand the availability of park space in Esparto in recent years. MERCSA recently received a grant award of \$2,896,000 from the California Department of Park and Recreation, which is intended to fund the construction of a new community park called the Esparto Community Park and Aquatic Center. The proposed park would include joint-use baseball and soccer fields, a full-sized basketball court, a walking path, picnic areas and an aquatic recreation center.

However, the grant only provides funding for the construction of the park. MERCSA has been instructed by the Board of Supervisors to identify adequate funding for the ongoing maintenance and operations of the park before accepting the grant and beginning construction. MERCSA has developed a financing plan that relies on several sources of funding, including pool usage fees, concessions and rental fees, assessment income, and interest from a fund with the Yolo Community Foundation.

In early 2015 MERCSA began a Proposition 218 election process to secure the assessment funding for the maintenance of the park, and the Proposition 218 assessment was approved by the voters on May 19, 2015. The Board of Supervisors is expected to review a complete funding plan for park maintenance and operations during the summer of 2015, and make a final decision regarding whether or not to accept the grant at that time.

- e) LAFCo staff is not aware of any changes in state legislation on the horizon that will require significant facility and/or infrastructure upgrades.
- f) As discussed in the Disadvantaged Unincorporated Communities (DUC) section (determination #2), Madison qualifies as a DUC and Esparto does not qualify as a DUC. However, regardless of each communities DUC status, both communities already have access to water, sewer and structural fire protection services, so the provisions of SB 244 do not apply to this MSR.

MERCSA: Capacity and Adequacy MSR Determination

LAFCo has no concerns regarding the capacity or adequacy of MERCSA's storm drainage function. However, it is important to acknowledge that the Madison and Esparto areas are prone to flooding, and an expensive overhaul of the system would be required to eliminate the flooding in these communities, which is not feasible at this time. MERCSA provides adequate services when considering its funding and framework constraints.

4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

	YES	MAYBE	NO
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Is the organization's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Is improvement needed in the organization's financial policies to ensure its continued financial accountability and stability?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Is the organization's debt at an unmanageable level?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) MERCSA routinely adopts and operates an annual budget with a budget cycle of July 1 through June 30. The budget is prepared by the CSA Manager and then reviewed and

adopted by the Yolo County Board of Supervisors. The CSA uses the County financial systems for all financial needs (including collection of revenues, payroll, budgeting and bill pay).

MERCSA, as an entity of Yolo County, is audited annually by the Yolo County Department of Financial Services in the County's Comprehensive Annual Financial Report (CAFR). In developing the CAFR the County conforms to the standards established by the Government Accounting Standards Board.

The tables below provide a summary of the CSA budgets from fiscal year (FY) 09/10 to 13/14. The majority of MERCSA's funding is provided through two separate sources, including the collection of property taxes in Madison and Esparto (which supports MERCSA's storm drainage maintenance work throughout the District) and the collection of a special assessment in Esparto (which supports the park and recreation function and maintenance of the drainage basins in Esparto). These sources of income remain relatively stable from year to year.

The District's major expenditure categories include maintenance, utilities, and professional/specialized services (or contractors). These expenditures fluctuate significantly each year, depending on the maintenance needs and water usage for the District. In particular, the District struggles with water costs in Esparto for its park and recreation function, making it difficult for the Esparto fund to operate within its revenues. Overall, the District has had difficulty operating within its revenues on multiple occasions over the past five years.

It is important to note the Madison fund (which collects the property taxes used for community-wide storm drainage maintenance) appears to be operating within its budget. However, the Esparto fund (which collects a special assessment used for park and recreation, and maintenance of the storm drainage basin) is struggling. The Esparto fund has no fund balance or reserve, and has not been able to operate within its revenues for several years. As a result, money has been transferred from the Madison fund to the Esparto fund (temporarily) to cover negative balances at the end of both FY 12/13 and 13/14. This indicates that the Esparto services provided by MERCSA are underfunded, and the district will either need to conduct a Proposition 218 election to raise revenues or significantly reduce costs in order to operate within its revenues.

Madison-Esparto Regional County Service Area (MERCSA) Budget Summary					
Madison County Service Area Budgets					
	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues:					
Property Taxes	38,662.55	36,887.71	38,520.44	36,646.74	38,082.22
Investment Earnings	1,465.12	798.63	616.06	349.27	443.81
Other	380.78	34,508.00	345.24	319.37	293.57
TOTAL REVENUES	40,508.45	72,194.34	39,481.74	37,315.38	38,819.60
Expenditures:					
Maintenance	2,054.39	2,021.68	19,274.00	1,349.00	0.00
Auditing & Fiscal Services	0.00	0.00	264.00	264.00	264.00
Legal Services	2,484.00	33.75	0.00	371.25	1,005.75
Professional/Specialized Services	21,383.16	13,901.15	9,175.42	7,323.36	2,586.86
*Other	17,313.11	24,566.29	5,771.07	0.00	75,000.00
TOTAL EXPENDITURES	43,234.66	40,522.87	34,484.49	9,307.61	78,856.61
REVENUES LESS EXPENDITURES	-2,726.21	31,671.47	4,997.25	28,007.77	-40,037.01
End of Year Fund Balances	115,815.00	113,324.00	118,321.00	146,328.00	106,290.99

SOURCE: County of Yolo Budget and Revenue Status Reports
 * Other: In FY09/10 through 11/12 other includes only utilities. In FY 13/14 other is a transfer of funds between the Madison and Esparto CSA funds, to cover a negative end of year balance in the Esparto fund.

Esparto County Service Area Budgets					
	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues:					
Charges for Services	49,611.24	42,720.00	42,720.00	42,720.00	42,720.00
Investment Earnings	12.38	112.03	23.04	22.73	98.35
Other	0	0	0	0	75,000.00
TOTAL REVENUES	49,623.62	42,832.03	42,743.04	42,742.73	117,818.35
Expenditures:					
Maintenance	39,222.00	36,156.00	25,799.90	25,271.23	17,664.09
Office Expenses	0	2,613.96	0	0	575
Auditing & Fiscal Services	293	293	557	557	557
Professional/Specialized Services	2,600.31	1,197.36	8,405.20	7,873.45	3,251.02
Utilities	4,388.56	11,030.44	17,083.82	51,904.23	44,540.64
TOTAL EXPENDITURES	46,503.87	51,290.76	51,845.92	85,605.91	66,587.75
REVENUES LESS EXPENDITURES	3,119.75	-8,458.73	-9,102.88	-42,863.18	51,230.60
End of Year Fund Balances	19,271.00	10,812.00	1,709.00	0	0

SOURCE: County of Yolo Budget and Revenue Status Reports

- b) The Madison CSA fund has steadily built up its reserve since the previous MSR, with a fund balance of \$110,642.92 at the close of FY 13/14. However, the Esparto CSA has spent its

reserve down to zero. This leaves the Esparto fund with no security against unexpected expenses or cost overruns, and the CSA has previously had to transfer dollars (temporarily) from the Madison to Esparto funds in order to close the books at the end of the year. The Esparto fund routinely overspends its revenues due to funding and cost constraints, making it unlikely that the fund will be able to build a reserve until the funding issues have been addressed. LAFCo encourages the CSA to consider options for reducing costs or increasing revenues to address this issue, and to begin building a reserve when finances allow.

- c) The District does not have a rate schedule, but rather, collects the majority of its revenues through property taxes or special assessment. The District has indicated that these revenues are not sufficient to continue operating at the current service level (particularly with regards to the park and recreation function and drainage basin maintenance funded by special assessment in Esparto). The District receives approximately \$42,000 in special assessment revenues, but spends more than that amount just on water costs each year.
- d) As discussed in the Capacity and Adequacy section, the Madison/Esparto area is prone to flooding, and the existing storm drainage system is not sufficient to prevent this issue. Eliminating flooding in the area would require a complete and costly overhaul of the storm drainage system, which the CSA cannot afford. The District would have to secure a large grant and/or conduct a very significant Proposition 218 election in order to secure the funding necessary for these changes.
- e) MERCSA is a part of the County of Yolo, and is governed by the Yolo County Board of Supervisors. As such, the CSA is subject to the financial policies that have been adopted by the County. The County is currently in the process of re-writing any outdated policies to better align with nationwide best practices in financial management.
- f) The CSA does not currently have any debt.

MERCSA: Financial Ability MSR Determination

MERCSA is currently experiencing financial difficulties, particularly in its services focused on the Esparto community. It appears that the CSA can no longer afford to maintain its current level of park and recreation services or drainage basin maintenance in Esparto without an increase in revenues.

Recommendations:

- Should the MERCSA services not be transferred to the Esparto CSD and YCFWCWD (as recommended in this report), LAFCo encourages the CSA to consider options for reducing costs or increasing revenues to address ongoing cost overruns, and to begin building a reserve when finances allow. If responsibility for maintenance of the drainage basins and park and recreation services are transferred to the Esparto CSD (as recommended in this report) the CSD will need to assess its expected costs for providing the service, and then determine a solution for any expected cost overruns.

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	YES	MAYBE	NO
a) Is the agency currently sharing services or facilities with other organizations? If so, describe the status of such efforts.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Are there any governance options that may produce economies of scale and/or improve buying power in order to reduce costs?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion:

- a) MERCSA currently shares many services with the County of Yolo, which provides all the administrative, overhead and management services for the CSA. Additionally, the CSA Manager position is shared between the various CSAs in Yolo County, which is a cost effective option for small CSAs.
- b-c) MERCSA currently has overlapping boundaries with several districts that are empowered to provide similar services to those of MERCSA, including the Esparto CSD, Madison CSD, and Yolo County Flood Control and Water Control District (YCFWCWD). Due to these overlaps, there are several governance restructure and shared service options that might reduce costs and eliminate duplicative resources.

In particular, the CSA might consider two options, including (1) contracting with other local agencies to provide its storm drainage and park and recreation services, rather than using County staff to conduct this work, and (2) shifting all MERCSA functions to other local agencies and dissolving MERCSA. LAFCo's recommendations regarding these options will be discussed in greater detail in the Accountability Structure and Efficiencies (determination # 6) section of this report.

MERCSA: Shared Services MSR Determination

MERCSA currently has overlapping boundaries with several districts that are empowered to provide similar services to those of MERCSA. These overlapping boundaries provide two potential governance restructure and shared service opportunities that might reduce costs and eliminate duplicative resources, including (1) contracting with other local agencies to provide services, and (2) shifting all MERCSA functions to other local agencies and dissolving MERCSA.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

Accountability for community service needs, including governmental structure and operational efficiencies.

	YES	MAYBE	NO
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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b) Are there any issues with filling board vacancies and maintaining board members?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Are there any issues with staff turnover or operational efficiencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Is there a lack of regular audits, adopted budgets and public access to these documents?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion:

- a-b) The Madison-Esparto County Service Area is governed by the Yolo County Board of Supervisors. The Board appoints a seven-member advisory committee, which typically meets twice annually. The advisory committee currently has one vacancy, and MERCSA staff reports that achieving a quorum has often been difficult for the Committee over the past two years. MERCSA also has an Esparto Pool Task Force that has been meeting consistently during the past year to assist with planning for the new park. The District appears to be in full compliance with the Brown Act by consistently providing official public notice prior to each meeting.
- c) MERCSA appears to be administratively stable. The CSA is staffed by the County Department of Planning, Public Works and Environmental Services (PPWES), and is billed for the staff time of the CSA Coordinator, finance staff, and County legal counsel when such services are utilized.
- d) As noted in the finance section, MERCSA is an entity of the County of Yolo, and is therefore subject to all financial regulations and practices of the County. The Board of Supervisors routinely adopts a budget for the CSA as part of their annual budget process, and the Department of Financial Services conducts an audit of the CSA at the end of each year. All audits and budgets are available to the public on the County website.

However, the MERCSA documentation can be difficult to pinpoint on the website in the County's financial documents (such as adopted budgets and annual financial reports), because they often span several hundred pages and dozens of County departments. LAFCo recommends that the District extract pages relevant to the CSA from the larger countywide documents and post them directly on the MERCSA website.

- e, f, g) MERCSA currently has overlapping boundaries with several districts that are empowered to provide similar services to those of MERCSA, including the Esparto CSD, Madison CSD, and Yolo County Flood Control and Water Control District (YCFCWCD). These overlapping

boundaries are the cause of service inefficiencies, conflict between districts, and confusion for the public regarding which district is responsible for services.

In particular, the districts have reported ongoing conflicts between Esparto CSD (as the water provider) and MERCSA (as the customer) for watering costs in the landscaped areas of the community. MERCSA's current fee structure cannot accommodate the increasing costs of water, and MERCSA struggles with ongoing cost overruns. As a result, some portions of public landscaping in the community were allowed to die during the summer of 2011. When Esparto residents called to complain, due to confusion about which district was responsible for services, they often complained to the Esparto CSD rather than MERCSA.

In order to resolve issues with overlapping service boundaries and service conflicts, the Esparto CSD has indicated that they are willing to provide all the municipal services currently provided by MERCSA in the community of Esparto, and the YFCWCD has indicated that they are willing to take over MERCSA's storm drainage work. In both cases, this is a logical solution to the issues for the following reasons:

- YFCWCD provides similar storm drainage maintenance work in other areas of Yolo County, and has both the appropriate skills and equipment to do the work.
- Esparto CSD has an office in Esparto and a Board of Directors composed of local representatives, and is much more accessible to local residents as issues arise. Additionally, they are located close to the detention basins, making it easier to open and close the gates as needed due to flooding.
- Transferring functions away from MERCSA may result in a small amount of cost savings, as both Esparto CSD and YFCWCD maintain their own leadership, maintenance, and finance staffing, with cheaper benefits packages and pay rates than those of County employees.

In light of the history of how MERCSA evolved and the change in stance of the Esparto CSD and YFCWCD on providing the services, LAFCO ~~would~~ recommends that MERCSA be dissolved and transfer the services provided within Esparto to the CSD and all the remaining services to the YFCWCD.

There has been much discussion over the course of this MSR regarding how the proposed community park and aquatic center in Esparto might be affected by the dissolution of MERCSA. However, in 2012, MERCSA Yolo County was awarded a grant from the California Department of Park and Recreation for the development of the Esparto Community Park and Aquatic Center. The California Department of Parks has indicated that the Esparto CSD is not eligible to receive the grant in place of MERCSA Yolo County. Therefore if the Yolo County decides to accept the grant funds, MERCSA cannot be completely dissolved at this time. Existing services and funding for those services within Esparto should still be transferred to the CSD, but the CSA would have to remain in order to accept the State Parks grant. However Yolo County should consider transferring construction and operations of the Esparto Community Park and Aquatic Center over to the Esparto CSD at the earliest opportunity.

In early 2015 MERCSA began a Proposition 218 election process to secure ongoing funding for the maintenance of the park, and the Proposition 218 assessment was approved by the voters on May 19, 2015. **And consequently, on May 19, 2015 the Board of Supervisors approved the Esparto Park Maintenance and Operations Assessment, which is independent of MERCSA.** The Board of Supervisors is expected to review a complete funding plan for park maintenance and operations during the summer of 2015, and make a final decision regarding whether or not to accept the grant at that time.

After reviewing the grant contract between State Department of Parks and Recreation and Yolo County, LAFCO notes that the grantee is clearly indicated as the "County of Yolo" and

not MERCSA and that the May 19, 2015 assessment has been levied by Yolo County and not MERCSA, therefore LAFCo concludes that the pool grant is not tied to MERCSA and can be executed in a different manner to be determined by the County, i.e. as a County Regional Park for example. Therefore, this MSR concludes and recommends that MERCSA can be dissolved without affecting the State Parks Grant Contract.

MERCSA: Accountability, Structure and Efficiencies MSR Determination

MERCSA has no issues with its meetings being accessible or publicly noticed, and the District's budgets and audits are available to the public on the County website. The District appears to be administratively stable, but does struggle with filling advisory committee seats and achieving a quorum at advisory committee meetings.

The most significant issue identified in this portion of the MSR is that MERCSA currently has overlapping boundaries with several district that are empowered to provide similar services to those of MERCSA, including the Esparto CSD, Madison CSD, and Yolo County Flood Control and Water Control District (YCFWCWCD). These overlapping boundaries are the cause of service inefficiencies, conflict between districts, and confusion for the public regarding what district is responsible for services.

Recommendations:

- LAFCo recommends that the District extract pages relevant the CSA from the larger countywide documents, and post them directly on the MERCSA website.
- LAFCo recommends that the overlapping boundary issues in the area be addressed through one of the following solutions:
 - ~~If the Board of Supervisors chooses to accept the State Parks grant for the community park and aquatic center, LAFCo recommends that all MERCSA territory except the community park and aquatic center site be detached and reorganized with the Esparto CSD (for the historic Esparto CSA portion of MERCSA) and the YCFWCWCD (for the historic Madison CSA portion of MERCSA). MERCSA should retain its park and recreation functions for that site until the grant has been received, and transfer responsibility for grant management, construction and operation of the pool to the Esparto CSD as soon as practically feasible (either via contracting with the CSD or by dissolving MERCSA altogether and identifying the Esparto CSD as the successor agency). Esparto CSD should take responsibility for landscaping and maintenance of the detention basins in Esparto. YCFWCWCD should take responsibility for the storm drainage maintenance function outside of the Esparto CSD boundaries.~~
 - If the Board of Supervisors chooses not to accept the State Parks grant for the community park and aquatic center, LAFCo recommends that MERCSA be dissolved and reorganized with the Esparto CSD (for the historic Esparto CSA portion of MERCSA) and the YCFWCWCD (for the historic Madison CSA portion of MERCSA). Esparto CSD should take responsibility for landscaping and maintenance of the detention basins in Esparto. YCFWCWCD should take responsibility for the storm drainage maintenance function outside of the Esparto CSD boundaries. **This recommendation is predicated on the understanding that MERCSA can be dissolved without affecting the State Parks and Recreation Grant Contract. The County will need to evaluate the issues in greater detail, assess its options and take next steps. LAFCo's recommendation is in no way intended to jeopardize the State Parks and Recreation grant for the Esparto Community Park and Aquatic Center.**

7. OTHER ISSUES

Any other matter related to effective or efficient service delivery, as required by commission policy.

	YES	MAYBE	NO
b) Are there any other service delivery issues that can be resolved by the MSR/SOI process?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

a) LAFCo staff conducted outreach with Esparto CSD staff, Madison CSD staff, MERCSA staff, the District 5 Board of Supervisors Office, and the County Administrator's Office. This outreach did not identify additional service delivery issues that need to be resolved in the MSR.

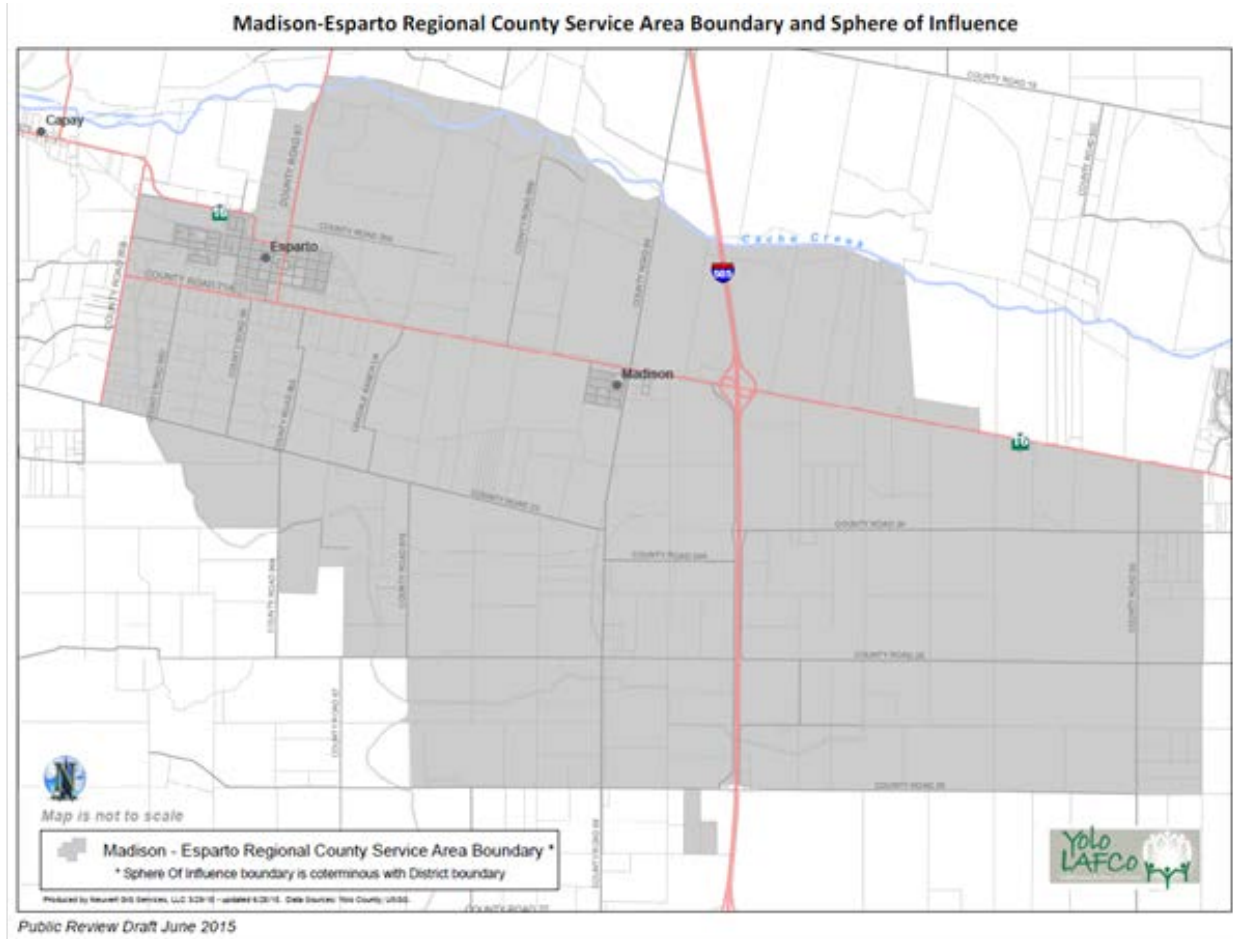
MERCSA: Other Issues Determination

LAFCo staff did not identify any other service delivery issues related to MERCSA that need to be resolved in this MSR.

SPHERE OF INFLUENCE STUDY: MERC SA

MERC SA Existing Boundaries and Sphere of Influence

The current boundary for MERC SA is as reflected in the map below, and the CSA’s sphere of influence is coterminous with its boundaries. No sphere of influence update is recommended with this review. The District’s existing sphere is well aligned with the land use plan, and there is no expected growth outside the CSA’s boundaries.



On the basis of the Municipal Service Review:

- Staff has reviewed the agency’s Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency’s SOI is recommended and SOI determinations HAVE NOT been made.
- Staff has reviewed the agency’s Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency’s SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

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Appendix A

MADISON WATER SYSTEM IMPROVEMENTS

PRELIMINARY COST ESTIMATE

ESTIMATED CONSTRUCTION COSTS					
Item	Description	Unit	Unit Price	Quantity	Cost, \$
0	Mobilization	LS	5%	1	\$147,215
1	AC Removal	SY	\$9.00	9,200	\$82,800
2	4" AC Paving	SY	\$70.00	9,200	\$644,000
3	8-Inch PVC Waterline (Incl. trenching & backfill)	LF	\$50.00	12,300	\$615,000
4	12-Inch PVC Waterline (Incl. trenching & backfill)	LF	\$65.00	1,500	\$97,500
5	1-inch diameter service lateral (up to 100')	EA	\$1,750	170	\$297,500
6	Blow-off Assemblies / Air Valves	EA	\$4,500.00	10	\$45,000
7	Misc Valves	EA	\$1,500.00	25	\$37,500
8	Water Meters	EA	\$1,000.00	170	\$170,000
9	500,000 Gallon Water Storage Tank	EA	\$525,000.00	1	\$525,000
10	Fire Hydrants	EA	\$5,000.00	15	\$75,000
11	Pump Station	EA	\$205,000.00	1	\$205,000
12	Pipeline Testing & Flushing	LS	\$50,000.00	1	\$50,000
13	Prepare & Implement SWPPP / Erosion Control	LS	\$100,000	1	\$100,000
	<i>Construction Cost Estimate Subtotal</i>				\$3,091,515
	<i>Construction Contingency (30%)</i>				\$927,455
ESTIMATED PLANNING, ENGINEERING, PERMITTING, AND INSPECTION COSTS					
1	Planning, Engineering, & Design	LS	7%	1	\$216,406
2	Environmental Permitting	LS	7%	1	\$216,406
3	Construction Management	LS	3%	1	\$92,745
	<i>Soft Costs Subtotal</i>				\$525,558
	Grand Total				\$4,544,527

Esparto CSA Procedures

The Esparto County Service Area is responsible for providing soil erosion and storm drainage services. The CSA is also the party that provides park, recreation and parkway facilities and services. The Esparto CSA was formed in December of 2001.



Esparto maintenance procedures for human-made ditches and retention ponds can be found in Section 5.

Esparto County Service Area Procedures

ESPARTO CSA, ESPARTO, CALIFORNIA

DRAINAGE SYSTEM MAINTENANCE SOP

1. **Objective:** The Standard Operating Procedure (SOP) specifies the responsibilities and procedures for inspecting and cleaning the ditches, storm sewers and storage basins for Esparto CSA.
2. **Responsibilities:**
 - a. The County Service Area (CSA) Manager or designee is responsible for the administration of the SOP. The CSA Manager or designee shall inspect the ditches, storm sewers and storage basins and ensure they are cleaned in accordance with this SOP.
 - b. All work on county property shall be coordinated with the appropriate county office.
 - c. Private property owners are responsible for maintaining the ditches, storm sewer inlets and retention ponds on their properties.
3. **Jurisdiction:** This SOP covers the following public and private surface drainage facilities delineated in the drainage system in Attachment 1.
 - a. Retention pond at Parker Place Subdivision along the west side of State Route 16. (includes pond side culvert)
 - b. Drainage ditch along the north side of Duncan Street to the corner of Duncan Street and Campos Street.
 - c. Retention pond to the west of Wyatt Street.
 - d. Retention ponds along the south side of Clover Street.
 - e. Lamb Valley Slough along the south side of retention ponds including culvert outlets to Lamb Valley Slough.
4. **Identification of Problems:**
 - a. The CSA Manager or designee shall inspect all ditches and retention areas listed in section 3 quarterly or on an as needed basis during rainy season.
 - b. All inspections will consist of walking the length of each area quarterly and within 24 hours of pending major rain events and within 24 hours after each major rain event. The CSA Manager or designee will inspect all “choke points” where debris is known to accumulate:
 - i. The culverts at:
 1. Parker Place culvert
 2. Duncan ditch culvert
 3. Wyatt pond culvert
 4. Clover pond culverts
 - c. The CSA Manager or designee shall inspect all complaints and the subsequent action taken and the findings provided to the person submitting the complaint within one week.
 - d. If a problem is found it will be forwarded to the appropriate person. A copy of the complaint shall be kept in an appropriate electronic and hard copy file. If the problem is on private property, a letter shall be sent to the property owner.

5. Maintenance:

- a. There are four types of maintenance issues:
 - i. Trash: human-made objects, such as garbage, tires, lumber, furniture and appliances. Animal carcasses are included as trash.
 - ii. Minor problem: vegetation growth, tree limbs, and other “naturally” occurring debris. Sedimentation in ditches and basins are included.
 - iii. Obstruction: fallen trees, culvert damage, large appliance, etc., that, by itself, obstructs the flow of the ditch inlet or outlet.
- b. Maintenance Duties:
 - i. On public Property: The CSA Manager or designee shall ensure trash or minor problems are removed at the next convenient time. Obstructions shall be removed within three working days of being reported.
 - ii. On County property: Trash, minor problems, and obstructions shall be reported to the Director of Public Works for proper removal.
- c. Upon completion of a maintenance project, the responsible person shall record any issues.
- d. Maintenance on private property:
 - i. Property owners are responsible for maintaining ditches, swales, storm sewers and retention basins on their property.
 - ii. The CSA Manager or designee shall publicize the need for maintenance of drainage facilities and encourage residents to correct problems in their property, report problems on county property before the next major rain event.
 - iii. The CSA Manager or designee shall inspect all drainage facilities listed in Section 3 from streets or other public property via access on dedicated easements in accordance with the inspection schedule in Section 4. The CSA Manager or designee shall inspect all other drainage problems on private property only in response to complaints.
 - iv. Trash, minor problems, and obstructions shall be reported to the property owner by the CSA Manager or designee.
 - v. If the property owner does not remove the problem within ten days, the CSA Manager shall contact the Yolo County Code Enforcement Office. If the problem is large enough to cause flooding of another property, the CSA Manager or designee shall enter the property and remove the problem and bill all charges for removal to the property owner.
 - vi. If the problem does not cause an immediate hazard, the CSA Manager or designee may take action to have the property owner remove the problem or pay for the maintenance work performed by the CSA Manager or designee.

Attachments:

1. Drainage System Map.

Attachment #1



WYATT STREET
RETENTION POND



DUNCAN STREET
RETENTION POND

PARKER PLACE
RETENTION POND

CLOVER STREET
RETENTION PONDS

LAMB VALLEY SLOUGH

Legend

-  LAMB VALLEY SLOUGH
-  RETENTION PONDS

ESPARTO STORM DRAINAGE MAINTENANCE

Madison CSA Procedures

The Madison County Service Area is responsible for providing soil erosion and storm drainage services. The CSA is also the party that provides park, recreation and parkway facilities and services. The Madison CSA was formed in September of 1953.

Esparto County Service Area Procedures

MADISON CSA, MADISON, CALIFORNIA

DRAINAGE SYSTEM MAINTENANCE SOP

1. **Objective:** The Standard Operating Procedure (SOP) specifies the responsibilities and procedures for inspecting and cleaning the ditches, storm sewers and storage basins for Madison CSA.
2. **Responsibilities:**
 - a. The County Service Area (CSA) Manager or designee is responsible for the administration of the SOP. The CSA Manager or designee shall inspect the ditches, storm sewers and storage basins and ensure they are cleaned in accordance with this SOP.
 - b. All work on county property shall be coordinated with the appropriate county office.
 - c. Private property owners are responsible for maintaining the ditches, storm sewer inlets and retention ponds on their properties.
3. **Jurisdiction:** This SOP covers the following public surface drainage facilities delineated in the drainage system in Attachment 1. CSA Manager or designee will coordinate with private property owners when work is adjacent to private property. This does not preclude maintenance tasks in the remaining portions of the <ERCSA boundary. (See Attachment #3)
 - a. South Fork Willow Slough to the north of Madison and runs southeast to Highway 505
 - b. Channel 1 from the west edge of Madison along Rudolph Street to Railroad Ave, east under County Road 89 to Willow Slough.
 - c. Channel 2 from the west along the south edge of Madison, parallel with Hurlbut Rd to County Road 89 south.
4. **Jurisdiction:** This SOP covers the following public surface drainage facilities delineated in the drainage system in Attachment 2. CSA Manager or designee will coordinate with private property owners when work is adjacent to private property. This does not preclude maintenance tasks in the remaining portions of the <ERCSA boundary. (See Attachment #3)
 - a. Channel 2 from Oakdale Ranch Rd east to the intersection of Tutt Street and Hurlbut Road
5. **Identification of Problems:**
 - a. The CSA Manager or designee shall inspect all ditches and retention areas listed in section 3 annually or on an as needed basis during rainy season. In some cases the CSA advisory committee members shall participate in the inspection at the request of the CSA Manager or designee.
 - b. All inspections will consist of walking the length of each area annually and within 24 hours of pending major rain events and within 24 hours after each major rain event. The CSA Manager or designee will inspect all “choke points” where debris is known to accumulate.
 - c. The CSA Manager or designee shall inspect all complaints and the subsequent action taken and the findings provided to the person submitting the complaint.
 - d. If a problem is found it will be forwarded to the appropriate person. A copy of the complaint shall be kept in an appropriate electronic and hard copy file. If the problem is on private property, a letter shall be sent to the property owner.

6. Maintenance:

- a. There are four types of maintenance issues:
 - i. Trash: human-made objects, such as garbage, tires, lumber, furniture and appliances. Animal carcasses are included as trash.
 - ii. Minor problem: vegetation growth, tree limbs, and other “naturally” occurring debris. Sedimentation in ditches and basins are included.
 - iii. Obstruction: fallen trees, culvert damage, large appliance, etc., that, by itself, obstructs the flow of the ditch inlet or outlet.
- b. Maintenance Duties:
 - i. On public Property: The CSA Manager or designee shall ensure trash or minor problems are removed at the next convenient time. Obstructions shall be removed within three working days of being reported.
 - ii. On County property: Trash, minor problems, and obstructions shall be reported to the Director of Public Works for proper removal.
- c. Upon completion of a maintenance project, the responsible person shall record any issues.
- d. Maintenance on private property:
 - i. Property owners are responsible for maintaining ditches, swales, storm sewers and retention basins on their property.
 - ii. The CSA Manager or designee shall publicize the need for maintenance of drainage facilities and encourage residents to correct problems in their property, report problems on county property before the next major rain event.
 - iii. The CSA Manager or designee shall inspect all drainage facilities listed in Section 3 from streets or other public property via access on dedicated easements in accordance with the inspection schedule in Section 4. The CSA Manager or designee shall inspect all other drainage problems on private property only in response to complaints.
 - iv. Trash, minor problems, and obstructions shall be reported to the property owner by the CSA Manager or designee.
 - v. If the property owner does not remove the problem within ten days, the CSA Manager shall contact the Yolo County Code Enforcement Office. If the problem is large enough to cause flooding of another property, the CSA Manager or designee shall enter the property and remove the problem and bill all charges for removal to the property owner.
 - vi. If the problem does not cause an immediate hazard, the CSA Manager or designee may take action to have the property owner remove the problem or pay for the maintenance work performed by the CSA Manager or designee.

Attachments:

1. Drainage System Map (attachment #1 and Attachment #2).
2. CSA Boundary Map (Attachment #3).

Attachment #1

HWY CHANNEL #1

COUNTY ROAD 89

TUTT

CHANNEL #1

CHANNEL #1

CHANNEL #2

MADISON STORM DRAINAGE MAINTENANCE



Attachment #2

OAKDALE RANCH

HWY 16

COUNTY ROAD 89

CHANNEL #1

CHANNEL #2

TUTT

CHANNEL #2

CHANNEL #2

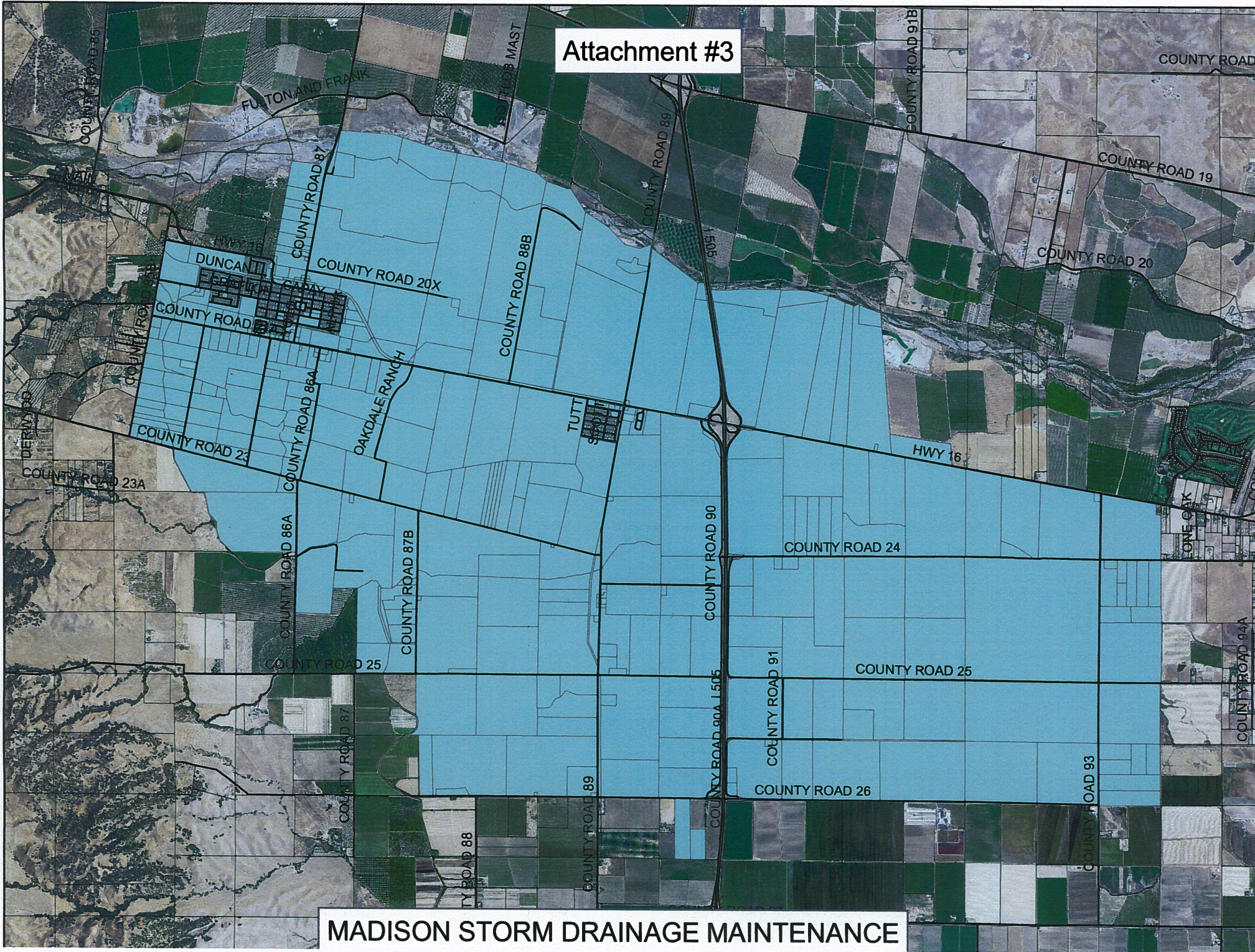
COUNTY

Cottonwood Slough

MADISON STORM DRAINAGE MAINTENANCE



Attachment #3



MADISON STORM DRAINAGE MAINTENANCE

RESOLUTION NO. 11-___

(RESOLUTION OF THE BOARD OF SUPERVISORS OF YOLO COUNTY ON BEHALF OF THE MADISON-ESPARTO REGIONAL COUNTY SERVICE AREA APPROVING THE APPLICATION FOR STATEWIDE PARK PROGRAM GRANT FUNDS)

WHEREAS, The State Department of Parks and Recreation has been delegated responsibility by the Legislature of the State of California for administration of the Statewide Park Program, setting up necessary procedures governing the application; and

WHEREAS, said procedures established by the State Department of Parks and Recreation require the applicant to certify by resolution the approval of application(s) to the State; and

WHEREAS, the County of Yolo will enter into a contract with the State of California to complete the grant scope project on behalf of the Madison-Esparto Regional County Service Area;

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors of Yolo County on behalf of the Madison-Esparto Regional County Service Area does hereby;

1. Approve the filing of an application for the Esparto Community Park and Aquatic Recreation Center by the County of Yolo on behalf of the Madison-Esparto Regional County Service Area, and
2. Certify that the Madison-Esparto Regional County Service Area will undertake all reasonable efforts and necessary electoral process in order to have available, prior to commencement of any work on the project included in this application, the sufficient funds to complete the project; and
3. Certify that upon receipt of grant funds from the Statewide Park Program, the Madison-Esparto Regional County Service Area will undertake all reasonable efforts and necessary electoral processes to have sufficient funds to operate and maintain the project, and
4. Certify that the County of Yolo, on behalf of the Madison-Esparto Regional County Service Area, has reviewed, understands, and agrees to the General Provisions contained in the Grant Administration Guide; and
5. Delegates the authority to the Planning and Public Works Director or his/her designee, to conduct all negotiations, sign and submit all documents,

including, but not limited to: applications, agreements, amendments, and payment requests, which may be necessary for the completion of the grant scope; and

6. Agrees to comply with all applicable federal, state, and local laws, ordinances, rules, regulations and guidelines.

PASSED AND ADOPTED by the Board of Supervisors of the County of Yolo, State of California, this ____ day of June, 2011, by the following vote:

AYES:
NOES:
ABSENT:
ABSTENTION:



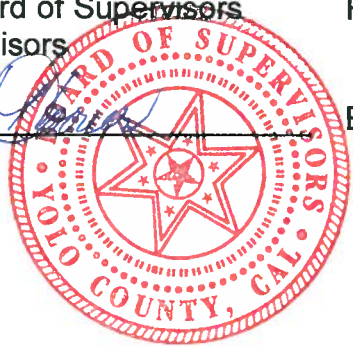
Matt Rexroad, Chair
Board of Supervisors
County of Yolo, State of California

Attest:
Clerk of the Board of Supervisors
Board of Supervisors

Approved as to Form:
Robyn Truitt Drivon, County Counsel

By: 
Deputy

By: 



State of California - Natural Resources Agency
 Department of Parks and Recreation
GRANT CONTRACT

Appendix E

2006 Parks Bond Act

Statewide Park Development and Community Revitalization

GRANTEE County of Yolo

GRANT PERFORMANCE PERIOD is from July 01, 2011 through June 30, 2019

CONTRACT PERFORMANCE PERIOD is from July 01, 2011 through June 30, 2041

PROJECT TITLE ESPARTO COMMUNITY PARK AND AQUATIC CENTER PROJECT NUMBER SW-57-003

The GRANTEE agrees to the terms and conditions of this contract, hereinafter referred to as AGREEMENT, and the State of California, acting through its Director of Parks and Recreation, pursuant to the State of California, agrees to fund the total State grant amount indicated below. The GRANTEE agrees to complete the GRANT SCOPE as defined in the GRANT SCOPE / Cost Estimate Form of the APPLICATION filed with the State of California referenced by the application number indicated above.

The General and Special Provisions attached are made a part of and incorporated into the Contract.

County of Yolo

Grantee

By John Bencomo
 Typed or printed name of Authorized Representative

John Bencomo
 Signature of Authorized Representative

Address 292 W Pioneer St., Woodland
CA 95699

Title Public Works Director

Date 8-7-2013

STATE OF CALIFORNIA
 DEPARTMENT OF PARKS AND RECREATION

By _____

Date _____

CERTIFICATION OF FUNDING

CONTRACT NO C6905014	AMENDMENT NO	CALSTARS VENDOR NO. 000000305700			PROJECT NO. SW-57-003
AMOUNT ENCUMBERED BY THIS DOCUMENT \$2,896,000.00	FUND SAFE DRINKING WTR, COASTAL PROTECTION FUND OF 2006				
PRIOR AMOUNT ENCUMBERED FOR THIS CONTRACT	ITEM 3790-102-6051(1)	CHAPTER 33/11	STATUTE 11	FISCAL YEAR 2012/13	
TOTAL AMOUNT ENCUMBERED TO DATE \$ 2,896,000.00	INDEX 1091	OBJ. EXPEND 702	PCA 65101	PROJECT / WORK PHASE	
T.B.A. NO.	I hereby certify upon my personal knowledge that budgeted funds are available for this encumbrance.				
B.R.. NO.	ACCOUNTING OFFICER'S SIGNATURE			DATE	

I. RECITALS

1. This AGREEMENT is entered into between the California Department of Parks and Recreation (hereinafter referred to as "GRANTOR," or "STATE") and County of Yolo (hereinafter referred to as "GRANTEE").
2. The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 authorizes STATE to award grants to eligible entities for the purpose of Division 43 of the Public Resources Code.
3. Pursuant to the Statewide Park Development and Community Revitalization Act of 2008, STATE is authorized to oversee and manage grants to eligible entities for the purposes stated within its provisions. Funding for this three hundred sixty eight million (\$368 million) grant program was made available through the Sustainable Communities and Climate Change Reduction chapter in Proposition 84. (Public Resources Code Division 43, Chapter 9, §75065(b)).
4. Pursuant to the Proposition 84 2006 Bond Act, STATE is authorized to oversee and manage grants to eligible entities for the purposes stated within its provisions. Funding for the ninety three million (\$93 million) Nature Education Facilities Program grant program was made available through the Parks and Nature Education Facilities chapter in Proposition 84. (Public Resources Code Division 43, Chap. 8, §75063 (b)).
5. Sustainable Communities and Climate Change Reduction chapter in Proposition 84. (Public Resources Code Division 43, Chapter 9, §75065(b).), STATE is authorized to oversee and manage grants to eligible entities for the purposes stated within its provisions. Funding for this three hundred sixty eight million (\$368 million) grant program was made available through the Sustainable Communities and Climate Change Reduction chapter in Proposition 84. (Public Resources Code Division 43, Chapter 9, §75065(b)).
6. The STATE hereby grants to GRANTEE a sum (hereinafter referred to as "GRANT MONIES") not to exceed \$2,896,000, subject to the terms and conditions of this AGREEMENT, the GUIDES, any legislation applicable to the ACT, and the APPLICATION.
7. In consideration thereof GRANTEE agrees to abide by the terms and conditions of this AGREEMENT as well as the provisions of the ACT. GRANTEE acknowledges that the GRANT MONIES are not a gift or a donation.
8. In addition to the terms and conditions of this AGREEMENT, the parties agree that the terms and conditions contained in the documents set forth below are hereby incorporated into and made part of this AGREEMENT.
 - a. The GRANT ADMINISTRATION GUIDE;
 - b. The APPLICATION GUIDE;
 - c. The submitted APPLICATION.

II. GENERAL PROVISIONS

A. Definitions

As used in this AGREEMENT, the following words shall have the following meanings:

1. The term "ACT" means the statutory basis for these grant programs.
2. The term "APPLICATION" means the individual project application packet for a grant pursuant to the enabling legislation and/or grant program process guide requirements.
3. The term "ACQUISITION" means to obtain fee title of real property or a permanent easement which provides the recipient permanent rights to use the property for the purposes of the project. Leases or rentals do not constitute ACQUISITION.
4. The term "CONTRACT PERFORMANCE PERIOD" means the period of time described in Section 1 of this AGREEMENT.
5. The term "COMPETITIVE GRANT PROGRAM" means the Statewide Park Program or Nature Education Facilities Program.
6. The term "DEVELOPMENT" means capital improvements to real property by means of construction of permanent or fixed features of the property.
7. The term "GRANT PERFORMANCE PERIOD" means the period of time described in the contract face sheet during which eligible costs can be charged to the grant and which begins on the date of appropriation and ends on the fund liquidation date.
8. The term "GRANT SCOPE" means the items listed in the GRANT SCOPE/Cost Estimate Form found in the APPLICATION.
9. The term "GUIDES" means the documents identified as the "Application Guide for the Statewide Park Development and Community Revitalization Act of 2008", or the "Application Guide for the Nature Education Facilities Program" and the "Grant Administration Guide". The GUIDES provide the procedures and policies controlling the administration of the grant.
10. The term "PROJECT TERMINATION" refers to the non-completion of a GRANT SCOPE.

B. Project Execution

1. Subject to the availability of GRANT MONIES in the ACT, the STATE hereby grants to the GRANTEE a sum of money not to exceed the amount stated in Section I of this AGREEMENT, in consideration of, and on condition that, the sum be expended in carrying out the purposes set forth in the GRANT SCOPE, and under the terms and conditions set forth in this AGREEMENT.

The GRANTEE shall assume the obligation to furnish any additional funds that may be necessary to complete the GRANT SCOPE.

2. After STATE has approved the APPLICATION, all changes and alterations to the GRANT SCOPE must be approved in writing by the STATE. GRANTEE'S failure to comply with this provision may be construed as a breach of the terms of the AGREEMENT and result in the termination of the project.

To maintain the integrity of the COMPETITIVE GRANT PROGRAM, the GRANTEE agrees that any other project changes or alterations which deviate from the intent of the project selection criteria provided by the GRANTEE in the original competitive APPLICATION must be submitted in writing to the STATE for prior approval.

3. The GRANTEE shall complete the GRANT SCOPE in accordance with the time of the GRANT PERFORMANCE PERIOD set forth in the contract face sheet, and under the terms and conditions of this contract.
4. The GRANTEE shall comply with the California Environmental Quality Act (Public Resources Code, Section 21000, et. seq., Title 14, California Code of Regulations, Section 15000 et. seq.).
5. The GRANTEE shall at all times comply with all applicable current laws and regulations affecting ACQUISITION and DEVELOPMENT projects, including, but not limited to, legal requirements for construction contracts, building codes, health and safety codes, and laws and codes pertaining to individuals with disabilities, including but not limited to the Americans With Disabilities Act of 1990 (42 U.S.C. §12101 et.seq.) and the California Unruh Act (California Civil Code §51 et seq.)
6. If the GRANT SCOPE includes ACQUISITION of real property, the GRANTEE agrees to comply at all times with all applicable State and local laws or ordinances affecting relocation and real property ACQUISITION.
7. GRANTEE agrees that lands acquired with GRANT MONIES shall not be acquired through the use of eminent domain.

C. Project Costs

1. GRANTEE agrees to abide by the GUIDES.
2. GRANTEE acknowledges that the STATE may make reasonable changes to its procedures as set forth in the GUIDES. If the STATE makes any changes to its procedures and guidelines, STATE agrees to notify GRANTEE within a reasonable time.

D. Project Administration

1. If GRANT MONIES are advanced for ACQUISITION projects, the GRANT MONIES shall be placed in an escrow account. If GRANT MONIES are advanced and not expended, the unused portion of the advanced funds shall be returned to the STATE within 60 days after the close of escrow.

2. If GRANT MONIES are advanced for DEVELOPMENT projects, the advanced funds shall be placed in an interest bearing account until expended. Advanced funds must be spent within six months from the date of receipt, unless the STATE waives this requirement. Interest earned on the advanced funds shall be used on the project as approved by the STATE. If GRANT MONIES are advanced and not expended, the unused portion of the grant and any interest earned shall be returned to the STATE within 60 days after project completion or end of the GRANT PERFORMANCE PERIOD whichever is earlier.
3. The GRANTEE shall submit written project status reports within 30 calendar days after the STATE has made such a request. In any event, the GRANTEE shall provide the STATE a report showing total final project expenditures within 60 days of project completion or the end of the GRANT PERFORMANCE PERIOD, whichever is earlier. The GRANT PERFORMANCE PERIOD is identified in the contract face sheet.
4. The STATE shall have the right to inspect all property or facilities acquired and/or developed pursuant to this contract and the GRANTEE shall make said property available for inspection upon 24 hours notice from the STATE
5. The GRANTEE and the STATE agree that if the GRANT SCOPE includes DEVELOPMENT, final payment may not be made until the work described in the GRANT SCOPE is complete.
6. Any grant funds that have not been expended by the GRANTEE shall revert to the STATE.

E. Project Termination

1. In the event of non-completion of a GRANT SCOPE, the STATE may request the return of any grant funds advanced or reimbursed. Any grant funds that have not been expended by the GRANTEE shall revert to the STATE.
2. Unless the provisions of this AGREEMENT provide otherwise, after encumbrance, this contract may be rescinded, modified or amended only by mutual written agreement between the GRANTEE and the STATE, unless the provisions of this AGREEMENT provide that mutual agreement is not required.
3. Failure by the GRANTEE to comply with the terms of this AGREEMENT as well as any other grant contracts, specified or general, that GRANTEE has entered into with STATE, may be cause for suspension of all obligations of the STATE unless the STATE determines that such failure was due to no fault of the GRANTEE. In such case, STATE may reimburse GRANTEE for eligible costs properly incurred in performance of this AGREEMENT despite non-performance of the GRANTEE. To qualify for such reimbursement, GRANTEE agrees to mitigate its losses to the best of its ability.
4. Because the benefit to be derived by the STATE, from the full compliance by the GRANTEE with the terms of this contract, is the preservation, protection and net

increase in the quantity and quality of parks, public recreation facilities, opportunities and/or historical resources available to the people of the State of California and because such benefit exceeds to an immeasurable and unascertainable extent, the amount of money furnished by the STATE by way of GRANT MONIES under the provisions of this contract, the GRANTEE agrees that payment by the GRANTEE to the STATE of an amount equal to the amount of the GRANT MONIES disbursed under this AGREEMENT by the STATE would be inadequate compensation to the STATE for any breach by the GRANTEE of this AGREEMENT. The GRANTEE further agrees therefore, that in addition to compensatory damages, the appropriate remedy in the event of a breach of this AGREEMENT by the GRANTEE shall be the specific performance of this contract, unless otherwise agreed to by the STATE.

F. Budget Contingency Clause

For purposes of this program, if funding for any fiscal year is reduced or deleted by the budget act, executive order, the legislature, or by any other provision of statute, the STATE shall have the option to either cancel this contract with no liability occurring to the STATE, or offer a contract amendment to GRANTEE to reflect a reduced grant amount. This Paragraph shall not require the mutual agreement as addressed in Paragraph E, subsection 2, of this AGREEMENT.

G. Indemnity

1. The GRANTEE shall waive all claims and recourse against the STATE including the right to contribution for loss or damage to persons or property arising from, growing out of or in any way connected with or incident to this contract except claims arising from the concurrent or sole negligence of the STATE, its officers, agents, and employees.
2. To the fullest extent of the law, the GRANTEE shall indemnify, hold harmless and defend the STATE, its officers, agents and employees against any and all claims, demands, damages, costs, expenses or liability costs arising out of the ACQUISITION, DEVELOPMENT, construction, operation or maintenance of the property described as the project which claims, demands or causes of action arise under California Government Code Section 895.2 or otherwise except for liability arising out of the concurrent or sole negligence of the STATE, its officers, agents, or employees.
3. The GRANTEE agrees that in the event the STATE is named as codefendant under the provisions of California Government Code Section 895 et. seq., the GRANTEE shall notify the STATE of such fact and shall represent the STATE in the legal action unless the STATE undertakes to represent itself as codefendant in such legal action in which event the STATE shall bear its own litigation costs, expenses, and attorney's fees.
4. The GRANTEE and the STATE agree that in the event of judgment entered against the STATE and the GRANTEE because of the concurrent negligence of the STATE and the GRANTEE, their officers, agents, or employees, an apportionment of liability to pay

such judgment shall be made by a court of competent jurisdiction. Neither party shall request a jury apportionment.

5. The GRANTEE shall indemnify, hold harmless and defend the STATE, its officers, agents and employees against any and all claims, demands, costs, expenses or liability costs arising out of legal actions pursuant to items to which the GRANTEE has certified. The GRANTEE acknowledges that it is solely responsible for compliance with items to which it has certified.

H. Financial Records

1. The GRANTEE shall maintain satisfactory financial accounts, documents and records for the project and to make them available to the STATE for auditing at reasonable times. The GRANTEE also agrees to retain such financial accounts, documents and records for five years following project termination or final payment, whichever is later.
2. The GRANTEE shall keep such records as the STATE shall prescribe, including records which fully disclose (a) the disposition of the proceeds of STATE funding assistance, (b) the total cost of the project in connection with such assistance that is given or used, (c) the amount and nature of that portion of the project cost supplied by other sources, and (d) any other such records that will facilitate an effective audit.
3. The GRANTEE agrees that the STATE shall have the right to inspect and make copies of any books, records or reports pertaining to this contract or matters related thereto during regular office hours. The GRANTEE shall maintain and make available for inspection by the STATE accurate records of all of its costs, disbursements and receipts with respect to its activities under this contract. Such accounts, documents, and records shall be retained by the GRANTEE for 5 years following final payment.
4. The GRANTEE shall use a generally accepted accounting system.

I. Use of Facilities

1. The GRANTEE agrees to operate and maintain any property acquired or developed with the GRANT MONIES for the duration of the CONTRACT PERFORMANCE PERIOD.
2. The GRANTEE agrees that during the CONTRACT PERFORMANCE PERIOD, any income earned by the GRANTEE from a STATE approved non-recreational use of the project shall be used for recreational purposes at the project, or, if approved by the STATE, for recreational purposes within the GRANTEE's jurisdiction.
3. All facilities shall have operating hours consistent with the times proposed in the APPLICATION and be open to members of the public in accordance with the project selection criteria in the APPLICATION, unless otherwise granted permission by the State and except as noted under the special provisions of this AGREEMENT or under provisions of the enabling legislation and/or grant program.

4. The GRANTEE agrees that for the duration of the CONTRACT PERFORMANCE PERIOD, any property acquired or developed with GRANT MONIES under this AGREEMENT shall be used only for the purposes of the grant and consistent with the GRANT SCOPE referenced in the APPLICATION unless prior written approval is given by the State.
5. The GRANTEE agrees to use any property acquired or developed with GRANT MONIES under this AGREEMENT only for the purposes of the grant and no other use, sale, or other disposition shall be permitted except as authorized by a specific act of the legislature in which event the property shall be replaced by the grantee with property of equivalent value and usefulness as determined by STATE.
6. The property acquired or developed may be transferred to another eligible entity only if the successor entity assumes the obligations imposed under this AGREEMENT and with written approval of the STATE.
7. Any real Property (including any portion of it or any interest in it) may not be used as security for any debt or mitigation, without the written approval of the State of California, acting through the DPR, or its successor, provided that such approval shall not be unreasonably withheld as long as the purposes for which the Grant was awarded are maintained. Any such permission that is granted does not make DPR a guarantor or a surety for any debt or mitigation, nor does it waive DPR's rights to enforce performance under the Grant Contract.
8. All real property, or rights thereto, acquired with GRANT MONIES shall be subject to an appropriate form of restrictive title, rights, or covenants approved by the STATE. If the project property is taken by use of eminent domain, GRANTEE shall reimburse STATE an amount at least equal to the amount of GRANT MONIES received from STATE or the pro-rated full market value of the real property, including improvements, at the time of sale, whichever is higher.
9. If eminent domain proceedings are initiated against GRANTEE, GRANTEE shall notify STATE within 10 days of receiving the complaint.

J. Nondiscrimination

1. The GRANTEE shall not discriminate against any person on the basis of sex, race, creed, color, national origin, age, religion, ancestry, sexual orientation, disability, medical condition, or marital status in the use of a specific facility included in the GRANT SCOPE.
2. The GRANTEE shall not discriminate against any person on the basis of residence, and shall not apply differences in admission or other fees on the basis of residence. Fees shall be reasonable and not unduly prevent use by economically disadvantaged members of the public.

K. Severability

If any provision of this AGREEMENT or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of the AGREEMENT which can be given effect without the invalid provision or application, and to this end the provisions of this contract are severable.

L. Liability

STATE assumes no responsibility for assuring the safety of construction, site improvements or programs related to the GRANT SCOPE. The STATE'S rights under this AGREEMENT to review, inspect and approve the GRANT SCOPE and any final plans of implementation shall not give rise to any warranty or representation that the GRANT SCOPE and any plans or improvements are free from hazards or defects.

M. Assignability

Without the written consent of the STATE, the GRANTEE'S interest in and responsibilities under this AGREEMENT shall not be assignable by the GRANTEE either in whole or in part.

N. Section Headings

The headings and captions of the various sections of this AGREEMENT have been inserted only for the purpose of convenience and are not a part of this AGREEMENT and shall not be deemed in any manner to modify, explain, or restrict any of the provisions of this AGREEMENT.

O. Waiver

Any failure by a party to enforce its rights under this AGREEMENT, in the event of a breach, shall *not* be construed as a waiver of said rights; and the waiver of any breach under this AGREEMENT shall *not* be construed as a waiver of any subsequent breach.

County of Yolo
Grantee

By: John Bencomo
Signature of Authorized Representative (Position Authorized in the Resolution)

Title: Public Works Director

Date: 8-7-2013

**RESOLUTION OF THE BOARD OF SUPERVISORS
OF YOLO COUNTY
~~MADISON ESPARTO COUNTY REGIONAL SERVICE AREA~~
APPROVING ENGINEER'S REPORT, CONFIRMING DIAGRAM AND ASSESSMENT,
AND ORDERING LEVY OF THE ESPARTO PARK MAINTENANCE AND OPERATIONS ASSESSMENT
FOR FISCAL YEAR 2016-17**

WHEREAS, the Board of Supervisors ("Board") on February 24, 2015, ordered the initiation of the proceedings for the formation of an assessment pursuant to the provisions of the Landscaping and Lighting Act of 1972 (Part 2 of Division 15 of the California Streets and Highways Code (commencing with Section 22500 thereof) ("the Act") and Article XIII-D of the California Constitution, to be known as the Esparto Park Maintenance and Operations Assessment District ("Assessment District"), for the purpose of financing the cost of maintenance and operations of a new park and aquatic center (the "Improvements") as specified in the Engineer's Report prepared by the Assessment Engineer, SCl Consulting Group; and

WHEREAS, the Board has adopted a resolution approving and filing an Engineer's Report which includes: (1) a description of the maintenance and operations to be funded with assessment proceeds; (2) an estimate of the annual cost of improvements, services and programs described in the Engineer's Report; (3) a description of the assessable parcels of land within the proposed Assessment District and proposed to be subject to the new assessment; (4) a description of the proportionate special and general benefits conferred on property by the proposed assessment; (5) a diagram and boundary map for the Assessment, and (6) a specification of the amount to be assessed upon various types of assessable land within the Assessment District to fund the cost of the Improvements. The Engineer's Report is incorporated herein by this reference; and

WHEREAS, the Board adopted Resolution No. 15-20 on February 24, 2015, a "Resolution of the Board of Supervisors of Yolo County Madison Esparto County Regional Services Area Declaring Intention to Levy Assessments, Preliminarily Approving the Engineer's Report, Providing Notice of Public Hearing and the Mailing of the Assessment Ballots." The annual assessment rates for various types of real property within the proposed assessment, the total number of parcels to be assessed, and the total amount of annual assessment revenue are contained within the Engineer's Report; and

WHEREAS, the Board has provided a 45-day written mailed notice to each record owner of assessable parcels of real property located within the Assessment boundaries for the proposed Esparto Park Maintenance and Operations Assessment District, as set forth on the Assessment Diagram and Boundary Map, of a public hearing which was held at a regular meeting of the Board on May 19, 2015, at 9:00 a.m. at the Yolo County Board of Supervisors, located at 625 Court Avenue, Suite 206 Woodland CA 95608, on the issue of whether the proposed new Esparto Park Maintenance and Operations Assessment District should be formed and assessments levied and collected as proposed in the Engineer's Report for fiscal year 2016-17 and subsequent years; and

WHEREAS, the form of written mailed public notice of the public meeting contained the following information: (a) the total amount of assessments proposed to be levied within the Assessment for fiscal year 2016-17; (b) the assessment chargeable to each owner's parcel; (c) the duration of the proposed

assessment; (d) the reason for the assessment; (e) the basis upon which the amount of the proposed assessment was calculated; (f) the date, time and place of the public hearing as specified in this resolution; and (g) a summary of the voting procedures and the effect of a majority protest. The form of the written mailed public notice also included an Assessment ballot by which each property owner could express their support or opposition to the proposed assessment. The ballot indicated that it must be returned before the conclusion of the public hearing on May 19, 2015, in order to be valid and counted, and that all assessment ballots received by the Yolo County Deputy Clerk (the "Tabulator"), would be tabulated after the conclusion of the public hearing on May 19, 2015, by Julie Dachtler, Deputy Clerk; and

WHEREAS, pursuant to the provisions of California Constitution Article XIII-D, an opportunity for protest has been afforded, and the assessment ballots mailed to owners of assessable real property within the proposed boundaries of the Esparto Park Maintenance and Operations Assessment District, have been received and tabulated, with assessment ballots weighted according to the proportional financial obligation of each affected parcel.

WHEREAS, during the public hearing written protests and verbal protests were received, which the Board noted and has considered along with the other information received during the public hearing.

NOW, THEREFORE, BE IT RESOLVED that the Yolo County Board of Supervisors, determines and orders that:

Section 1: The above recitals are true and correct.

Section 2: The canvass of the assessment ballots submitted by property owners is complete and certified by the Yolo County Deputy Clerk, the Tabulator, and the votes cast are as follows:

Total Number of Valid Ballots Processed: _____
Total Assessment Amount of Valid Ballots: _____

Total Number of "Yes" Votes Processed: _____
Total Assessment Amount of "Yes" Votes Processed: _____

Percentage of "Yes" Votes, unweighted: _____
Total Percentage of "Yes" Ballots, Weighted by Assessment: _____

Total Number of "No" Votes Processed: _____
Total Assessment Amount of "No" Votes Processed: _____

Percentage of "No" Votes, unweighted _____
Total Percentage of "No" Ballots, Weighted by Assessment: _____

Total Number of "Invalid" Ballots Processed: _____
Total Assessment Amount of "Invalid" Ballots Processed: _____

Section 3: _____ assessment ballots were returned and received prior to the close of the public input portion of the public hearing on May 19, 2015. This represents a _____% ballot return rate on the 823 ballots mailed. Of the assessment ballots returned, _____ assessment ballots were declared invalid, in that they were either not marked with a "Yes"

or "No", were marked with both a "Yes" and a "No", were not signed, or the property ownership and barcode information was illegible.

Section 4: As determined by ballots cast, as weighted according to the amount of assessment for each parcel, _____% of the property owners cast ballots in support of the Esparto Park Maintenance and Operations Assessment Measure and _____% of the property owners cast ballots in opposition. Since a majority protest, as defined by Article XIID of the California Constitution, did not exist, this Board thereby acquired jurisdiction to order the levy of assessment prepared by and made a part of the Engineer's Report to pay the costs and expenses thereof.

BE IT FURTHER RESOLVED that the Yolo County Board of Supervisors hereby orders as follows:

1. The Final Engineer's Report for the Esparto Park Maintenance and Operations Assessment, together with the diagram and boundary map of the Assessment contained therein, and the proposed assessment roll for fiscal year 2015-16, are hereby confirmed and approved; and
2. That based on the oral and documentary evidence, including the Engineer's Report, offered and received at the public hearing, the Board expressly finds and determines that: (a) each of the several assessed lots and parcels of land within the Assessment will be specially benefited by the Improvements (as described in the Engineer's Report) in at least the amount of the Assessment apportioned against such lots and parcels of land, respectively; and (b) that there is substantial evidence to support, and the weight of the evidence preponderates in favor of, said finding and determination as to special benefit to property with the Assessment from the Improvements to be financed with assessment proceeds; and
3. That the Esparto Park Maintenance and Operations Assessment District is hereby formed, and assessments consistent with the Engineer's Report are hereby levied, pursuant to the provisions of Landscaping and Lighting Act of 1972 (Part 2 of Division 15 of the California Streets and Highways Code (commencing with Section 22500 thereof) ("the Act") and Article XIII-D of the California Constitution; and
4. That assessments for fiscal year 2016-17 shall be levied at the rate of NINETY-TWO DOLLARS AND ZERO CENTS (\$92.00) per single family equivalent (SFE) unit for Zone A, SEVENTY-THREE DOLLARS AND SIXTY CENTS (\$73.60) per SFE unit for Zone B, and NINETY-TWO DOLLARS AND ZERO CENTS (\$92.00) per SFE unit for Zone C, as specified in the Engineer's Report for fiscal year 2016-17 with estimated total annual assessment revenues as set forth in the Engineer's Report; and
5. That the Esparto Park Maintenance and Operations Improvements to be financed with assessment proceeds described in the Engineer's Report are hereby ordered; and
6. The authorized maximum assessment to be levied in future fiscal years shall be adjusted annually based on the San Francisco-Oakland-San Jose Consumer Price Index, not to exceed 3% per year; and
7. Immediately upon the adoption of this resolution, but in no event later than August 10 following such adoption, the Board shall file a certified copy of this resolution with the Chief Financial Officer

("CFO"). Upon such filing, the CFO shall enter on the County assessment roll opposite each lot or parcel of land the amount of assessment thereupon as shown in the Assessment. The assessments shall be collected at the same time and in the same manner as County taxes are collected and all laws providing for the collection and enforcement of County taxes shall apply to the collection and enforcement of the assessments. After collection by the County, the net amount of the assessments, after deduction of any compensation due the County for collection, shall be paid to the Madison Esparto Regional County Service Area.

8. The monies representing assessments collected shall be deposited in a separate fund established under the distinctive designation of the Esparto Park Maintenance and Operations Assessment District. Funds collected from the Esparto Park Maintenance and Operations Assessment District shall be expended only for the special benefit of parcels within the Esparto Park Maintenance and Operations Assessment District.
9. The Esparto Park Maintenance and Operations Assessment, as it applies to any parcel, may be corrected, cancelled or a refund granted as appropriate, by order of the Board of Supervisors by a determination from the Assessment Engineer that the Assessment should be revised to be consistent with the method of assessment established in the Engineer's Report. Any such corrections, cancellations or refunds shall be limited to the current fiscal year.

APPROVED AND ADOPTED by the Yolo County Board of Supervisors at a regular meeting thereof held on the 19th day of May, 2015 by the following votes:

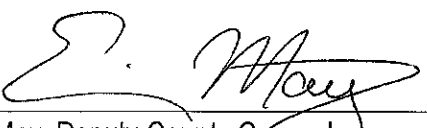
YES:	SUPERVISORS:
NO:	SUPERVISORS:
ABSENT:	SUPERVISORS:
ABSTAIN:	SUPERVISORS:

Matt Rexroad, Chairperson,
Board of Supervisors

ATTEST:

Julie Dachtler, Clerk
Board of Supervisors

Approved As To Form:
Philip J. Pogledich, County Counsel

By: 
Eric May, Deputy County Counsel

Yolo Local Agency Formation Commission (Yolo LAFCo)

**Initial Study/ Negative Declaration
LAFCo Project # S-039**



**Project Name:
MSR/SOI for the Western Yolo Special Districts**

**Esparto CSD
Madison CSD
Madison-Esparto Regional County Service Area**

July 1, 2015

Initial Environmental Study/ Negative Declaration

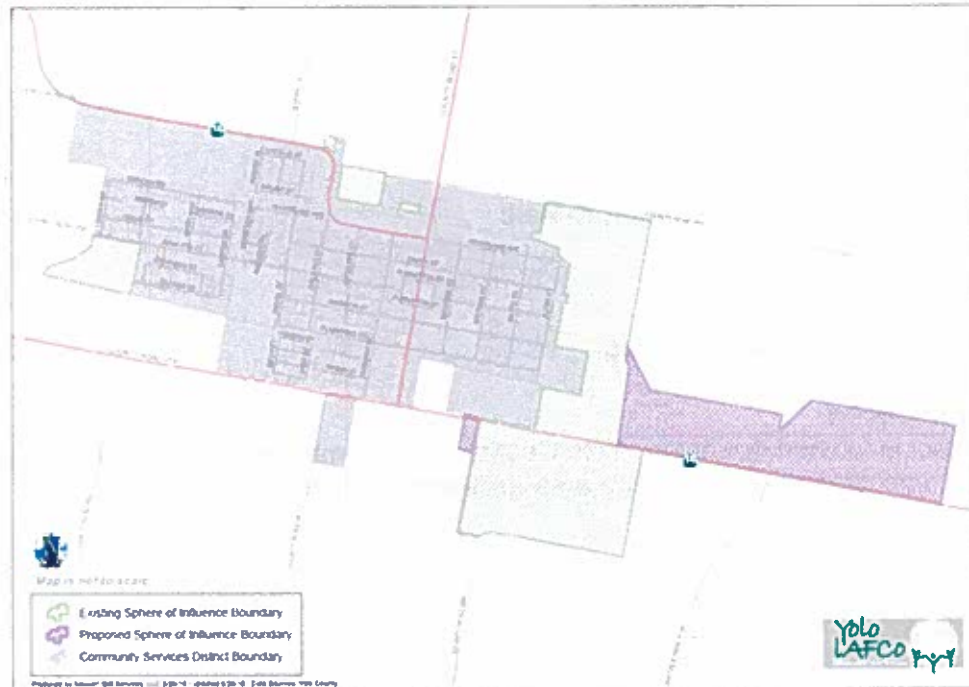
1. **Project Title:** -
Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for the Western Yolo Special Districts (Esparto CSD, Madison CSD and the Madison-Esparto Regional County Service Area).
2. **Lead Agency Name and Address:**
Yolo Local Agency Formation Commission
625 Court Street, Suite 203
Woodland, CA 95695
3. **Contact Person, Phone Number, E-Mail:**
Christine M. Crawford, AICP
Executive Officer
(530) 666-8058 or
christine.crawford@yolocounty.org.
4. **Project Location:**
The project is located in western Yolo County in the communities of Esparto and Madison, including the surrounding area as illustrated below:



5. **Project Sponsor's Name and Address:**
Yolo Local Agency Formation Commission
625 Court Street, Suite 203
Woodland, CA 95695
 6. **General Plan Designation(s):** various
 7. **Zoning:** various
 8. **Description of the Project:** The Municipal Service Review (MSR) reviews the services being provided by the Esparto Community Services District (ECSD), the Madison Community Services District (MCSD), and the Madison-Esparto Regional County
-

Service Area (MERCSA) and makes required determinations by state law. On the basis of the MSR and in accordance with Government Code Section 56425(g), staff has reviewed the agencies' Spheres of Influence (SOI) and recommends that a SOI Update is necessary for the ECSD.

Esparto Community Services District Boundary and Proposed Sphere of Influence Update



The Sphere of Influence Update for the Esparto CSD would add approximately 102 acres into the SOI, consistent with the County of Yolo 2030 Countywide General Plan Land Use Diagram. The proposed SOI area to be included totals approximately 102 acres, approximately 67 acres of which is already developed and 35 acres of which is classified as prime agricultural land (however, only 20 of the 35 acres appears to be actively farmed). A SOI Update itself will not allow for development to occur, it is merely a planning boundary and a necessary first step for any potential future annexation requests. Any annexation and/or development proposals will be subject to additional review under CEQA.

9. **Surrounding Land Uses and Setting:** The project area is bordered by Cache Creek to the north and rural agriculture and range lands uses to the south, east and west.
10. **Other public agencies whose approval is required:** None.
11. **Other Project Assumptions:** This Initial Study assumes compliance with all applicable State, Federal, and Local Codes and Regulations including, but not limited to, the Cortese Knox Hertzberg Act of 2001, all local Yolo LAFCo project policies and procedures, the Yolo County General Plan and Zoning policies and standards, improvement standards, the California Building Code, the State Health and Safety Code, and the State Public Resources Code.

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is "Potentially Significant Impact" (before any proposed mitigation measures have been adopted) as indicated by the checklist on the following pages.

- | | | |
|---|--|---|
| <input type="checkbox"/> Aesthetics | <input type="checkbox"/> Agricultural and Forest Resources | <input type="checkbox"/> Air Quality |
| <input type="checkbox"/> Biological Resources | <input type="checkbox"/> Cultural Resources | <input type="checkbox"/> Geology / Soils |
| <input type="checkbox"/> Greenhouse Gas Emissions | <input type="checkbox"/> Hazards & Hazardous Materials | <input type="checkbox"/> Hydrology / Water Quality |
| <input type="checkbox"/> Land Use / Planning | <input type="checkbox"/> Mineral Resources | <input type="checkbox"/> Noise |
| <input type="checkbox"/> Population / Housing | <input type="checkbox"/> Public Services | <input type="checkbox"/> Recreation |
| <input type="checkbox"/> Transportation / Traffic | <input type="checkbox"/> Utilities / Service Systems | <input type="checkbox"/> Mandatory Findings of Significance |

DETERMINATION: (To be completed by the Lead Agency)

On the basis of this initial evaluation:

- I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to the earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.



 Christine M. Crawford, AICP
 Executive Officer

7/1/15

 Date

PURPOSE OF THIS INITIAL STUDY

This Initial Study has been prepared consistent with CEQA Guidelines Section 15063, to determine if the project as described herein may have a significant effect upon the environment.

EVALUATION OF ENVIRONMENTAL IMPACTS

1. A brief explanation is required for all answers except "No Impact" answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A "No Impact" answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g. the project falls outside a fault rupture zone). A "No Impact" answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
2. All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
3. Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. "Potentially Significant Impact" is appropriate if there is substantial evidence that an effect is significant. If there are one or more "Potentially Significant Impact" entries when the determination is made, an EIR is required.
4. "Less Than Significant With Mitigation Incorporated" applies where the incorporation of mitigation measures has reduced an effect from "Potentially Significant Impact" to a "Less Than Significant Impact." The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures from Section XVIII, "Earlier Analyses," may be cross-referenced).
5. A determination that a "Less Than Significant Impact" would occur is appropriate when the project could create some identifiable impact, but the impact would be less than the threshold set by a performance standard or adopted policy. The initial study should describe the impact and state why it is found to be "less than significant."
6. Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration, pursuant to Section 15063 (c)(3)(D) of the California Government Code. Earlier analyses are discussed in Section XVIII at the end of the checklist.
7. Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g. general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
8. Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.

I. AESTHETICS

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect on a scenic vista?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion of Impacts

- a) *No Impact.* There are no designated federal or State Scenic Highways in Yolo County. Yolo County has, however, designated a portion of State Route 16 as a local scenic highway (from Capay to the Colusa County line), but this scenic portion is not within this project area.
- b) *No Impact.* The proposed SOI update would not damage scenic resources. The project would not result in immediate development and there are no identified scenic resources in the project area or within view of the project site.
- c) *No Impact.* The project would not directly result in development of the site and therefore would not degrade its visual character or surroundings. Most of the project area is adjacent to the Esparto CSD's waste water treatment ponds.
- d) *No Impact.* The project would not result in immediate development that would introduce new light or glare sources, or would otherwise affect views in the area.

II. AGRICULTURAL AND FOREST RESOURCES:

In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the state's inventory of forest land, including the Forest and Range Assessment Project and the Forest Legacy Assessment project; and the forest carbon measurement methodology provided in the Forest Protocols adopted by the California Air Resources Board. Would the project:

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
(a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance, as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(b) Conflict with existing zoning for agricultural use or a Williamson Act contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)) or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

timberland (as defined in Public Resources Code section 4526)?

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|-------------------------------------|
| (d) Result in the loss of forest land or conversion of forest land to non-forest use? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (e) Involve other changes in the existing environment which due to their location or nature, could result in conversion of farmland, to non-agricultural use or conversion of forest land to non-forest use? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Discussion of Impacts

a) *Less Than Significant Impact.* The proposed project would place approximately 35 acres of land designated as prime agricultural land into the Esparto CSD's Sphere of Influence (20 acres of which appears to be intact and actively farmed). However, the SOI would not directly result in the conversion to non-agricultural uses. The SOI is merely a planning boundary and is a necessary step prior to any potential future annexation and development. The 35 acres of prime agricultural land is fragmented into multiple parcels and is located between the existing Esparto CSD waste water treatment ponds and State Route 16, so its location and productivity is already somewhat compromised. Project specific evaluation of impacts to agricultural land would need to be evaluated if and when a specific development application is submitted. Any future development would be required to comply with both the County's and LAFCo's locally adopted agricultural mitigation policies. In addition, the cumulative impacts of potential conversion of farmland to urban uses was analyzed and disclosed in the Yolo County 2030 Countywide General Plan EIR (SCH# 2008102034).

b) *No Impact.* The proposed SOI Update area does not include any Williamson Act lands according to the Yolo County GIS database. See also a) above.

c-d) *No Impact.* The project does not include any timber or forest lands.

e) *No Impact.* Please see the discussion under a), c) and d).

III. AIR QUALITY:

Where applicable, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Conflict with or obstruct implementation of the applicable air quality plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Expose sensitive receptors to substantial pollutant concentrations?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Create objectionable odors affecting a substantial number of people?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Discussion of Impacts

- a, b) *Less Than Significant Impact.* The SOI is merely a planning boundary and is a necessary step prior to any potential future annexation and development. Development projects are most likely to violate an air quality plan or standard, or contribute substantially to an existing or project air quality violation through generation of vehicle trips. Yolo County is within the Yolo-Solano Air Quality Management District (YSAQMD). The district is currently a non-attainment area for ozone (State and Federal ambient standards) and Particulate Matter (State ambient standards). While air quality plans exist for ozone, none exists (or is currently required) for PM₁₀. The project site is in an attainment area for carbon monoxide (the State and Federal ambient standards are met), since Yolo County has relatively low background levels of carbon monoxide. The project would contribute incrementally to the non-attainment of these air quality standards. There would be short-term construction impacts as well as long-term mobile source (traffic) emissions due to new growth. Evaluation of project impacts to air quality would be evaluated when a specific development and annexation application is proposed.
- c) *Less than Significant Impact.* Projects are considered cumulatively significant by the YSAQMD if: (1) the project requires a change in the existing land use designation (i.e., general plan amendment, rezone); and (2) projected emissions (ROG, NOx, or PM₁₀) of the project are greater than the emissions anticipated for the site if developed under the existing land use designation. The project does not involve a change in General Plan designation or a rezoning.
- d) *Less than Significant Impact.* There is no specific development plan for the proposed SOI Update area. However, the County's General Plan Land Use Designations for this area include: Commercial Local (CL) which is already developed as the Manas Ranch Meat Market, Residential Low (RL) undeveloped and Public and Quasi-Public (PQ) which is already partially developed with the Esparto CSD's waste water treatment ponds. None of these future uses are anticipated to expose sensitive receptors to any substantial pollutant concentrations.
- e) *Less Than Significant Impact.* The proposed SOI Update does not anticipate any specific development proposals. However, should the residential land be developed at some point in the future, Yolo County would need to address any potential odor issues with the existing Esparto CSD waste water treatment ponds nearby. County General Plan Policy CO-6.1 would reduce any impacts of odors through land use planning and use of buffers with future site plan approvals.

IV. BIOLOGICAL RESOURCES

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Have a substantial adverse effect on any riparian habitat or sensitive natural community identified in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native residents or migratory wildlife corridors or impede the use of native wildlife nursery sites?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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| e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Discussion of Impacts

(a)(b)(c)(d)(e)(f) *No Impact.* The SOI is merely a planning boundary and is a necessary step prior to any potential future annexation and development. Evaluation of project impacts to biological resources would be evaluated when a specific development and annexation application is proposed. There are no significant trees or other natural resources. The County does not have an adopted HCP or NCCP, although a draft plan is now being prepared by the Yolo County Joint Powers Agency. The project would not conflict with any of the existing mitigation requirements or policies of the Yolo County Draft HCP/NCCP, or any other approved local, regional, or state habitat conservation plan.

V. CULTURAL RESOURCES

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Disturb any human remains, including those interred outside of formal cemeteries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion of Impacts

The SOI is merely a planning boundary and is a necessary step prior to any potential future annexation and development. Any future project development applications would need to be evaluated under CEQA for any potential impacts to cultural resources.

- a) *No impact.* The project site is not known to have any historical significant or significant characteristics as defined by the criteria within the CEQA Guidelines.
- b) *No Impact.* The project site is not known have any archaeologically significant characteristics as defined by the criteria in the CEQA Guidelines.
- c) *No impact.* No paleontological resources are known or suspected and no unique geologic features exist on the project site.
- d) *No Impact.* No human remains are known or predicted to exist in the project area. This project would not directly result in any new construction or earthmoving activities which may result in any potential to uncover previously unidentified resources.

VI. GEOLOGY AND SOILS

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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| a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving: | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known Fault? Refer to Division of Mines and Geology Special Publication 42. | | | | |
| ii) Strong seismic ground shaking? | | | | |
| iii) Seismic-related ground failure, including liquefaction? | | | | |
| iv) Landslides? | | | | |
| b) Result in substantial soil erosion or the loss of topsoil? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c) Be located on a geologic unit or soil that is unstable or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Discussion of Impacts

- a) *Less than Significant Impact.* The project site can be expected to experience moderate to strong ground shaking during future seismic events along major active faults throughout Northern California or on smaller active faults located in the project vicinity. However, the project will comply with all applicable Uniform Building Code and County Improvement Standards and Specifications requirements. Any major earthquake damage on the project site is likely to occur from ground shaking, and seismically related ground and structural failures. Local soil conditions, such as soil strength, thickness, density, water content, and firmness of underlying bedrock affect seismic response. Seismically induced shaking and some damage should be expected to occur during a major event but damage should be no more severe in the project area than elsewhere in the region. The project will comply with standard construction practices. People and structures would not be exposed to potential substantial adverse effects involving strong seismic ground shaking. The project area is relatively level and is not expected to result in any liquefaction or landslides.
- b) *Less than Significant Impact.* The SOI is merely a planning boundary and is a necessary step prior to any potential future annexation and development. Any future project development applications would need to be evaluated under CEQA for any potential impacts to substantial soil erosion or loss of topsoil.
- c) *Less than Significant Impact.* The project is not located on unstable geologic materials and will not have any affect on the stability of the underlying materials or on the underlying materials to potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse. The project site is relatively level ground. See also item a) above.
- d) *Less than Significant Impact.* Geologic hazard impacts that are associated with expansive soils include long-term-differential settlement and cracking of foundations, disruption and cracking of paved surfaces, underground utilities, canals, and pipelines. As long as pavement, foundation and other construction for the project follows generally accepted geotechnical procedures minimizing consequences of expansive soil, no substantial risks should occur.
- e) *No Impact.* The purpose of this SOI Update is to make this project area available to be potentially served by the Esparto CSD for sewer services. No septic use is anticipated.

VII. GREENHOUSE GAS EMISSIONS

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Conflict with any applicable plan, policy or regulation of an agency adopted for the purpose of reducing the emissions of greenhouse gases?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Environmental Setting

The issue of combating climate change and reducing greenhouse gas emissions (GHG) has been the subject of recent state legislation (AB 32 and SB 375). Yolo County has adopted General Plan policies and a Climate Action Plan (CAP) which address these issues. In order to demonstrate project-level compliance with CEQA relevant to GHG emissions and climate change impacts, applications for discretionary projects must demonstrate consistency with the General Plan and CAP.

Discussion of Impacts

- a) *Less Than Significant Impact.* The proposed SOI Update area is proposed to align with and is included in the adopted 2030 Yolo Countywide General Plan. It is also consistent with SACOG’s Sustainable Communities Strategy. The proposed SOI Update area is included in the growth projections upon which the CAP modeling is based. Specific development applications will need to be analyzed to include design features and/or Conditions of Approval to ensure that the project would meet the highest “green energy” requirements for new construction.
- b) *No Impact.* The proposed project would not conflict with any applicable plan, policy or regulation adopted to reduce GHG emissions, including the Yolo County Climate Action Plan (CAP) or the numerous policies of Yolo County 2030 General Plan.

VIII. HAZARDS AND HAZARDOUS MATERIALS

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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| f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working within the project area? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Discussion of Impacts

a-c) Less than Significant Impact. The SOI is merely a planning boundary and is a necessary step prior to any potential future annexation and development. Any future project development applications would need to be evaluated under CEQA for any potential impacts to hazards and hazardous materials. The land use designations for the undeveloped portions of is SOI Update area are Residential Low (the commercial and public uses are already developed with existing uses), therefore, impacts resulting from hazardous materials are not anticipated.

d) No Impact. The project site is not included on a list of hazardous materials sites compiled by the Yolo County Environmental Health Department-Hazardous Waste Site Files pursuant to Government Code 65962.5.

e) No Impact. The proposed SOI Update area is not within 2 miles of an airport.

f) No Impact. The project site is not located within the vicinity of a private airstrip.

g) No impact. The project would not interfere with any adopted emergency response or evacuation plans.

h) No impact. The project site is not located in a wildland area and, therefore, would not be at risk from wildland fires.

IX. HYDROLOGY AND WATER QUALITY

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Violate any water quality standards or waste discharge requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Significantly deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Otherwise substantially degrade water quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h) Place within a 100-year flood hazard area structures which would impede or redirect flood flows?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
j) Inundation by seiche, tsunami, or mudflow?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion of Impacts

- a) *No Impact.* The project includes an SOI Update and no specific development proposals are known at this time. The County's land use designation for the undeveloped portion of the SOI Update area is residential and therefore, no water quality or waste discharge issues are anticipated.
- b) *No Impact.* The SOI is merely a planning boundary and is a necessary step prior to any potential future annexation and development. Any future project development applications would need to be evaluated under CEQA for any potential impacts to groundwater supplies and recharge. Also please see a) above.
- (c)(d)(e) *No Impact.* The project will not modify any drainage patterns or change absorption rates. Future development would increase the amount of surface runoff. However, County General Plan policies require that any development be designed such that it results in a no net increase of water runoff.
- f) *No Impact.* See (a) above. No additional impacts to water quality are anticipated.
- (g)(h) *No Impact.* The SOI Update area appears to be located outside of 100-year flood hazards according to the County's General Plan EIR.
- i) *No Impact.* The project site is not located immediately down stream of a dam or adjacent to a levee that would expose individuals to risk from flooding.
- j) *No Impact.* The project area is not located near any large bodies of water that would pose a seiche or tsunami hazard. In addition, the project site is relatively flat and is not located near any physical or geologic features that would produce a mudflow hazard.

X. LAND USE AND PLANNING

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Physically divide an established community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion of Impacts

- a) *No impact.* The project SOI Update would not directly result in any development and is not anticipated to divide any established community.
- b) *No Impact.* The SOI Update is proposed to make LAFCo's SOI consistent with the County's General Plan and would make them both consistent with each other.
- c) *No Impact.* The County does not have an adopted HCP or NCCP, although a draft plan is now being prepared by the Yolo County Joint Powers Agency. The project would not conflict with any of the existing mitigation requirements or policies of the Yolo County draft Draft HCP/NCCP.

XI. MINERAL RESOURCES

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion of Impacts

- a) *No impact.* The project site is not designated as an area of significant aggregate deposits, as classified by the State Department of Mines and Geology.
- b) *No Impact.* See response to X(a).

XII. NOISE

Would the project result in:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Exposure of persons to or generation of excessive groundborne vibration noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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| c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| e) For a project located within an airport land use plan or, where such a plan has not been adopted within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Discussion of Impacts

- (a)(b)(c) *Less than Significant Impact.* The project includes an SOI Update and no specific development proposals are known at this time. This project will not directly result in development and future applications can be evaluated for noise impacts. Future development is not anticipated to expose people to excessive noise, ambient noise or excessive vibration. Therefore, impacts to noise levels are less than significant.
- d) *Less than Significant Impact.* Any construction impacts would be temporary and future projects would be required to comply with the County's noise standards. Noise from the temporary construction activities will be less than significant.
- e) *No Impact.* The nearest public airport is not within 2 miles of the proposed SOI Update area.
- f) *No Impact.* The project site is not located near a private airstrip and would not be exposed to noise from any private airstrip.

XIII. POPULATION

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Induce substantial population growth in an area, either directly (e.g., by proposing new homes and businesses) or indirectly (e.g., through the extension of roads or other infrastructure)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion of Impacts

(a)(b)(c) *No Impact.* According to the U.S. Census Bureau (2010) the unincorporated community of Esparto had a population of 3,108 residents in 2010, with a total of 1,093 housing units. The California Department of Finance (2013) estimates that the unincorporated areas of Yolo County will see a population growth of 1.04 percent between 2010 and 2015, with an additional 1.06 percent between 2015 and 2020. Therefore, the community of Esparto is not expected to experience significant population growth in the next 5-10 years. The project would not displace any existing housing or substantial numbers of people.

XIV. PUBLIC SERVICES

Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service rations, response time or other performance objectives for any of the public services:

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Police Protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Parks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Other public facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion of Impacts

(a to e) *No Impact.* The project includes an SOI Update and no specific development proposals are known at this time. This project will not directly result in development and future applications can be evaluated for impacts to public services. Future development is not anticipated to result in impacts to fire, police, schools, parks or other public facilities. Therefore, impacts to public services levels are less than significant.

XV. RECREATION

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have been an adverse physical effect on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion of Impacts

a-b) *No Impact.* The project includes an SOI Update and no specific development proposals are known at this time. Future residential development anticipated by the County's General Plan would need to be evaluated to determine whether additional parks facilities or upgrades to existing parks should be required.

XVI. TRANSPORTATION/TRAFFIC

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

and bicycle paths, and mass transit?

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| b) Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e) Result in inadequate emergency access? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

a) *Less than Significant Impact.* The project includes an SOI Update and no specific development proposals are known at this time, although the County designates the undeveloped portions of the SOI Update area for Residential Low development. Future projects would be evaluated by the County for traffic impacts to local traffic circulation.

(b)(c) *Less than Significant Impact.* See (a), above.

c) *No Impact.* The project would not affect air traffic patterns.

d) *No Impact.* The project would not increase hazards or introduce incompatible uses. The SOI Update does not include any change in uses.

e) *Less than Significant Impact.* The project would not result in inadequate emergency access.

f) *No Impact.* The project would not conflict with any adopted policies, plans, or programs supporting alternative transportation.

XVII. UTILITIES AND SERVICE SYSTEMS

Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

- e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?
- f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?
- g) Comply with federal, state, and local statutes and regulations related to solid waste.

Discussion of Impacts

(a)(b) *Less than Significant Impact.* The project includes an SOI Update and would not directly result in any physical changes or development. Future development in the SOI Update area would be served by the Esparto CSD and the project would need to be evaluated for wastewater treatment requirements.

c) *Less than Significant Impact.* The project includes an SOI Update and no specific development proposals are known at this time. Future residential development anticipated by the County's General Plan would need to be evaluated to determine whether the project will not require the construction or expansion of storm water drainage facilities.

d) *Less than Significant Impact.* The project includes an SOI Update and no specific development proposals are known at this time. Future residential development anticipated by the County's General Plan would need to be evaluated to determine whether the Esparto CSD had sufficient water supply to serve the project or could increase the capacity with infrastructure upgrades.

e) *Less than Significant Impact. See (a)(b) above.*

(f)(g) *No Impact.* The project includes an SOI Update and no specific development proposals are known at this time. Future residential development was anticipated by the County's General Plan and EIR and is not anticipated to result in impacts to solid waste disposal resources.

Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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XVIII. MANDATORY FINDINGS OF SIGNIFICANCE --

- a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?
- b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probably future projects)?

- c) Does the project have environment effects which will cause substantial adverse effects on human beings, either directly or indirectly?

Discussion of Impacts

- a) *No Impact.* Based on the information provided in this Initial Study, any potential environmental impacts caused by the project would be considered less than significant. No important examples of major periods of California history or prehistory in California were identified; and the habitat and/or range of any special status plants, habitat, or plants would not be substantially reduced or eliminated.
- b) *Less Than Significant Impact.* Yolo LAFCo has no land use authority over individual projects, only whether annexations into cities or districts could occur. This SOI project encompasses the cumulative future growth for the community of Esparto under the County's General Plan until 2030. Based on the analysis provided in this Initial Study, the project would have less than significant cumulative impacts. In addition, the County considered cumulative impacts on a countywide basis in its 2030 Countywide General Plan EIR.
- c) *No Impact.* Based on the analysis provided in this Initial Study, no impacts to human beings would result from the proposed project. The project as proposed would not have substantial adverse effects on human beings, either directly or indirectly.

REFERENCES

Combined Municipal Service Review and Sphere of Influence Update for the Western Yolo Special Districts, Yolo LAFCo, June 2015

2030 Yolo Countywide General Plan, 2009 (as amended)

2030 Countywide General Plan EIR, April 28, 2009 (SCH #2008102034)

Yolo County Zoning Ordinance, Title 8, Chapter 2 of the County Code, 2004 (as amended)

Yolo Solano Air Quality Management District, *Handbook for Assessing and Mitigating Air Quality Impacts*, 2007



Regular 8.

LAFCO

Meeting Date: 07/23/2015

Information

SUBJECT

Authorize the Chair to sign Agreement 2015-05 for services between Yolo LAFCo and Richardson & Company, LLP, not to exceed \$10,995 to conduct an independent audit of the Yolo LAFCo financial statements for the fiscal years ending in 2013, 2014 and 2015

RECOMMENDED ACTION

Authorize the Chair to sign Agreement 2015-05 for services between Yolo LAFCo and Richardson & Company, LLP, not to exceed \$10,995 to conduct an independent audit of the Yolo LAFCo financial statements for the fiscal years ending in 2013, 2014 and 2015.

FISCAL IMPACT

For fiscal year 2015/16, the LAFCo budget appropriated a total of \$20,000 in Account 86-2421 for Auditing and Fiscal Services. The contract is not to exceed \$10,995. Therefore, sufficient funds were budgeted for this contract and no fiscal impacts are anticipated.

REASONS FOR RECOMMENDED ACTION

Per Yolo LAFCo Administrative Policies and Procedures Section 5.18, LAFCo shall have financial audits performed on a three year cycle (i.e. the auditor reviews the prior three fiscal years at one time). In addition, the LAFCo Commission must authorize and execute contracts greater than \$5,000 in accordance with LAFCo's Administrative Policies and Procedures Section 5.11.

BACKGROUND

A Request for Proposals was issued for auditing services in May 2015 and four proposals were received as follows:

- Mann, Urrutia, Nelson CPAs & Associates, LLP for \$34,000
- Maze & Associates for \$17,984
- Richardson & Company, LLP for \$10,995
- Vavrinek, Trine, Day & Company, LLP for \$18,500

The review committee included Chad Rinde from Yolo County Department of Financial Services, and Terri Tuck and Christine Crawford from LAFCo. The committee met on July 6, 2015 and all independently had ranked Richardson & Company, LLP as the top ranked firm based on their experience with LAFCo processes, Yolo County's accounting system, and price.

As the Commission may recall, this is the same firm that performed LAFCo's last audit. In case there is any concern regarding hiring the same firm, please note that the State Controller's Office recommends that agencies rotate auditors every six years (that applies to rotating the individuals conducting the audit, not the firm itself). It is common for agencies to use the same audit firms on a continual basis with the firm rotating the personnel conducting the audit. Staff has no concerns with utilizing Richardson & Company again, especially considering the size of the LAFCo budget and the simplicity and transparency of our finances.

Attachments

[LAFCo-Richardson&Co Agreement 2015-05](#)

Form Review

Inbox

Christine Crawford
Form Started By: Christine Crawford
Final Approval Date: 07/07/2015

Reviewed By

Christine Crawford

Date

07/07/2015 12:07 PM
Started On: 07/02/2015 10:06 AM

AGREEMENT № 2015-05

(Agreement to Provide Independent Professional Auditing Services to Audit Yolo LAFCo Financial Statements for Fiscal Years Ending 2013, 2014 and 2015)

THIS AGREEMENT is made this 23rd day of July, 2015, by and between the Local Agency Formation Commission of Yolo County ("LAFCo") and Richardson & Company, LLC. ("Contractor"), who agree as follows:

TERMS

1) Contractor will provide independent auditing services related to the preparation of the LAFCo financial statements for fiscal years ending 2013, 2014, and 2015, as identified in LAFCo's Request for Proposals dated May 13, 2015 and Contractor's proposal dated June 24, 2015.

2) Contractor shall perform said services between July 23, 2015 and completion of the scope of work, no later than January 31, 2016.

3) The complete contract shall include the following Exhibits attached hereto and incorporated herin: Exhibit A: Insurance Requirements, Exhibit B: LAFCo's Request for Proposals dated May 13, 2015, Exhibit C: Contractor's proposal dated June 24, 2015, and Exhibit D: Engagement Letter.

4) Subject to Contractor's satisfactory and complete performance of all the terms and conditions of this Agreement, and upon Contractor's submission of an appropriate claim, LAFCo shall pay Contractor no more than a total amount of \$10,995 as identified in Exhibit C (Contractors proposal dated June 24, 2015).

5) Contractor, at its sole cost and expense, shall obtain and maintain throughout the entire term of this Contract, the insurance set forth in Exhibit A attached hereto.

6) To the extent allowed by law, Contractor shall defend, indemnify, and hold harmless the LAFCo, its officers, officials, employees, and agents from any and all claims, demands, liability, damages, cost or expenses (including but not limited to attorney fees) in law or equity that may at any time arise or be asserted based in whole or in part upon any negligent or other wrongful act or omission of Contractor, it's officers, agents, or employees.

7) Contractor shall comply with all applicable laws and regulations, including but not limited to any that are promulgated to protect the public health, welfare, and safety or prevent conflicts of interest. Contractor shall defend LAFCo and reimburse it for any fines, damages or costs (including attorney fees) that might be incurred or assessed based upon a claim or determination that Contractor has violated any applicable law or regulation.

8) This Agreement is subject to LAFCo approving sufficient funds for the activities required of the Contractor pursuant to this Agreement. If LAFCo's adopted budget does not contain sufficient funds for this Agreement, LAFCo may terminate this Agreement by giving ten (10) days advance written notice thereof to Contractor, in which event LAFCo shall have no obligation to pay Contractor any further funds or provide other consideration and the Contractor shall have no obligation to provide any further services under this Agreement.

9) If Contractor fails to perform any part of this Agreement, LAFCo may notify Contractor of the default and Contractor shall remedy the default. If Contractor fails to do so within 30 days, then, in addition to any other remedy that LAFCo may have, LAFCo may terminate this Agreement and withhold any or all payments otherwise owed to Contractor pursuant to this Agreement.

10) Contractor understands that any person associated with Contractor is not an employee of LAFCo and is not eligible for any employee benefits, including but not limited to unemployment, health/dental insurance, worker's compensation, vacation or sick leave.

11) Contractor will hold in confidence all information disclosed to or obtained by Contractor which relates to activities under this Agreement and/or to LAFCo plans or activities. All documents and information developed under this Agreement and all work products, reports, and related data and materials shall become the property of LAFCo. Contractor shall deliver all of the foregoing to LAFCo upon completion of the services hereunder, or upon earlier termination of this Agreement. In addition, Contractor shall retain all of its own records regarding this Agreement and the services provided hereunder for a period of not less than four (4) years, and shall make them available to LAFCo for audit and discovery purposes.

12) This Agreement constitutes the entire agreement of the parties, and no other agreements or representations, oral or written, have been made or relied upon by either party. This Agreement may only be amended in writing signed by both parties, and any other purported amendment shall be of no force or effect. This Agreement, including all attachments, shall be subject to disclosure pursuant to the California Public Records Act.

13) This Agreement shall be deemed to be executed within the State of California and construed in accordance with and governed by laws of the State of California. Any action or proceeding arising out of this Agreement shall be filed and resolved in a California State court located in Woodland, California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above by affixing their signatures hereafter.

CONTRACTOR:

LOCAL AGENCY FORMATION COMMISSION:

Ingrid Sheipline, CPA, Partner
Richardson & Company, LLC
550 Howe Avenue, Suite 210
Sacramento, CA 95825
isheipline@richardsoncpas.com
EIN: 46-55779052

Olin Woods, Chair

ATTEST:

Christine M. Crawford, LAFCo Executive Officer
625 Court Street, Suite 203
Woodland CA 95695
(530) 666-8048
christine.crawford@yolocounty.org

APPROVED AS TO FORM:

Eric May, Counsel

SERVICE CONTRACT INSURANCE REQUIREMENTS

- A. During the term of this Agreement, Contractor shall at all times maintain, at its expense, the following coverages and requirements. The comprehensive general liability insurance shall include broad form property damage insurance.
1. Minimum Coverages (as applicable) - Insurance coverage shall be with limits not less than the following:
 - a. **Comprehensive General Liability** – \$1,000,000/occurrence and \$2,000,000/aggregate
 - b. **Automobile Liability** – \$1,000,000/occurrence (general) and \$500,000/occurrence (property) [include coverage for Hired and Non-owned vehicles.]
 - c. **Professional Liability/Malpractice/Errors and Omissions** – \$1,000,000/occurrence and \$2,000,000/aggregate (If any engineer, architect, attorney, accountant, medical professional, psychologist, or other licensed professional performs work under a contract, the contractor must provide this insurance. If not, then this requirement automatically does not apply.)
 - d. **Workers' Compensation** – Statutory Limits/**Employers' Liability** - \$1,000,000/accident for bodily injury or disease (If no employees, this requirement automatically does not apply.)
 2. LAFCo, its officers, agents, employees and volunteers shall be named as additional insured on all but the workers' compensation and professional liability coverages. . [NOTE: Evidence of additional insured may be needed as a separate endorsement due to wording on the certificate negating any additional writing in the description box.] It shall be a requirement under this agreement that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the Additional Insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named Insured; whichever is greater.
 - a. The Additional Insured coverage under the Contractor's policy shall be "primary and non-contributory" and will not seek contribution from LAFCo's insurance or self insurance and shall be at least as broad as CG 20 01 04 13.
 - b. The limits of Insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess Insurance. Any umbrella or excess Insurance shall contain or be endorsed to contain a provision that such

coverage shall also apply on a primary and non contributory basis for the benefit of LAFCo (if agreed to in a written contract or agreement) before LAFCo's own Insurance or self insurance shall be called upon to protect it as a named insured.

3. Said policies shall remain in force through the life of this Agreement and, with the exception of professional liability coverage, shall be payable on a "per occurrence" basis unless LAFCo's Risk Manager specifically consents in writing to a "claims made" basis. For all "claims made" coverage, in the event that the Contractor changes insurance carriers Contractor shall purchase "tail" coverage covering the term of this Agreement and not less than three years thereafter. Proof of such "tail" coverage shall be required at any time that the Contractor changes to a new carrier prior to receipt of any payments due.
4. The Contractor shall declare all aggregate limits on the coverage before commencing performance of this Agreement, and LAFCo's Risk Manager reserves the right to require higher aggregate limits to ensure that the coverage limits required for this Agreement as set forth above are available throughout the performance of this Agreement.
5. Any deductibles or self-insured retentions must be declared to and are subject to the approval of LAFCo's Risk Manager. All self-insured retentions (SIR) must be disclosed to Risk Management for approval and shall not reduce the limits of liability. Policies containing any SIR provision shall provide or be endorsed to provide that the SIR may be satisfied either by the named Insured or Yolo LAFCo.
6. Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Director (ten (10) days for delinquent insurance premium payments).
7. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise approved by LAFCo's Risk Manager.
8. The policies shall cover all activities of Contractor, its officers, employees, agents and volunteers arising out of or in connection with this Agreement.
9. For any claims relating to this Agreement, the Contractor's insurance coverage shall be primary, including as respects LAFCo, its officers, agents, employees and volunteers. Any insurance maintained by LAFCo shall apply in excess of, and not contribute with, insurance provided by Contractor's liability insurance policy.
10. The insurer shall waive all rights of subrogation against LAFCo, its officers, employees, agents and volunteers.

- B.** Prior to commencing services pursuant to this Agreement, Contractor shall furnish LAFCo with original endorsements reflecting coverage required by this Agreement. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All endorsements are to be received by, and are subject to the approval of, LAFCo's Risk Manager before work commences. Upon LAFCo's request, Contractor shall provide complete, certified copies of all required insurance policies, including endorsements reflecting the coverage required by these specifications.
- C.** During the term of this Agreement, Contractor shall furnish LAFCo with original endorsements reflecting renewals, changes in insurance companies and any other documents reflecting the maintenance of the required coverage throughout the entire term of this Agreement. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. Upon LAFCo's request, Contractor shall provide complete, certified copies of all required insurance policies, including endorsements reflecting the coverage required by these specifications. Yolo LAFCo reserves the right to obtain a full certified copy of any Insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.
- D.** Contractor agrees to include with all Subcontractors in their subcontract the same requirements and provisions of this agreement including the indemnity and Insurance requirements to the extent they apply to the scope of the Subcontractor's work. Subcontractors hired by Contractor agree to be bound to Contractor and LAFCo in the same manner and to the same extent as Contractor is bound to LAFCo under the Contract Documents. Subcontractor further agrees to include these same provisions with any Sub-subcontractor. A copy of the Owner Contract Document Indemnity and Insurance provisions will be furnished to the Subcontractor upon request. The General Contractor/**and or Contractor** shall require all Subcontractors to provide a valid certificate of insurance and the required endorsements included in the agreement prior to commencement of any work and General Contractor/**and or Contractor** will provide proof of compliance to LAFCo.
- E.** Contractor shall maintain insurance as required by this contract to the fullest amount allowed by law and shall maintain insurance for a minimum of five years following the completion of this project. In the event Contractor fails to obtain or maintain completed operations coverage as required by this agreement, LAFCo at its sole discretion may purchase the coverage required and the cost will be paid by Contractor.

Yolo Local Agency Formation Commission
Request for Proposals

Exhibit B



To provide:

Independent Professional Auditing Services

to Audit Yolo LAFCo Financial Statements for
Fiscal Years ending 2013, 2014, and 2015

Response due by Friday, June 24, 2015 at 4:00 pm

Issued May 13, 2015

YOLO LOCAL AGENCY FORMATION COMMISSION

REQUEST FOR PROPOSAL

The Yolo County Local Agency Formation Commission (LAFCo) is seeking a qualified certified public accounting firm to audit its financial statements for fiscal years ending June 30, 2013, 2014, and 2015.

Yolo LAFCo Background

The Yolo LAFCo was formed and operates under the provisions of state law, specifically what is now known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Sec. 56000 et seq.). State law provides for LAFCos to be formed as independent agencies in each county in California. LAFCos implement state law and local policies relating to boundary changes for cities and most special districts. LAFCos approve spheres of influence, incorporations, annexations, reorganizations, and other changes of organization.

The Yolo LAFCo has a five-member commission consisting of the following: two members of the Yolo County Board of Supervisors, two city council members from the four cities within the County, and one member from the public at large. For each membership category, an alternate Commissioner serves in the absence of the regular member.

Yolo LAFCo staff consists of a full time Executive Officer and Clerk and a half-time analyst. Legal services are provided by the Yolo County Counsel's Office. The County of Yolo provides payroll, treasury, personnel, and support services as well as office space in the County's Administrative Building.

The Yolo LAFCo operates under a single-program government fund with an annual budget of approximately \$500,000. Funding for operations comes primarily from the County and the four cities in Yolo County, with the County contributing half and the cities contributing the other half. Although the County of Yolo contributes half of Yolo LAFCos net operational costs, the Yolo LAFCo is an independent agency and its budget is not subject to County approval. In addition to the agency contributions, other sources of revenue include applicant fees and interest earnings.

Scope of the Project

Yolo LAFCo is seeking qualified proposals for an independent financial audit in accordance with the following requirements:

1. The audit is to be performed in accordance with generally accepted auditing standards and the standards set for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, as well as any other current and applicable federal, state, local or programmatic audit requirements.
2. The audit will cover the general purpose financial statements of LAFCo and supporting documentation and schedules for fiscal years ending 2013, 2014, and 2015.

3. The audit firm will issue a separate Management Letter that includes recommendations, if any, for improvements in internal control that are considered to be significant deficiencies or material weaknesses.

LAFCo staff will prepare the Management Discussion and Analysis (MD&A), if needed.

Audit Process and Deliverables

Preparation of the report will include the following steps:

1. Data collection: including but not limited to soliciting LAFCo staff and the Yolo County Department of Financial Services (DFS) for information, research of existing information, and retrieving documents as needed.
2. Review, interpretation and analysis: review and analysis of all the information collected.
3. Produce Administrative Draft financial statements for LAFCo staff review (electronic PDF and Word version).
4. Preparation of final draft addressing comments from LAFCo staff, including findings, determinations and recommendations (electronic PDF and Word versions). Attendance at the Commission meeting(s) approving the final financial statement is required.
5. Following Commission approval of the financial statements, please provide LAFCo with a final electronic version (both PDF and Word versions).
6. All working papers and reports are to be retained at the auditor's expense for a minimum of four (4) years. The audit firm shall make working papers available to LAFCo on request.

Contents of Proposal

The proposal shall be specifically responsive to this request and shall include, but not necessarily be limited to, the following:

1. General statement by the firm or individual about the proposal including an understanding and general approach to accomplishing the work as outlined. The statement should demonstrate the experience and qualifications to perform the required duties, including information regarding government audit experience.
2. Specifically substantiated statement of the firm or individual's qualifications to perform the work, ability to stay within budget, and meet deadlines.
3. Identification and designation of the individual(s) who would perform the work, including resumes documenting their experience and competence to perform that work. Note that any subsequent changes in staff performing the work will require prior approval by LAFCo.
4. General time line and scope of work required to complete the documents in the most efficient and timely manner. The timeline should identify numerous check-in meetings with LAFCo staff as appropriate.
5. General proposal costs and identification of basic work tasks including a list of the firm's hours/rate structure for completing the scope of work. The costs

should specify deliverables and number of meetings/presentations included in the fee.

6. A list of not less than three (3) client references for which services similar to those outlined in this request for proposals have recently been, or are currently being, provided. For each reference listed provide the name of the organization, dates, and type of service(s) provided, and the name, address, e-mail address and telephone number of the appropriate contact.

Proposal deadline is Friday, June 24, 2015 at 4:00 pm.

Evaluation Process

During the evaluation process, LAFCo reserves the right to request additional information or clarifications from responders or to allow corrections of errors or omissions. At the discretion of the LAFCo, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

LAFCo reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether the proposal was selected.

The successful bidder will be required to enter into a contract with Yolo LAFCo.

Yolo LAFCo staff will review each proposal and evaluate the ability of each individual or firm to meet the expectations defined herein. References will be contacted. The proposals will be ranked and the top firms will be invited to an interview with LAFCo staff, LAFCo Commission representative(s) and potentially a representative from the Yolo County Department of Financial Services. A consultant will then be selected and the contract approval process will begin. LAFCo may modify this evaluation process as appropriate.

There is no expressed or implied obligation for LAFCo to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Consultant Selection

The following attributes will be considered in determining the award of the contract:

1. Qualifications and experience of the audit team
2. Prior experience in auditing other public agencies
3. References
4. Results of the most recent Peer Review together with the California Society of CPAs acceptance of the peer review
5. Thoroughness of approach to conducting the audit and demonstration of the understanding of the objectives and scope of the audit
6. Ability to work well with the staff from LAFCo and the Yolo County DFS.
7. Ability to complete the audit in a timely manner
8. Provide clear and reasonable outline of cost estimates and past performance with staying within budget

Additional Information

Timeline:

The fieldwork and audit for Fiscal Years ending June 30, 2013 and 2014 may begin after execution of a contract. The field work and audit for Fiscal Year 2014/15 will begin after the books for that year are closed, approximately October 2015. An audit plan and project schedule will be determined and agreed to by LAFCo and the selected audit firm.

Insurance:

The form of contract includes standard form insurance requirements and standard form insurance certificates, which are utilized by the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA), a self-insurance joint powers agency, of which Yolo LAFCo is a member. A copy of YCPARMIA's "Insurance Requirements Guidelines" is attached (Exhibit A), as is a draft contract (Exhibit B).

Yolo County Financial System:

The County is currently phasing out its GenLed System and will be implementing a new financial system, the InforSystem, effective fiscal year 2015/16.

Contract Provisions:

Yolo LAFCo reserves the right to reject any and all proposals, waive any irregularity in the proposals and/or to conduct negotiations with any firms, whether or not they have submitted a proposal. The Commission's initial draft of the contract form to be used for agreements is attached to this RFP. Although the attached draft is subject to revision before execution by the parties, by submission of a proposal or statement of qualification the potential contractor indicates that except as specifically and expressly noted in its submission, it has no objection to the attached draft contract or any of its provisions, and if selected will enter into a final agreement based substantially upon the attached draft contract.

Signature Authority:

Certify that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with LAFCo.

Consultants:

During the preparation phases, Yolo LAFCo reserves the right to hire consultants as necessary, in its discretion, to represent Yolo LAFCo in this project.

Submittal

Any questions regarding this proposal shall be submitted in writing to lafoo@yolocounty.org.

Proposals shall be submitted electronically at lafoo@yolocounty.org, or on paper at:

Yolo Local Agency Formation Commission
625 Court Street, Suite 203
Woodland CA 95695

Proposal deadline:

Friday, June 24, 2015, 4:00 pm

Respectfully requested,
Christine M. Crawford AICP, Executive Officer

Exhibits

- A. Insurance Requirement Guidelines
- B. Sample Contract

SERVICE CONTRACT INSURANCE REQUIREMENTS

- A. During the term of this Agreement, Contractor shall at all times maintain, at its expense, the following coverages and requirements. The comprehensive general liability insurance shall include broad form property damage insurance.
1. Minimum Coverages (as applicable) - Insurance coverage shall be with limits not less than the following:
 - a. **Comprehensive General Liability** – \$1,000,000/occurrence and \$2,000,000/aggregate
 - b. **Automobile Liability** – \$1,000,000/occurrence (general) and \$500,000/occurrence (property) [include coverage for Hired and Non-owned vehicles.]
 - c. **Professional Liability/Malpractice/Errors and Omissions** – \$1,000,000/occurrence and \$2,000,000/aggregate (If any engineer, architect, attorney, accountant, medical professional, psychologist, or other licensed professional performs work under a contract, the contractor must provide this insurance. If not, then this requirement automatically does not apply.)
 - d. **Workers' Compensation** – Statutory Limits/**Employers' Liability** - \$1,000,000/accident for bodily injury or disease (If no employees, this requirement automatically does not apply.)
 2. LAFCo, its officers, agents, employees and volunteers shall be named as additional insured on all but the workers' compensation and professional liability coverages. . [NOTE: Evidence of additional insured may be needed as a separate endorsement due to wording on the certificate negating any additional writing in the description box.] It shall be a requirement under this agreement that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the Additional Insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named Insured; whichever is greater.
 - a. The Additional Insured coverage under the Contractor's policy shall be "primary and non-contributory" and will not seek contribution from LAFCo's insurance or self insurance and shall be at least as broad as CG 20 01 04 13.
 - b. The limits of Insurance required in this agreement may be satisfied by a combination of primary and umbrella or excess Insurance. Any umbrella or excess Insurance shall contain or be endorsed to contain a provision that such

coverage shall also apply on a primary and non contributory basis for the benefit of LAFCo (if agreed to in a written contract or agreement) before LAFCo's own Insurance or self insurance shall be called upon to protect it as a named insured.

3. Said policies shall remain in force through the life of this Agreement and, with the exception of professional liability coverage, shall be payable on a "per occurrence" basis unless LAFCo's Risk Manager specifically consents in writing to a "claims made" basis. For all "claims made" coverage, in the event that the Contractor changes insurance carriers Contractor shall purchase "tail" coverage covering the term of this Agreement and not less than three years thereafter. Proof of such "tail" coverage shall be required at any time that the Contractor changes to a new carrier prior to receipt of any payments due.
4. The Contractor shall declare all aggregate limits on the coverage before commencing performance of this Agreement, and LAFCo's Risk Manager reserves the right to require higher aggregate limits to ensure that the coverage limits required for this Agreement as set forth above are available throughout the performance of this Agreement.
5. Any deductibles or self-insured retentions must be declared to and are subject to the approval of LAFCo's Risk Manager. All self-insured retentions (SIR) must be disclosed to Risk Management for approval and shall not reduce the limits of liability. Policies containing any SIR provision shall provide or be endorsed to provide that the SIR may be satisfied either by the named Insured or Yolo LAFCo.
6. Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Director (ten (10) days for delinquent insurance premium payments).
7. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise approved by LAFCo's Risk Manager.
8. The policies shall cover all activities of Contractor, its officers, employees, agents and volunteers arising out of or in connection with this Agreement.
9. For any claims relating to this Agreement, the Contractor's insurance coverage shall be primary, including as respects LAFCo, its officers, agents, employees and volunteers. Any insurance maintained by LAFCo shall apply in excess of, and not contribute with, insurance provided by Contractor's liability insurance policy.
10. The insurer shall waive all rights of subrogation against LAFCo, its officers, employees, agents and volunteers.

- B.** Prior to commencing services pursuant to this Agreement, Contractor shall furnish LAFCo with original endorsements reflecting coverage required by this Agreement. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All endorsements are to be received by, and are subject to the approval of, LAFCo's Risk Manager before work commences. Upon LAFCo's request, Contractor shall provide complete, certified copies of all required insurance policies, including endorsements reflecting the coverage required by these specifications.
- C.** During the term of this Agreement, Contractor shall furnish LAFCo with original endorsements reflecting renewals, changes in insurance companies and any other documents reflecting the maintenance of the required coverage throughout the entire term of this Agreement. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. Upon LAFCo's request, Contractor shall provide complete, certified copies of all required insurance policies, including endorsements reflecting the coverage required by these specifications. Yolo LAFCo reserves the right to obtain a full certified copy of any Insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.
- D.** Contractor agrees to include with all Subcontractors in their subcontract the same requirements and provisions of this agreement including the indemnity and Insurance requirements to the extent they apply to the scope of the Subcontractor's work. Subcontractors hired by Contractor agree to be bound to Contractor and LAFCo in the same manner and to the same extent as Contractor is bound to LAFCo under the Contract Documents. Subcontractor further agrees to include these same provisions with any Sub-subcontractor. A copy of the Owner Contract Document Indemnity and Insurance provisions will be furnished to the Subcontractor upon request. The General Contractor/**and or Contractor** shall require all Subcontractors to provide a valid certificate of insurance and the required endorsements included in the agreement prior to commencement of any work and General Contractor/**and or Contractor** will provide proof of compliance to LAFCo.
- E.** Contractor shall maintain insurance as required by this contract to the fullest amount allowed by law and shall maintain insurance for a minimum of five years following the completion of this project. In the event Contractor fails to obtain or maintain completed operations coverage as required by this agreement, LAFCo at its sole discretion may purchase the coverage required and the cost will be paid by Contractor.

AGREEMENT N^o _____
(Short-Form Agreement)

THIS AGREEMENT is made this ____ day of _____, _____, by and between the Local Agency Formation Commission of Yolo County ("LAFCO"), and _____

("CONTRACTOR"), who agree as follows:

TERMS

1. CONTRACTOR shall perform the following personal services:

2. CONTRACTOR shall perform said services between _____, _____, and _____.

3. The complete contract shall include the following Exhibits attached hereto and incorporated herein: Exhibit A: Insurance Requirements, _____.

4. Subject to CONTRACTOR'S satisfactory and complete performance of all the terms and conditions of this Agreement, and upon CONTRACTOR'S submission of an appropriate claim, LAFCO shall pay CONTRACTOR no more than a total amount of \$ _____, as identified in _____.

5. CONTRACTOR, at his sole cost and expense, shall obtain and maintain throughout the entire term of this Contract, the insurance set forth in Exhibit A attached hereto.

6. CONTRACTOR shall defend, indemnify, and hold harmless the LAFCO, its officers, officials, employees and agents from any and all claims, demands, liability, damages, cost or expenses (including but not limited to attorney fees) in law or equity that may at any time arise or be asserted based in whole or in part upon any negligent or other wrongful act or omission of the CONTRACTOR, it's officers, agents, or employees.

7. CONTRACTOR shall comply with all applicable laws and regulations, including but not limited to any, which are promulgated to protect the public health, welfare and safety or prevent conflicts of interest. CONTRACTOR shall defend LAFCO and reimburse it for any fines, damages or costs (including attorney fees) that might be incurred or assessed based upon a claim or determination that CONTRACTOR has violated any applicable law or regulation.

8. This Agreement is subject to LAFCO approving sufficient funds for the activities required of the Contractor pursuant to this Agreement. If LAFCO's adopted budget does not contain sufficient funds for this Agreement, LAFCO may terminate this Agreement by giving ten (10) days advance written notice thereof to the Contractor, in which event LAFCO shall have no obligation to pay the Contractor any further funds or provide other consideration and the Contractor shall have no obligation to provide any further services under this Agreement.

9. If CONTRACTOR fails to perform any part of this Agreement, LAFCO may notify the CONTRACTOR of the default and CONTRACTOR shall remedy the default. If CONTRACTOR fails to do so, then, in addition to any other remedy that LAFCO may have, LAFCO may terminate this Agreement and withhold any or all payments otherwise owed to CONTRACTOR pursuant to this Agreement.

10. Attached are licenses &/or certificates required by CONTRACTOR's profession (Indicating type; No.; State; & Expiration date), and CONTRACTOR certifies that he/she/it shall maintain them throughout this Agreement, and that CONTRACTOR's performance will meet the standards of licensure/certification.

11. CONTRACTOR understands that he/she is not an employee of LAFCO and is not eligible for any employee benefits, including but not limited to unemployment, health/dental insurance, worker's compensation, vacation or sick leave.

12. CONTRACTOR will hold in confidence all information disclosed to or obtained by CONTRACTOR which relates to activities under this Agreement and/or to LAFCO plans or activities. All documents and information developed under this Agreement and all work products, reports, and related data and materials shall become the property of LAFCO. CONTRACTOR shall deliver all of the foregoing to LAFCO upon completion of the services hereunder, or upon earlier termination of this Agreement. In addition, CONTRACTOR shall retain all of its own records regarding this Agreement and the services provided hereunder for a period of not less than four (4) years, and shall make them available to LAFCO for audit and discovery purposes.

13. This Agreement constitutes the entire agreement of the parties, and no other agreements or representations, oral or written, have been made or relied upon by either party. This Agreement may only be amended in writing signed by both parties, and any other purported amendment shall be of no force or effect. This Agreement, including all attachments, shall be subject to disclosure pursuant to the California Public Records Act.

14. This Agreement shall be deemed to be executed within the State of California and construed in accordance with and governed by laws of the State of California. Any action or proceeding arising out of this Agreement shall be filed and resolved in a California State court located in Woodland, California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above by affixing their signatures hereafter.

CONTRACTOR:

LAFCO:

Contractor Signature

Executive Officer Signature

Printed Name

Street Address/PO Box

City/State/Zip

Phone

CERTIFICATION: I hereby certify under the penalty of perjury that all statements made in or incorporated into this Agreement are true and complete to the best of my knowledge. I understand and agree that LAFCO may, in its sole discretion, terminate this Agreement if any such statements are false, incomplete, or incorrect.

Contractor Signature

PROPOSAL TO PERFORM
INDEPENDENT AUDITING SERVICES



FOR THE FISCAL YEARS ENDED
JUNE 30, 2013, 2014 and 2015

Richardson & Company, LLP

550 Howe Avenue, Suite 210
Sacramento, California 95825
Phone: (916) 564-8727
Fax: (916) 564-8728

Contact Person:

Ingrid Sheipline or Brian Nash
isheipline or bnash@richardsoncpas.com

June 24, 2015

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Richardson & Company, LLP

550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

June 24, 2015

Ms. Christine Crawford, Executive Officer
Yolo County Local Agency Formation Commission
625 Court Street, Room 203
Woodland, California 95695

Thank you for your interest in our firm and the opportunity to present our proposal to serve the **Yolo County Local Agency Formation Commission (LAFCo)**. We are genuinely enthusiastic about the prospect of continuing to serve you because serving governments with their unique reporting requirements has developed into one of our firm's major areas of expertise. If given the opportunity, you can be sure that we would continue to serve LAFCo with great care and pride.

We have gained valuable experience auditing LAFCo in the past that would result in an efficient June 30, 2013 through 2015 audit, especially the experience gained related to the LAFCo's participation in the County of Yolo's pension and postretirement health care plans. Any new auditor would need to go through the same process to become familiar with these plans as we went through in previous audits due to the details of the LAFCo's participation in the County of Yolo plans. We would have the best foundation of any audit firm to apply the provisions of GASB Statement No. 68 related to the recording of the unfunded pension liability, which must be implemented during the year ended June 30, 2015.

Although we have performed previous audits of the LAFCo, we have not performed the number of consecutive audits that would meet the State Controller's Office criteria to rotate audit partners and there is no requirement to rotate audit firms. Also, the Office of Management and Budget (OMB) has concluded that the disruption caused by frequent auditor rotation does not justify the benefits of rotation. We have developed a level of understanding of the LAFCo's operations and have gathered a permanent file of documentation that would take a significant amount of LAFCo's limited staff time to locate and provide to another firm. There would be significant savings of staff time if the LAFCo would approve Richardson & Company, LLP as its auditor for another audit cycle.

Our Profile and Commitment to Quality

Richardson & Company, LLP is the fourteenth largest firm operating in the Sacramento area since 1991. We have a staff of twenty-one, including fourteen CPAs. Our firm and all key professional staff are properly licensed to practice as Certified Public Accountants in California.

We operate as a regional CPA firm providing audit, accounting, tax and business advisory services to numerous governmental, commercial and nonprofit organizations primarily located in the Sacramento and San Francisco-Oakland bay areas and as far south as Whittier, California.

We are a member of the Center for Audit Quality of the American Institute of Certified Public Accountants (AICPA) and participate in the California Society of CPA's Peer Review Program. We are registered with the Public Company Accounting Oversight Board (PCAOB) created by the Sarbanes-Oxley Act to inspect firms that audit SEC registrants. All firms that join the Center for Audit Quality agree to adhere to published AICPA and PCAOB quality control standards and submit to peer reviews and PCAOB inspections of their practice every three years. We have passed all eight peer reviews and all three PCAOB inspections of our practice.

Another example of our commitment to quality service and skill as auditors, is the fact we have audited the California Department of Water Resources on behalf of the Metropolitan Water District of Southern California for more than thirty years, including twelve years while key personnel in our firm were with Ernst & Young. Metropolitan is a consortium of twenty-six cities and water districts serving nearly nineteen million people in the Los Angeles and San Diego areas. It is the largest water district in the world. This large, complex audit of the multi-billion dollar State Water Project managed by the California Department of Water Resources is on a scale and nature as to rarely be performed by other than international "Big Four" firms.

Our Extensive Experience Auditing Agencies that use the County of Yolo for Accounting Services

In addition to auditing the LAFCo, we have audited numerous entities that use the County of Yolo Auditor-Controller's Office as their fiscal agent, deposit their funds with the County of Yolo Treasurer's Office and use the County's accounting system, including Yolo-Solano Air Quality Management District, the Sacramento Area Council of Government's Yolo County Local Transportation Fund and Yolo County Transportation District. We also audit the County of Yolo's Transportation Development Act Transit and Non-Transit Funds. Auditing these agencies and County funds has made us very familiar with the reports and capabilities of the County's accounting system. We also become acquainted with County of Yolo Auditor-Controller's Office personnel as a result of these audits and have worked with them for a number of years.

Our Proven Expertise Serving Local Governmental Entities

In any service organization, it is the people who make the difference. Our team members know and understand the challenges and opportunities confronting governmental entities and our team consists of professionals who have conducted many financial and compliance audits of governmental entities in conformity with *Government Audit Standards* and generally accepted auditing standards. In addition to performing the LAFCo's audit, we have performed these audits for the El Dorado County LAFCo, most of the cities in the greater Sacramento area, numerous independent special districts located in Yolo and Sacramento Counties and elsewhere, joint powers authorities, large fire and water districts, such as the Sacramento Metropolitan Fire District and Sacramento Suburban Water District, and several transportation planning agencies including the Sacramento Area Council of Governments (SACOG) the El Dorado County Transportation Commission, Butte County Association of Governments, Calaveras County Council of Governments, Amador Transportation Commission and the San Joaquin Council of Governments as well as the city and county funding recipients of these planning agencies.

Our services to governments have also included performing several investigative, forensic audits of governmental special districts that received extensive statewide news media attention and resulted in one general manager and his assistant serving federal prison sentences after our testimony in federal court. We have assisted several governmental entities with the preparation of their State Controller's Office reports, letters to underwriters and receiving the Government Finance Officer's Certificate of Achievement for Excellence in Financial Reporting, including two on their first attempt.

Professional Fees

Our professional fees are described in detail in the following pages of our proposal. **Should you have any questions about the details of our fees, or should our fees not appear competitive with those of the other firms, we would appreciate an opportunity to discuss them with you before you make your final decision.**

* * * * *

Once again, we would like to thank you for the opportunity to discuss our services, present our qualifications, and submit our proposal to serve as independent auditors and business advisors for LAFCo. For the preceding reasons and many others as outlined in this proposal, we genuinely believe that your selection of our firm as LAFCo's independent accountants is the best decision that LAFCo could make. We have the people, experience and available resources to perform the work within the required time period.

Our firm certifies that the person signing this proposal is authorized to represent Richardson & Company, LLP, empowered to submit this bid and authorized to sign a contract with LAFCo.

If you have questions or need additional information, please contact Ms. Ingrid Sheipline, Managing Partner or me by telephone (916) 564-8727, fax (916) 564-8728, correspondence addressed to 550 Howe Avenue, Suite 210, Sacramento, California 95825 or email sent to bnash@richardsoncpas.com or isheipline@richardsoncpas.com.

Very truly yours,

RICHARDSON & COMPANY, LLP



Brian N Nash, CPA
Partner

OUR QUALIFICATIONS AND EXPERIENCE

Richardson & Company, LLP is the thirteenth largest firm operating in the Sacramento area since 1991. We have a staff of twenty-one, including fourteen CPAs. Our firm and all key professional staff are properly licensed to practice as Certified Public Accountants in California. We operate as a regional CPA firm providing audit, accounting, tax and business advisory services to numerous governmental, commercial and nonprofit organizations primarily located in the Sacramento and San Francisco-Oakland bay areas and as far south as Whittier, California. All of the firm's staff meet the continuing education requirements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions published by the U.S. General Accounting Office because of our extensive experience auditing governmental entities.

In any service organization, it is the people who make the difference. Our team members have conducted many financial and compliance audits of governmental entities in conformity with *Government Audit Standards* and generally accepted auditing standards. In addition to performing the LAFCo's audit, we have performed these audits for numerous special districts, most of the cities located within the greater Sacramento region, large fire and water districts, such as the Sacramento Metropolitan Fire District and Sacramento Suburban Water District, and several transportation planning agencies including the Sacramento Area Council of Governments (SACOG) the El Dorado County Transportation Commission, Butte County Association of Governments, Calaveras County Council of Governments, Placer County Transportation Planning Agency, Amador Transportation Commission and the San Joaquin Council of Governments and the city and county funding recipients of these planning agencies. We have extensive experience with Single Audit Act procedures and reports under OMB Circular A-133, preparation of State Controller's Reports, letters to underwriters and preparation and review of Comprehensive Annual Financial Reports for compliance with the GFOA's preparer checklist in order to receive the Certificate of Achievement for Excellence in Financial Reporting.

In addition to governmental entities, we provide or have provided audit services to banks and bank holding companies, nonprofit organizations, real estate partnerships, Securities and Exchange Commission (SEC) registrants, a magazine circulation audit and many others. We perform Single Audit Act and compliance audits for both governmental and nonprofit entities. We provide tax services to our audit clients requiring those services.

Our services to governments have also included performing several investigative, forensic audits of governmental special districts that received extensive statewide news media attention and, in one case, resulted in a general manager and his assistant serving federal prison sentences after our testimony in federal court. These special audits included situations where it was alleged that expense reimbursements had been paid in excess of amounts authorized by policy or law. Our investigations proved the allegations were true and discovered several other problems. Our audit results were made public by the districts involved and the FBI, IRS and the Sacramento District Attorney subpoenaed our workpapers to assist them with their investigations. We have testified in federal court and given depositions related to this work. This special audit work proves that our firm has the resources and expertise to successfully complete difficult, unusual governmental auditing projects in a timely manner.

We have audited the California Department of Water Resources on behalf of the Metropolitan Water District of Southern California for the past thirty years, including twelve years while key personnel in our firm were with Ernst & Young. Metropolitan is a consortium of twenty-six cities and water districts serving nearly nineteen million people in the Los Angeles and San

Diego areas. It is the largest water district in the world. This large, complex audit of the multi-billion dollar State Water Project managed by the California Department of Water Resources is on a scale and nature as to rarely be performed by other than “Big Four” firms.

We have built a practice oriented toward providing services equal in caliber to those provided by firms operating on a national level. Governmental organizations we serve or have previously served include the following:

- Yolo County LAFCo
- El Dorado County LAFCo
- Yolo-Solano Air Quality Management District
- Yolo County Transportation District
- Sacramento Metropolitan Fire District
- Sacramento Area Council of Governments
- Counties of Sacramento, Sutter, Yolo and Yuba Transportation Development Act Funds
- Cities of Elk Grove, Citrus Heights, Folsom and Rancho Cordova
- Cities of Colusa, Dixon, Biggs, Loomis, Marysville, West Sacramento and Wheatland
- Sacramento Transportation Authority
- Sacramento County Waste Management and Recycling
- Cosumnes Community Services District
- Sacramento Public Library Authority
- Fair Oaks Water District
- Sacramento Suburban Water District
- Carmichael Water District
- Florin Resource Conservation District aka Elk Grove Water District
- American River Flood Control District
- San Juan Water District
- South Yuba Water District
- Wilton Fire District
- Cities of Chico, Lincoln, Colfax, American Canyon and Sutter Creek
- Courtland and Pacific Fruitridge Fire Protection Districts
- Oakdale Irrigation District
- Tri-Dam Project and Power Authority
- South San Joaquin Irrigation District
- Merced Irrigation District
- El Dorado Irrigation District
- Solano County Water Agency
- South Sutter Water District
- Yuba County Water Agency
- State Water Project Contractors Authority
- El Dorado County Transportation Commission
- El Dorado County Transit Authority
- Calaveras Council of Governments
- Marin County Transit District
- Butte County Council of Governments
- County of Butte and Cities of Oroville, Chico, Gridley, Biggs and Paradise Transportation Development Act Funds
- Placer County Transportation Planning Commission

- County of Placer and Cities of Roseville, Lincoln, Auburn, Loomis and Colfax Transportation Development Act Funds
- Amador Transit
- Amador County Transportation Commission
- Nevada County Consolidated Fire District
- San Joaquin Council of Governments
- Yuba-Sutter Transit Authority
- Regional Waste Management Authority
- Transport System of the University of California at Davis (Unitrans)
- Local Transportation Funds of the Counties of Sacramento, Sutter, Yolo and Yuba
- Cities of Folsom, Galt, Isleton, Sacramento, Davis, Live Oak, Yuba City, Marysville, Wheatland, West Sacramento, Winters and Woodland Transportation Development Act Funds
- El Dorado County and City of Placerville Transportation Development Act Fund
- El Dorado County Local Transportation and State Transit Assistance Funds
- Cities of Escalon, Lodi, Manteca, Lathrop, Ripon and Tracy and County of San Joaquin Transportation Development Act Funds
- Cities of Manteca, Lathrop, Tracy, Lodi and Ripon Transit Systems
- San Joaquin County Local Transportation Fund and State Transit Assistance Fund
- San Joaquin Regional Transit District
- The Alpha Fund (a joint powers authority and workers compensation risk pool primarily for rural hospitals) an affiliate of the Association of California Healthcare Districts, Inc.
- League of California Cities (joint powers authority and an instrumentality of the State)
- Colusa Indian Community Council
- United Auburn Indian Council
- California State Assistance Fund for Enterprise, Business and Industrial Development
- Paratransit
- Funds and accounts of the California Department of Water Resources on behalf of the Metropolitan Water District of Southern California, including special analyses and projects related to its contract with the State
- Funds and accounts of the U.S. Bureau of Reclamation (USBR) on behalf of the Central Valley Project Water Association and various water districts including Santa Clara Valley Water District, East Bay Municipal Utility District, Contra Costa Water District, Sacramento Municipal Utility District and Placer County Water Agency

The services we provide to these and other clients prove that we have the ability to provide the services that you require. Examples of these services include the following:

- We conduct the audits of the basic financial statements of numerous special districts. Our experience performing these audits of basic and special purpose governmental financial statements has made us thoroughly familiar with the application of generally accepted governmental accounting principles.
- The past several years we have provided the Cities of Elk Grove, Citrus Heights, West Sacramento and Folsom and the Oakdale Irrigation District, Cosumnes Community Services District, San Juan Water District, Fair Oaks Water District and San Joaquin Council of Governments with extensive assistance in the preparation of their CAFR, including the first CAFR the Oakdale Irrigation District, Cosumnes Community Services District and San Joaquin Council of Governments had ever prepared. The CAFRs for all

of these agencies have received the Government Finance Officers Association's Certificate of Achievement for the years we have assisted them.

- In the past several years we have provided federal compliance auditing services to numerous entities, including the Cities of Chico, Lincoln, Elk Grove, West Sacramento, Citrus Heights, Marysville, Colusa, Yolo County Transportation District, El Dorado County Transit Authority, Marin County Transit District, Calaveras Council of Governments, Courtland Fire Protection District, Yuba-Sutter Transit Authority, the Transport System of the University of Davis and Paratransit and to several nonprofit organizations receiving federal grants that must also comply with *Government Auditing Standards* and the Single Audit Act.

In addition, the key team members of Richardson & Company, LLP have gained an extensive amount of governmental accounting and auditing experience in their previous positions with Ernst & Young LLP, including the following:

- Provided auditing services to numerous state and local government units that face the same unique governmental accounting and auditing aspects such as accounting for bonds and related refundings, extensive reporting requirements, basis of accounting, and budgetary and other legal compliance requirements. These entities include the California Department of Water Resources Enterprise Fund, Northern California Power Agency, Sacramento County, Sacramento County Airport Enterprise Fund, Sutter County, Solano County Private Industry Council, City of Woodland, City of Lodi, California Housing Finance Agency, California Department of Transportation and State of Hawaii Department of Health and Human Services. The audits of Sacramento County, Sacramento County Airport Enterprise Fund and City of Woodland also involved the preparation of award winning CAFRs.
- Established an audit approach for testing for compliance with federal, state and local grant requirements, including application of the Single Audit Act, for Sacramento County, City of Lodi and California Housing Finance Agency.

Our Commitment to Quality

We are a member of the Center for Audit Quality of the American Institute of Certified Public Accountants (AICPA) and participate in the California Society of CPA's Peer Review Program. We are registered with the Public Company Accounting Oversight Board (PCAOB) created by the Sarbanes-Oxley Act to inspect firms that audit SEC registrants. All firms that join the Center for Audit Quality agree to adhere to published quality control standards and submit to peer reviews and inspections of their practice every three years. We have passed all eight of our peer reviews with a "clean opinion" and all three PCAOB inspections. We passed seven of our peer reviews without an accompanying letter of comments, including our latest peer review completed in December 2012. This is an accomplishment achieved by fewer than five percent of the firms that have reviews. The letter of comments accompanying the other peer review report included only one comment. The eight peer reviews cover the entire twenty-four year period our firm has been in existence. Our latest peer review is attached to this proposal.

The quality control policies for our auditing practice are described in detail in our firm's Quality Control Document. All employees and members of our firm are provided with a copy of our Quality Control Document and are responsible for understanding, implementing and adhering to these policies and procedures. Our policies and procedures cover each of the following six

elements of quality control: 1) Leadership, 2) Relevant Ethical Requirements, 3) Acceptance and Continuance of Clients and Engagements, 4) Human Resources, 5) Engagement Performance and 6) Monitoring. The adequacy of our quality control system and our compliance with that system are independently evaluated every three years through a peer review.

We also demonstrate our commitment to providing quality service in many other ways, including:

- Organizing, staffing, and managing engagements to provide for appropriate levels of technical competence, experience, supervision and review.
- Undertaking quality control reviews of selected engagements to assure compliance with professional standards.
- Recognizing our obligation to the public as well as to our clients.
- Conducting engagements in accordance with clients whose concern for reputation and integrity is similar to our own.
- Promoting the growth of our firm primarily by referrals from existing clients satisfied with the quality of our services.

In addition to obtaining excellent peer review results, Richardson & Company, LLP is committed to providing quality service and demonstrates this commitment in many ways, including:

- Assisting numerous governmental entities with receiving the Certificate of Excellence in Financial Reporting awarded by the Government Finance Officers Association, including several that received the award on the first attempt.
- Engaging a nationally recognized accounting consultant who has authored several accounting and reporting manuals, including those dealing with SEC matters, as technical support for our firm in addition to the support customarily available through the American Institute and California Society of CPAs.
- Engaging a partner and Director of Audit and Banking Practices for a large firm located in a large midwestern city to serve as the concurring reviewer for our SEC registrant banks as well as providing consultation with respect to audit and accounting issues for other clients. He has extensive experience auditing banks and public companies as result of more than twenty years with Ernst & Young, KPMG and his current firm.
- Preparing audited financial statements and other information for inclusion in several public offering documents reviewed by the SEC and other CPA firms, including “Big Four” firms, with minimal insignificant changes.
- Preparing audited financial statements reviewed by the State Board of Accountancy without change.

Governmental Continuing Professional Education

All members of our firm regularly attend courses on government accounting and auditing issues and grant compliance auditing and are represented on the California Society of CPA’s Sacramento Chapter Government Committee to stay abreast of current issues affecting the government industry. Consistent with *Government Auditing Standards*, each of our auditors that are responsible for planning, directing, conducting or reporting on any of our government-related

audits completes 80 hours of continuing education and training every two years, including subjects directly related to the government environment and to grant compliance auditing. All personnel that will be assigned to your engagement team have attended the required governmental training programs. Our governmental training program consists of governmental courses offered by professional societies as well as subscription to a training service that includes significant issues relating to governmental accounting standards and grant compliance presented by top government experts from throughout the country. We also provide internally developed classes addressing current accounting and auditing issues pertinent to our clients.

QUALIFICATIONS AND EXPERIENCE OF OUR KEY PERSONNEL

We have the personnel with the necessary professional qualifications and technical ability to provide you with the quality service you are looking for. As you can see from the resumes of our key personnel, we have developed the proficiency in the accounting principles and standards and governmental and grant compliance auditing to ensure you will receive quality work. Our firm philosophy centers around our commitment to the highest level of quality service - delivered by quality people. We have a history of providing technical excellence through teamwork responsive to clients' needs and expectations. Our commitment to quality results in satisfying the needs of our clients by providing value-added services and attracting and retaining clients of the highest caliber. Our key audit executives will participate heavily in the audit of LAFCo. This assures LAFCo will receive a quality audit managed and executed on-site by seasoned professionals, knowledgeable of the government industry. Technical assistance to LAFCo will be provided by one of the key team members. We believe the quality of our services exceeds that of national and other large firms because our audit team uses more experienced professionals to actually perform the work. National and other firms typically rely heavily on senior and staff accountants to perform audit fieldwork with minimal on-site direction from partners or managers.

The following resumes outline the qualifications and experience of our key team members.

Brian Nash, CPA (Engagement Partner)

Brian is a Partner with our firm and would have overall responsibility for planning, directing and coordinating our services for you. Brian was responsible for our previous audits of LAFCo and has gained valuable experience in those audits. Since significant and timely principal involvement is a cornerstone of our quality control procedures, he will be involved in all phases of our audit work from initial planning through report preparation. He is a Certified Public Accountant (#71127) with twenty-one years of professional accounting and auditing experience and has provided services to a variety of clients, including most of the government entities, nonprofits, banks, water agencies and other entities described in the preceding sections of this proposal. He has served the various entities that utilize the County of Yolo for their treasury function, so he is knowledgeable of the County's systems and records. Brian received a Bachelor of Science degree in accounting with honors from California State University, Sacramento. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Ingrid M. Shepline, CPA (Managing Partner)

Ingrid serves as our Managing Partner and would assist Brian with the resolution of any issues and with planning, directing and coordinating our services for you, if needed. Formerly an audit manager with Ernst & Young LLP, she is a Certified Public Accountant (#48987) with thirty years of experience. Ingrid has supervised and conducted the fieldwork for a variety of clients including governmental entities, nonprofit organizations, utilities, banks, insurance agencies, manufacturers and distributors, including those using the County of Yolo's accounting system. While with Ernst & Young LLP, she specialized in governmental entities and grant compliance auditing, and has attended or taught numerous governmental education seminars. She is currently serving or has served almost all of the previously mentioned governmental entities.

Ingrid has a Bachelor of Science degree in accounting with honors from California State University, Sacramento. She is a member of the American Institute of Certified Public

Accountants and the California Society of Certified Public Accountants, having served on the Board of Directors of the Society's Sacramento Chapter and as a member of the Government and Nonprofit Committee.

Sergio Rivas, CPA (Supervisor)

Sergio Rivas, a Certified Public Accountant (#118679), and a Supervisor with our firm, will work closely with Brian in planning, conducting fieldwork, report preparation and workpaper review. Sergio was responsible for completing the LAFCo's audits for our firm and has a good understanding of LAFCo's operations. Sergio has four years of professional accounting and auditing experience and has provided services to a variety of clients, including government entities, nonprofits, banks, water agencies, including those using the County of Yolo's accounting system. Sergio received a Bachelor of Science degree in accounting with honors from California State University, Sacramento.

Other Staff:

We would assign senior and staff accountants to the engagement with experience working on governmental audits since everyone in our firm is required to work on a portion of our previously mentioned audits. All but five of our professional staff are CPAs.

Our Commitment to Staffing Continuity

If selected as your auditors, Brian Nash and Ingrid Shepline would have overall responsibility for our services for you. Brian would spend a substantial amount of time directly supervising the audit team and would be readily available to LAFCo's management. Ingrid Shepline would work closely with Brian to ensure he has all the resources necessary to provide the LAFCo with excellent service. Ingrid would also assist with the resolution of any issues. Ingrid and Brian have worked together for twenty-one years and Ingrid spent five years prior to that with Ernst & Young. Sergio, the Supervisor, has been with our firm for four years and completed LAFCO's audit for our firm under Brian's direction. Sergio has a significant understanding of LAFCo operations and would directly supervise any staff assigned to the engagement.

Our firm's other audit and tax directors have worked with our firm for twenty-four years. Six of the remaining staff members have been with our firm from ten years to fifteen years. The average length of service of our professional staff is nine years. We have consistently demonstrated our firm's ability to recruit, train and maintain a quality staff as evidenced by our excellent peer review and inspection results for the past twenty years and our ability to consistently attract and serve quality clients. As you can see from these statistics, our turnover rate is low, especially at the manager level and above. It will not be necessary for our firm to use any association or affiliate member firm personnel on your audit.

DESCRIPTION OF THE AUDIT

Our extensive experience in auditing ensures that we will concentrate on those areas of highest risk and plan and coordinate our work with management. We will not waste your time and resources by auditing areas that have no material risk to the financial statements. We will perform an assessment of the internal controls for the purpose of determining the procedures necessary to perform our audit, and any recommended enhancements to internal controls that we note during our audit will be communicated to management.

Scope of Services

We understand that LAFCo requires an audit of its basic financial statements for the fiscal years ended June 30, 2013 through 2015 conducted in accordance with generally accepted auditing standards accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. If LAFCo were to receive Federal funds in excess of \$500,000, the audit would also be conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The financial statements will be prepared in conformity with GASB Statement No. 34. We will also need to evaluate the proper implementation of GASB Statement No. 68 by LAFCo and will test the pension plan liability and related amounts recorded on LAFCo's books, as well as disclosures in the footnotes and required supplementary information.

We will issue a separate Management Letter that includes recommendations, if any, for improvements in internal control that are considered to be significant deficiencies or material weaknesses.

Adjustments to County's Accounting System

Based on our experience in working with the County's accounting system for the past twenty-three years, we have noticed that the County does not always have enough information to ensure the proper cut-off of revenues and expenses at the end of each fiscal year for special districts using the County's accounting system as they would for their own funds. As a result, audit adjustments may be needed to ensure the financial statements are presented on the accrual basis of accounting. Areas where adjustments may be needed are as follows:

- Accounts receivable: Revenues earned as of June 30 but not yet received.
- Accounts payable: Expenditures incurred but not invoiced or paid until after June 30.
- Deferred inflows: Revenues received that have not yet been earned.
- Accrued payroll: June payroll and benefits not paid until July.
- Accrued compensated absences: The value of unused vacation and sick leave benefits.
- Accrued other post-employment benefits: actuarially determined value of future post-employment benefits.

We will use our experience with LAFCo's operations to assist management in determining these balances as part of the engagement, as necessary.

Audit Approach

Our extensive experience with LAFCo and auditing other similar entities ensures that we will concentrate on those areas of highest risk and plan and coordinate our work with management. We will not waste your time and resources by auditing areas that have no material risk to the

financial statements. We will perform an assessment of the internal controls for the purpose of determining the procedures necessary to perform our audit, and any recommended enhancements to internal controls that we note during our audit will be communicated to management and the Commission.

Our audit approach to this engagement is divided into three stages as follows:

Initial Planning: We believe that a smoothly-run audit is based upon the early identification and resolution of reporting and auditing issues. Due to the extensive knowledge gained through auditing LAFCo and other governmental organizations, we will identify such issues in a timely manner and will enhance our understanding of your organization and the external and internal environments in which LAFCo operates. We will examine significant contracts and agreements to determine the effect on the nature and extent of the auditing procedures. We will meet with your personnel to obtain an understanding of your internal control structure policies and procedures and to document the flow of information through the accounting system, including procedures performed by the County, and will update our walkthrough memo with the assistance of your staff.

Program Development: Our risk assessment and evaluation of internal controls will provide the basis for determining the nature, timing and extent of audit procedures for specific transactions and accounts. Our approach to gaining an understanding of internal control will be in accordance with Statement of Audit Standard (SAS) Nos. 104 through 111. Accordingly, we will focus on obtaining an understanding of the control environment, risk assessment, information and communication, and monitoring components. We will update our documentation of LAFCo's control environment and will perform a walkthrough of significant areas to assess control risk for the purpose of planning our substantive tests. We will perform additional testing of internal controls as needed based on our risk assessment. An overall audit program is the end product of our initial planning. The primary purpose of this phase of our audit approach is to assess the likelihood of material error in the accounts and transactions and to determine the most cost effective and cost efficient mix of audit procedures. In developing the audit program, our aim will be to:

- Provide a complete audit program for all important financial statement amounts.
- Eliminate redundant audit procedures.
- Use audit procedures which accomplish more than one purpose.

Our audit approach is based on an analysis and understanding of the external and internal risk currently facing the organization we are auditing. Risk analysis enables us to design the most effective and efficient audit program, which evaluates and includes audit tests in relation to the size and probability of these risks. This approach provides us with a uniform method for developing and documenting the basis for our audit program. We will provide LAFCo staff with a list of documents, account analyses and other items we will need during the audit.

Program Execution: During this stage of our audit, we will perform the tests of transactions processed through the accounting system, direct tests of account balances and tests of compliance with laws, regulations and contracts. We plan to use either random or systematic sample selection methods to perform such tests. We will utilize analytical procedures in all areas of the audit, especially for receivables, revenues and expenses. We will perform all requested tasks as one integrated engagement and will schedule the timing of our field work so that there will be minimal disruption of the day-to-day operations. We will utilize computer software

during the engagement for all workpaper preparation and for developing the trial balance used to prepare the financial statements. We will use LAFCo's budget to determine the need for restrictions, commitments or assignments of fund balance as well as to perform analytical procedures for comparison to actual revenues and expenses.

Work Plan Timetable: The following work plan was developed with your deadlines in mind. The timing identified in the work plan is approximate and based on the timing of previous audits and will be revised as needed. **Upon selection as your independent accountants, we will meet with you, and together we will determine a specific timetable which ensures minimal disruption of your employees and that LAFCo's desired deadline for the delivery of our final reports is met.** As can be seen from the following work plan, the service team is composed in such a way that each member has adequate supervision and technical support. It will not be necessary for our firm to use any association or affiliate member firm personnel on your audit.

Work Plan

Task	Timing	Estimated Hours			Total
		Director	Supervisor	Staff	
Audit Planning:	July 2015	5	10	5	20
Begin audit planning process					
Internal control/systems documentation and evaluation					
Risk Assessment					
Develop audit programs					
Prepare audit assistance package and confirmation letters					
Substantive Testing:	October 2015	10	50	50	110
Cash and investments					
Revenue and receivables					
Payroll and related liabilities					
Expenses for goods and services and related liabilities					
Equity and other credits					
Reporting and Wrap-up:					
Preparation of the basic financial statements and other reports	November 2015	10	10	10	30
Draft reports available for review	December 2015				
Delivery of final reports	No later than January 31, 2015				
Total Audit Hours for the June 30, 2013 through 2015 Audits		25	70	65	160

The table above assumes that the audit of the fiscal years ending June 30, 2013 through 2015 will be performed as one engagement, where planning and risk assessment procedures will be performed and financial statements prepared for all three years combined. The total hours above were determined with a specific knowledge of the issues that resulted in time spent during the

2012 audit that we know will not occur again and an understanding of the efficiencies gained in the second and third year in performing your previous multi-year audit.

Our audit will be planned so that delivery of all required reports will be accomplished in a timely manner. We believe that the staffing of the audit is sufficient to ensure the timely completion of the audit and to ensure that the work is properly supervised. We would work closely with management to ensure that we provide timely services consistent with your requirements. We will prepare the financial statements consistent with professional standards and will review the drafts of all our reports and letters with LAFCo prior to finalization to ensure the reports meet your requirements. Upon completion of the audit, we will provide LAFCo with copies of our reports, as needed, for distribution to management, the Commission, and other interested parties.

Our firm philosophy centers around our commitment to the highest level of quality service--delivered by quality people. Our tradition of providing technical excellence through teamwork responsive to clients' needs and expectations--and doing so to the very best of our ability--requires that our single focus be on quality. Our commitment to quality results in:

- Satisfying LAFCo's needs by providing value-added services.
- Attracting and retaining clients of the highest caliber.
- Providing personal satisfaction and opportunity for professional growth for every member of our organization.

Some of the specific benefits LAFCo will realize from our audit approach include:

Ongoing Communications with Management--We will work closely with you to resolve issues and serve as LAFCo's advisor on a timely basis. We do not take dogmatic, unyielding positions, and will keep the lines of communications open. We understand the concepts of materiality and will work with LAFCo personnel on all issues with materiality in mind. Members of our engagement team will be readily available to answer LAFCo's questions and to respond to LAFCo's needs.

Relevant and insightful suggestions--Our plan and approach requires us to obtain a complete knowledge of LAFCo's operating environment and accounting systems. This will position us well as an "advisor" to LAFCo management.

Less disruption to LAFCo--Our experience with LAFCo will result in the most effective and efficient combination of internal control and account balance testing. This will eliminate duplicate procedures and unnecessary tasks, minimizing the necessary number of auditors and, consequently, result in less disruption of LAFCo personnel. We have a permanent file of important contracts, policies and other documentation that will not need to be provided again by management, saving valuable staff time.

MINIMUM INSURANCE REQUIREMENTS

We certify that we carry insurance that meets the insurance requirements specified in Section Exhibit A of the Request for Proposal and will provide the necessary certificates once we are selected as LAFCo's auditors.

PROFESSIONAL FEES AND HOURLY RATES

Our goal is to provide quality service using the highest professional standards at a reasonable cost. We plan each assignment carefully and set a time budget for each phase of the engagement. All of our staff are well indoctrinated in the need to use their time to the fullest efficiency.

Based upon our current understanding of the situation, our fees for the audit services described in the request for proposal for the years ended June 30, 2013 through 2015 will be \$10,995. The fee estimate includes the preparation of the financial statements, including the footnote disclosures. GASB Statement No. 68 will need to be implemented during the year ended June 30, 2015, which will result in a pension liability being accrued, additional footnote disclosures and the new required supplementary information. Our fee includes implementation of GASB Statement No. 68.

These fees include out-of-pocket expenses for items including clerical support, computer charges, supplies, telephone charges, printing and travel. There will be no additional charges to LAFCo related to these items. The break-down of our fee by classification is as follows for the audits of the years ended June 30, 2013 through 2015:

Classification	Hours	Hourly Rates	Fee
Principal/Audit Director	25	\$ 180	\$ 4,500
Supervisor	70	130	9,100
Staff	65	90	5,850
	160		19,450
Discount			(8,455)
Total fee, June 30, 2012 through 2015			\$ 10,995

The hours above assume the audits for fiscal years ended June 30, 2013 through 2015 will be performed as one integrated engagement, which results in time saving by only having to document planning and risk assessment procedures once and not having to prepare financial statements separately for each fiscal year.

The fee estimate is also based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit that significantly increase the time needed to complete the audit. The estimated fee assumes that LAFCo will complete the Management Discussion and Analysis portion of the financial statements, if applicable, and that the County Auditor-Controller's Office will post entries needed to report LAFCo's activity on the modified accrual basis. We also assume that LAFCo will calculate the accrual for compensated absences. However, if needed, we have extensive experience assisting the special districts we have audited prepare the entries needed for the audit. To the extent possible, we will utilize your existing schedules and workpapers in our audit process. If significant additional time is necessary for the preparation or reconciliation of schedules because the LAFCo's books were not closed and additional time is necessary, we will discuss it with you and arrive at a new fee estimate with you.

Rates for Additional Professional Services

If it should become necessary for LAFCo to request that we render any additional services to either supplement the services requested in the RFP or to perform additional work, then such additional work shall be performed only if set forth in an addendum to the contract between LAFCo and the firm. Any such additional work agreed to between LAFCo and the firm shall be performed at our regular rates per hour as follows:

	<u>Hourly Rates</u>
Principal / Audit Director	\$180
Tax Director	180
Senior Manager	150
Managers	140
Supervisors	130
Seniors	110
Staff	90
Administrative or Clerical	60

Since Richardson & Company, LLP consists primarily of experienced auditors, you can be sure that you will receive the experience level and quality of service you expect. Our firm will bring to the audits strong technical backgrounds, government accounting expertise and outstanding engagement management skills.

Should you have any questions about the details of our fees, or should our fees not appear competitive with those of the other firms, we would appreciate an opportunity to discuss them with you before you make your final decision.

REFERENCES

We have emphasized throughout our proposal that Richardson & Company, LLP provides quality service to governmental entities. Please feel free to contact any of these clients to confirm our ability to provide the type of services you are seeking.

Name of referenced entity: City of Citrus Heights
Audit Director: Brian Nash
Name and title of Contact: Stefani Daniell, Finance Director
Address and phone number: 6237 Fountain Square Drive
Citrus Heights, CA 95621-5577
(916) 725-4776
sdaniell@citrusheights.net

Services Performed: Audit of the financial statements and CAFR in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Single Audit Act. Assistance with drafting of the CAFR.

Completion Dates: June 30, 2000 through 2008 and June 30, 2014

* * * * *

Name of referenced entity: Oakdale Irrigation District
Audit Director: Brian Nash
Name and title of Contact: Kathy Cook, Chief Financial Officer
Address and phone number: 1205 East F Street
Oakdale, California 95361
(209) 847-0341
kcook@oakdaleirrigation.com

Scope of Services: Audit of the financials in accordance with generally accepted auditing standards, and *Governmental Auditing Standards* and preparation of the Comprehensive Annual Financial Report (CAFR).

Completion Dates: December 31, 2007 through 2010, 2013 and 2014

* * * * *

Name of referenced entity: City of West Sacramento
Audit Director: Brian Nash
Name and title of contact: Nitish Sharma, Budget Officer
Address and phone number: 1110 West Capitol Avenue, 3rd Floor
West Sacramento, California 95691
(916) 617-4581
nitishs@cityofwestsacramento.org
Services performed: Audit of the financial statements and CAFR in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Single Audit Act. Assistance with drafting of the CAFR. Audit includes the West Sacramento Area Flood Control Agency Joint Powers Authority and Sacramento – Yolo Port District, a blended component unit.
Completion Dates: June 30, 2005 through 2007, 2013 and 2014

* * * * *

Name of referenced entity: Calaveras Council of Governments
Audit Director: Brian Nash
Name and title of contact: Melissa Eads, Executive Director
Address and phone number: 444 E. Saint Charles Street, Suite A
San Andreas, CA 95249
(209) 754-2094, ext. 104
meads@calcog.org
Services performed: Audits of the financial statements of transit agencies and the special purpose financial statements of the TDA funds of the counties and municipalities receiving TDA funds in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Single Audit Act, where applicable. The audits included testing for compliance with the Transportation Development Act.
Completion Dates: June 30, 2012 through June 30, 2014

PEER REVIEW REPORT



First Financial Bank Building
400 Pine Street, Ste. 600, Abilene, TX 79601
325.672.4000 / 800.588.2525 / F: 325.672.7049
www.dkcpa.com

System Review Report

December 27, 2012

To the Owner
Richardson & Company
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of **Richardson & Company** (the firm) in effect for the year ended September 30, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Richardson & Company** in effect for the year ended September 30, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. **Richardson & Company** has received a peer review rating of *pass*.

Davis Kinard & Co, PC
Certified Public Accountants

May 30, 2013

Joe R Richardson, CPA
Richardson & Company
550 Howe Ave Ste 210
Sacramento, CA 95825

Dear Mr. Richardson:

It is my pleasure to notify you that on May 29, 2013 the National Peer Review Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is March 31, 2016. This is the date by which all review documents should be completed and submitted to the administering entity. If your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,



Betty Jo Charles
Chair, National Peer Review Committee
nprc@aicpa.org 919 402-4502

cc: William Scott McDonald

Firm Number: 10116241

Review Number 341661

Letter ID: 795020

Exhibit D: Engagement Letter

Richardson & Company, LLP

550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

July 10, 2015

Board of Commissioners and Management
Yolo County Local Agency Formation Commission
625 Court Street, Suite 203
Woodland, California 95695

We are pleased to confirm our understanding of the services we are to provide the Yolo County Local Agency Formation Commission (the LAFCo). We will audit the financial statements of the governmental activities and the major fund, including the related notes to the financial statements, which collectively comprise basic financial statements of the LAFCo as of and for the years ended June 30, 2013 through 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the LAFCo's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the LAFCo's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. The schedule of Funding Progress of the Other Postemployment Benefits Plan.
3. Schedule of Proportionate Share of the Net Pension Liability.
4. Schedule of Contributions to the Pension Plan.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the second paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audits of the LAFCo's financial statements. Our report will be addressed to the Board of Commissioners of the LAFCo. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement, or may withdraw from the engagement.

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

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective,

Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards. Because of the importance of oral and written management representations to an effective audit, the LAFCo releases and indemnifies Richardson & Company, LLP and its personnel from any and all claims, liabilities, costs and expenses attributable to any active negligence on the part of the LAFCo.

Audit Procedures-Internal Control

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

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards and *Government Auditing Standards*.

Audit Procedures-Compliance

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

Other Services

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

Management Responsibilities

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

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

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

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Management's responsibilities include informing us of their knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws,

regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report.

You are responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

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

Audit Administration and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

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

We will provide copies of our reports to the LAFCo; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The workpapers for this engagement are the property of Richardson & Company, LLP and constitute confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to any regulator or its designee, a federal agency providing direct or indirect funding, or to the U.S. General Accounting Office for purposes of a quality review of the audit, to resolved findings, or to carry out oversight responsibilities. We will notify you of any such request. The firm will make available its workpapers and respond to all reasonable inquiries of successor auditors and others to review workpapers of the LAFCo, upon the LAFCo's written request or consent. Access to such workpapers will be provided under the supervision of Richardson & Company, LLP personnel at a location designated by our Firm. Furthermore, upon your request or consent, we may provide photocopies of selected workpapers to the aforementioned parties, successor auditors or others. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. All professional and administrative services and expenses relating to such access will be charged as an additional expense to the LAFCo.

The workpapers for this or any engagement for you will be retained for a minimum of seven years after the auditor's report release date or longer if requested by the LAFCo or its regulators or required by generally accepted auditing standards.

Brian Nash is the engagement partner and is responsible for supervising the engagement and he or Ingrid Sheipline are responsible for signing the report or authorizing another individual to sign them.

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our workpapers or our personnel to respond to inquiries or serve as witnesses with respect to this or any engagement for you, you will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, in responding to such a request. If such a request is made, and unless we are obligated by law or legal process to the contrary, we will inform you prior to providing such access.

If the LAFCo intends to publish or otherwise reproduce in any document our report on the LAFCo's financial statements, or otherwise make reference to our Firm in a document that contains other information in addition to the audited financial statements (e.g., in a debt offering circular for example), the LAFCo agrees that prior to making any such use of our report, or reference to our Firm, management will provide us with a draft of the document to read and obtain our approval for the inclusion or incorporation by reference of our report, or the reference to our Firm, in such document before the document is printed and distributed. The inclusion or

incorporation by reference of our report in any such document would constitute the reissuance of our report and any request by the LAFCo to reissue our report or to consent to its inclusion or incorporation by reference in an offering or other document will be considered based on the facts and circumstances existing at the time of such request. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such request to make use of our report, or reference to our Firm; fees for such services would be based upon the rates for additional services as described in the Professional Fees section of this letter.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, if applicable, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Our Firm, as well as all other accounting firms with a significant audit practice, participates in a “peer review” program, covering our audit and accounting practices. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us.

Professional Fees

Our fees for the years ended June 30, 2013 through 2015 will be \$10,995. The fee estimate is also based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit that significantly increase the time needed to complete the audit. The estimated fee assumes that LAFCo will complete the Management Discussion and Analysis portion of the financial statements and that the County Auditor-Controller’s Office will post entries needed to report LAFCo’s activity on the modified accrual basis. We also assume that LAFCo will calculate the accrual for compensated absences. However, if needed, we have extensive experience assisting the special districts we have audited prepare the entries needed for the audit. To the extent possible, we will utilize your existing schedules and workpapers in our audit process. If significant additional time is necessary for the preparation or reconciliation of schedules because the LAFCo’s books were not closed, due to significant changes in accounting principles or auditing standards or the loss of key personnel and additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Additional Services: If it should become necessary for LAFCo to request that we render any additional services to either supplement the services requested in the RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between LAFCo and the firm. Any such additional work agreed to between LAFCo and the firm shall be performed at our regular rates per hour as follows:

<u>Classification</u>	<u>Rate Per Hour</u>
Principal/Audit Director	\$ 180
Tax Director	180
Senior Manager	150
Managers	140
Supervisors	130
Seniors	110
Staff	90
Administrative or Clerical	60

If any provision in this letter is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.



Executive Officer Report 9.

LAFCO

Meeting Date: 07/23/2015

Information

SUBJECT

A report by the Executive Officer on recent events relevant to the Commission and an update of Yolo LAFCo staff activity for the month. The Commission or any individual Commissioner may request that action be taken on any item listed.

- Shared Services
 - CALAFCO Conference - September 2-4, 2015
 - Staff Activity Report - May 26 to July 17, 2015
-

Attachments

[CALAFCO Conference Program](#)
[CALAFCO Conference Mobile Workshop](#)
[CALAFCO Pre-Conference Activity](#)
[Staff Activity Report May 26-July 17, 2015](#)

Form Review

Form Started By: Terri Tuck
Final Approval Date: 07/07/2015

Started On: 07/07/2015 07:21 AM



The 2015 CALAFCO Annual Conference Program

September 2 – 4, 2015

Downtown Sacramento, California at the Hyatt Regency

CALAFCO 2015 CONFERENCE
★ SACRAMENTO ★

Value-Added General and Breakout Session Topics

Wednesday, September 2

- 7:30 am – 12:30 pm **Mobile Workshop**
10 am. – Noon **LAFCO 101**
- 1:15 – 2:00 pm **Conference Welcome and Opening**
- 2:00 – 3:30 pm **General Session: At the Confluence of Agriculture, Planning and Resources** (OPR Director Ken Alex; Secretary of Food & Agriculture Karen Ross; and Secretary of Natural Resources John Laird)
- 3:45 – 5:00 pm **General Session: GSAs, GSPs and SGMA: Coming to a Basin Near You!** (David Church, Exec. Officer, San Luis Obispo LAFCo; Mark Cowin, Director, DWR; Jill Duerig, Gen. Mgr. Zone 7 Water Agency; Matt Hurley, Gen. Mgr. Angiola Water District)
- 6:00 – 7:30 pm **CALAFCO Annual Beer & Wine Reception**

Thursday, September 3

- 7:00 – 9:00 am **Continental Breakfast Buffet**
- 8:00 – 8:45 am **Regional Caucus Meetings and Elections**
- 9:00 – 10:15 am **Annual Business Meeting**
- 10:30 – 11:45 am **Regional Roundtables, Legal Counsel and Associate Members Roundtables**
- 12:00 – 1:30 pm **Luncheon and Keynote Speaker** (Ted Gaebler, Retired City Mgr. and co-author of Reinventing Government)
- 1:45 – 3:15 pm **Concurrent Breakout Sessions**
Financing Municipal Services (Alice Scott and Diane Cummings, Infrastructure & Econ Development Bank)
Broadband: Which Side of the Digital Divide is Your LAFCo On? (Scott Browne, Legal Counsel; Mike Ort, CEO Praxis Assoc.; Sunne Wright McPeak, CEO California Emerging Technology Fund)
CKH and the Bell Curve: LAFCos and California's Changing Culture (Hans Johnson, Fellow, Public Policy Institute; Steve Lucas, Exec. Officer, Butte LAFCo; Dan Walters, Journalist Sacramento Bee)
- 3:30 – 5:00 pm **Concurrent Breakout Sessions**
Fiscal Analysis Tools for New Development (Jeffrey Goldman, Principal, AECOM; Kate Meis, Exec. Dir., Local Gov't. Commission; Raef Porter, Sr. Analyst, SACOG;)
Urban Growth Boundaries and LAFCo (Steven Brandt and Jerome Keene, Quad Knopf)
LAFCos Role in Planning for Climate Change (Louise Bedworth, Deputy Director, OPR; Kate Sears, Marin County Supervisor; Will Travis, Former Director, Bay Conservation & Development Comm.)
- 6:00 – 6:30 pm **No-host Dinner Reception**
- 6:30 – 8:30 pm **Annual Banquet and Awards**

Friday, September 4

- 7:30 – 9:00 am **Breakfast Buffet**
- 7:30 – 8:45 am **CALAFCO Board of Directors Meeting**
- 9:00 – 10:30 am **General Session: Leadership in a World of VUCA – Volatility, Uncertainty, Complexity and Ambiguity** (Bill Chiat, Dean, CSAC Institute)
- 10:45 – Noon **CALAFCO Legislative Update** (Legislative panel to be announced)



Register Today!

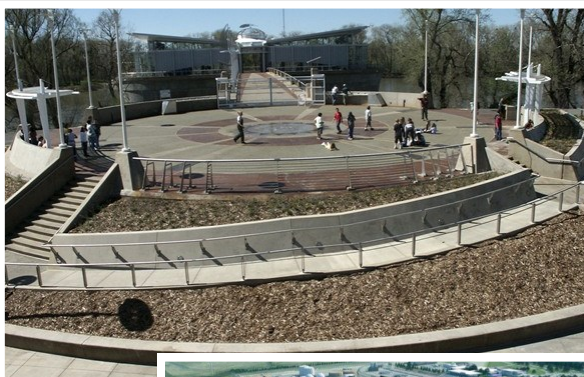
Registration closes August 21, 2015

Visit www.calafco.org

Hyatt Regency Downtown



Make your reservations now at the Hyatt Regency at the CALAFCO special rate of \$126. Find the link at www.calafco.org.



2015 CALAFCO ANNUAL CONFERENCE SACRAMENTO

**MOBILE
WORKSHOP**

**SEPTEMBER 2, 2015
7:30 - 12:30**

CONFLUENCE

Watching the River Flow

A special look at the Sacramento-San Joaquin Delta, the most critical water body in California, begins at the confluence of the Sacramento & American Rivers. Next stop, the Sacramento Regional Wastewater Treatment Plant (SRWTP) project - also known as the EchoWater project, the largest inland wastewater discharger in the western U.S. At a cost of \$2 billion, it is financed by the largest federal loan in the 25-year history of the Clean Water State Revolving Fund (SRF) program.

We will then pass through the 18,000 acre (6500 actively managed) Stone Lakes National Wildlife Reserve, a rich mosaic of habitats that support hundreds of species for both resident and migratory wildlife. We will view habitat of native grasslands, riparian forest, woodland savanna, freshwater lakes, freshwater sloughs, perennial wetlands, seasonal wetlands, and vernal pools.

The Mobile Workshop will wrap-up with a lunch in the shade of the Delta levees at The Old Sugar Mill (circa 1934). This unique setting showcases the agricultural history and bounty of the Delta. Farm to fork cuisine, local craft shops and wineries all share space in this vintage setting, located only 15 minutes from Downtown.



2015

Item 9

CALAFCO Night

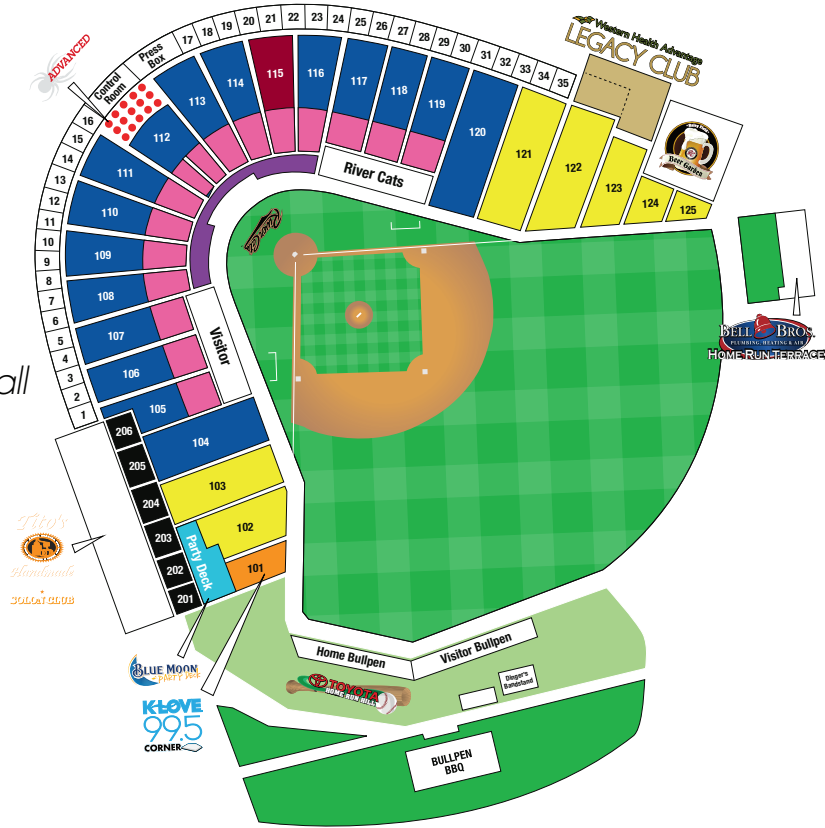


Tuesday, September 1st
River Cats vs. Albuquerque Isotopes
 Triple-A Affiliate of the Colorado Rockies
 First Pitch at 7:05 p.m.

GROUP BENEFITS

- ★ In-seat wait service
- ★ Seats are in Section 115
- ★ FREE Parking
- ★ \$1 hot dogs and \$1 desserts
- ★ Access to the Solon Club

Tickets are \$28 and will be left at Will Call



DEADLINE TO PURCHASE DISCOUNTED GROUP TICKETS IS FRIDAY, JULY 31st.
 Visit www.calafco.org for more details.



CONTACT:

Pamela Miller (916) 442-6536 or pmiller@calafco.org



LAFCo Staff Activity Report

May 26 through July 17, 2015

Date	Meeting/Milestone	Comments
05/27/2015	North Davis Meadows CSA Meeting w/Jennifer Stephenson (PCA)	MSR/SOI for City of Davis & Assoc CSAs
05/29/2015	Meeting w/Sheryl Hardy (DFS)	Confirming FPD Tax Rate Areas
06/01/2015	Meeting w/Marcus Neuvert (Neuvert GIS)	Fire Protection District Maps
06/02/2015	LAFCo Analyst Interviews	All Day
06/03/2015	Shared Services – Meeting w/ Cecilia Aguiar-Curry	Filming video for FirstNet
06/04/2015	Shared Services – Davis/County 2x2	Attended
06/04/2015	Shared Services – Meeting w/Tracey Dickinson	JPA Oversight White Paper
06/04/2015	Shared Services – Chancellor's Spring Community Women's Lunch	Attended
06/09/2015	Shared Services – Meeting w/Pat Kuske	Video for Cecilia Aguiar-Curry for State Fair Award
06/10/2015	Shared Services – Information Meeting w/WAVE Broadband (Michael Puckett)	Broadband access for the City of Davis
06/15/2015	LAFCo Analyst 2 nd Interview w/Olin Woods	
06/15/2015	Shared Services – Water Resources Agency Meeting	Attended
06/16/2015	LAFCo Analyst 2 nd Interview w/Olin Woods	
06/17/2015	LAFCo Analyst 2 nd Interview w/Olin Woods	
06/18/2015	Shared Services – Broadband Strategies for Municipalities Symposium	Attended w/Cecilia Aguiar-Curry in SF
06/19/2015	Shared Services – Yolo Manager's Meeting	Attended
06/22/2015	Meeting w/Taro Echiburu (PPWES)	MERCOSA
06/23/2015	CALAFCO Conference Planning Committee Meeting	Attended
06/24/2015	Shared Services – Meeting w/Cindy Tuttle	Fire Shared Services
06/25/2015	Shared Services – JPA trip to North Orange County Cities Coalition	Attended meeting w/Mindi Nunes, Paul Navazio, John Donlevy, Olin Woods

Date	Meeting/Milestone	Comments
06/26/2015	Shared Services – Broadband	Interview w/ Cecilia Aguiar-Curry for Western Cities Magazine
06/29/2015	Shared Services – Meeting w/Patrick Blacklock	Knights Landing Broadband Pilot Discussion
06/30/2015	Shared Services – Monthly Meeting w/Cindy Tuttle (CAO)	CAO-LAFCo projects
07/01/2015	Shared Services – Meeting w/ John Donlevy and Olin Woods	Debrief on the North Orange County Cities Coalition
07/01/2015	Shared Services – Yolo Leaders Planning Committee Meeting	Attended
07/06/2015	Meeting w/Chad Rinde (Dept. of Financial Services)	LAFCo Audit Services – RFP Rankings
07/07/2015	Meeting w/Diane Parro	City of Davis Broadband
07/08/2015	Conference Call w/Sam Mazza (Citygate)	MSR/SOI for Fire Protection Districts
07/08/2015	Call with Jennifer Stephenson (PCA)	City of Davis & Associated CSAs MSR
07/09/2015	Meeting w/Olin Woods	Agenda Review
07/09/2015	Monthly meeting/Don Saylor	
6/13-17/2015	Executive Officer on vacation	Off the grid