

2015

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

Adopted July 23, 2015



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 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.
8. 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.

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.

MERCSA Recommendations

1. 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.

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: ~~Aguilar-Curry~~, Kristoff, Rexroad, Saylor, Woods

Noes: None

Abstentions: None

Absent: None *Aguilar-Curry*

Olin Woods, Chair
Yolo County Local Agency Formation Commission

Attest:



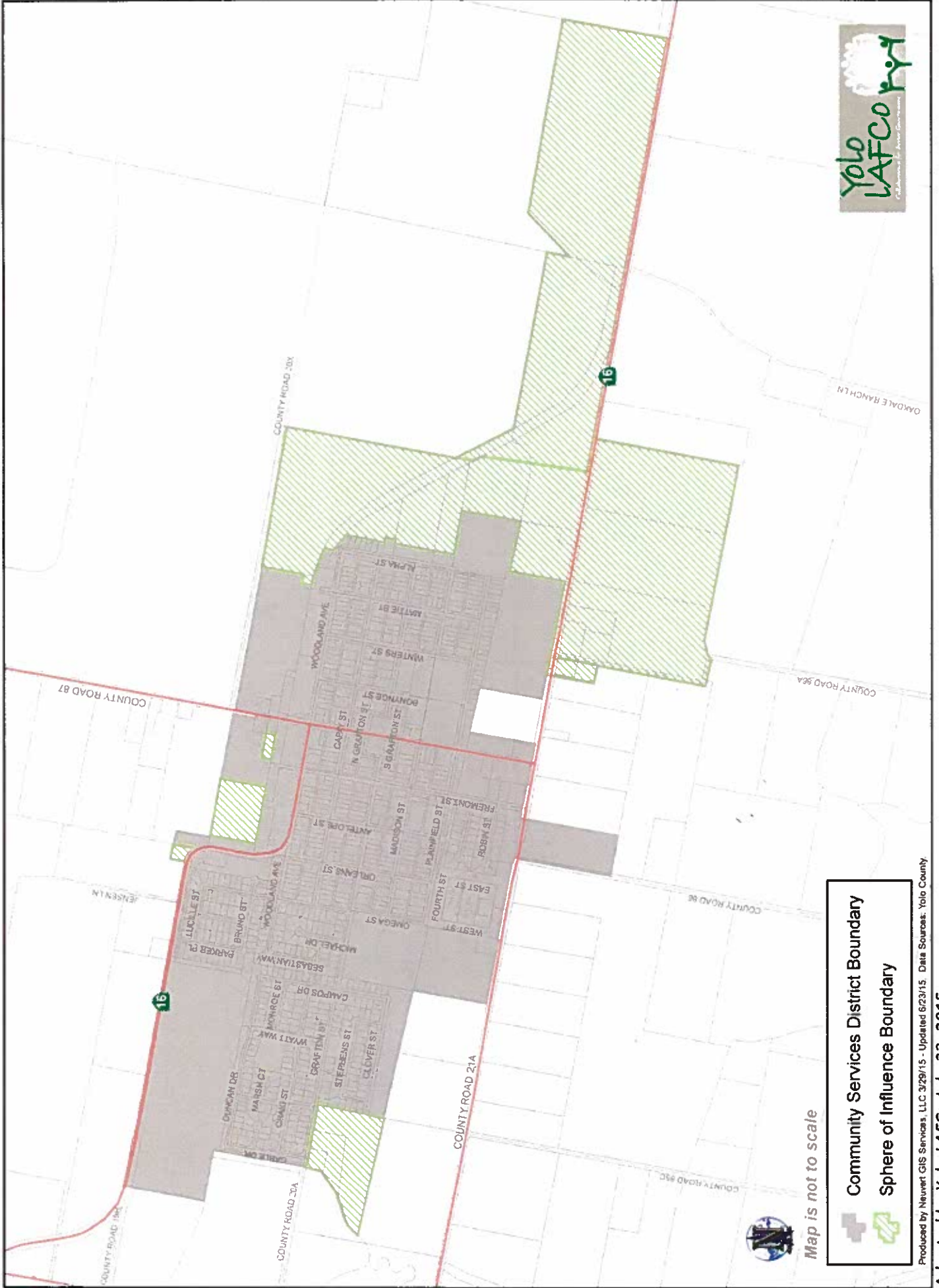
Christine Crawford, Executive Officer
Yolo County Local Agency Formation Commission

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

Adopted by Yolo LAFCo July 23, 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: 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 MSR 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 MSR (§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

YOLO LAFCo MUNICIPAL SERVICE REVIEW/SPHERE OF INFLUENCE STUDY

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).

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	MERCESA	YCFCWCD	Esparto CSD	MERCESA	YCFCWCD
Water	✓	○		✓	○	
Wastewater	✓	○		✓	○	
Street Lighting	✓	○		✓	○	
Park and Recreation	✓	○		○	✓	
Storm Drainage	○	✓	❖	○	✓	❖
KEY:						
✓ Performs 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).
**** YCFCWCD was offered the service, but chose not to take it.*

2001 Esparto CSA formed to provide storm drainage and park services to new subdivisions in Esparto. ****Esparto CSD was offered the service, but chose not to take it.*

2005 Madison CSA and Esparto CSA consolidated into MERCESA 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 YCFCWCD, 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 YCFCWCD 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 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. Additionally, YCFCWCD 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 YCFCWCD on providing the services, LAFCo recommend that MERCSA be dissolved and transfer the services provided within Esparto to the CSD and all the remaining services to the YCFCWCD.

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. In 2012, 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 Yolo County. 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:

- 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.

- | | |
|---|---|
| <input checked="" 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 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	Rumsey
Capay	Knights Landing	West Kentucky
Clarksburg	Madison	West Plainfield
Dunnigan	Monument Hills	Willow Oak
El Macero	North Davis Meadows	Willowbank
El Rio Villa	Patwin Road	Yolo
Esparto	Royal Oak	Zamora

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 checked="" type="checkbox"/>	<input checked="" 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 10-10.99 units \$.90 per unit 20 units & up \$.80 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		-	
Retail Office	\$32		\$35.21/account	
Meeting Hall	\$32		\$25.04/account	
Commercial- 1 inch Meter	\$35		-	
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 costumers 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 cancelation 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 (MERCESA).

The Esparto CSD and MERCESA 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 MERCESA (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 MERCESA.

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 MERCESA 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 MERCESA 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 MERCESA evolved and the change in stance of the Esparto CSD and YFCWCDC on providing the services, LAFCo recommend that MERCESA be dissolved and transfer the services provided within Esparto to the CSD and all the remaining services to the YFCWCDC.

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 MERCESA. In 2012, 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 Yolo County. 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 MERCESA 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 MERCESA. 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

- 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.
- 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, 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.

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:

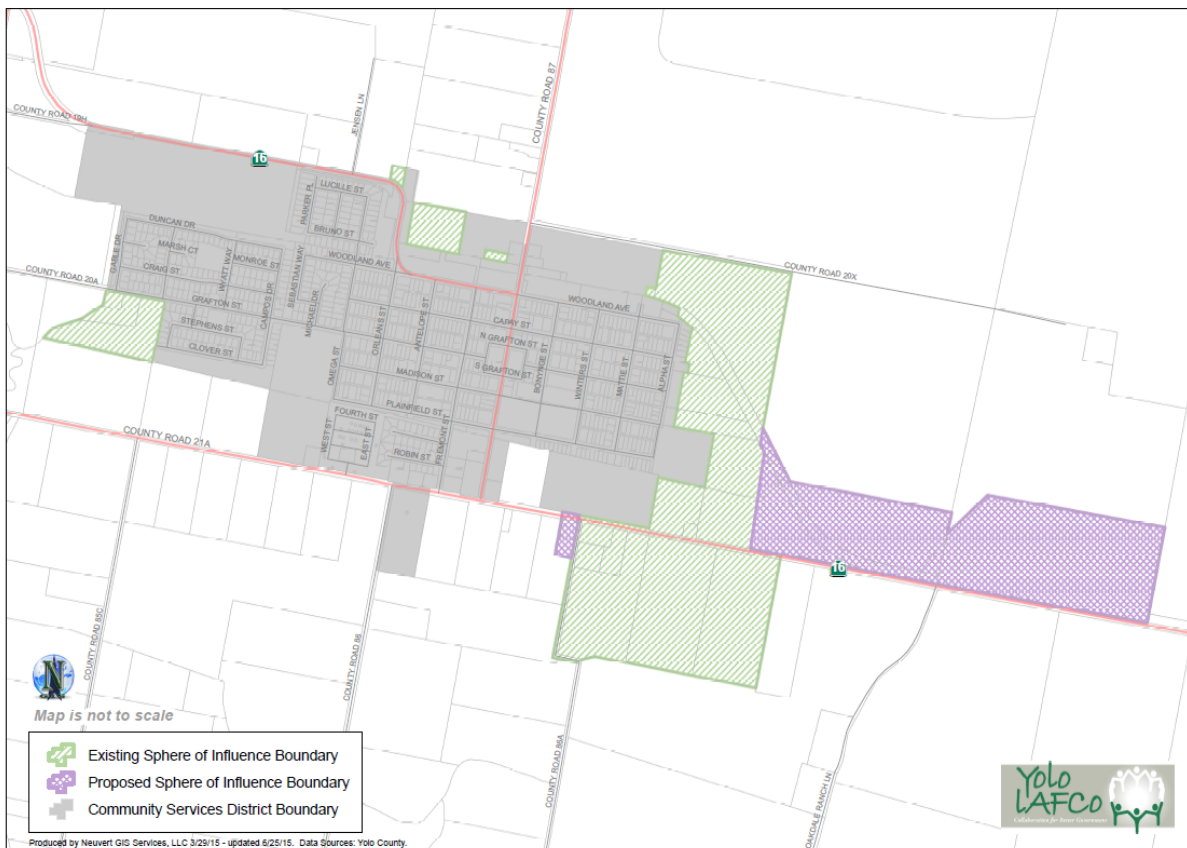
- Staff has reviewed the agency’s Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency’s SOI is recommended and SOI determinations HAVE NOT been made.
- Staff has reviewed the agency’s Sphere of Influence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



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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.

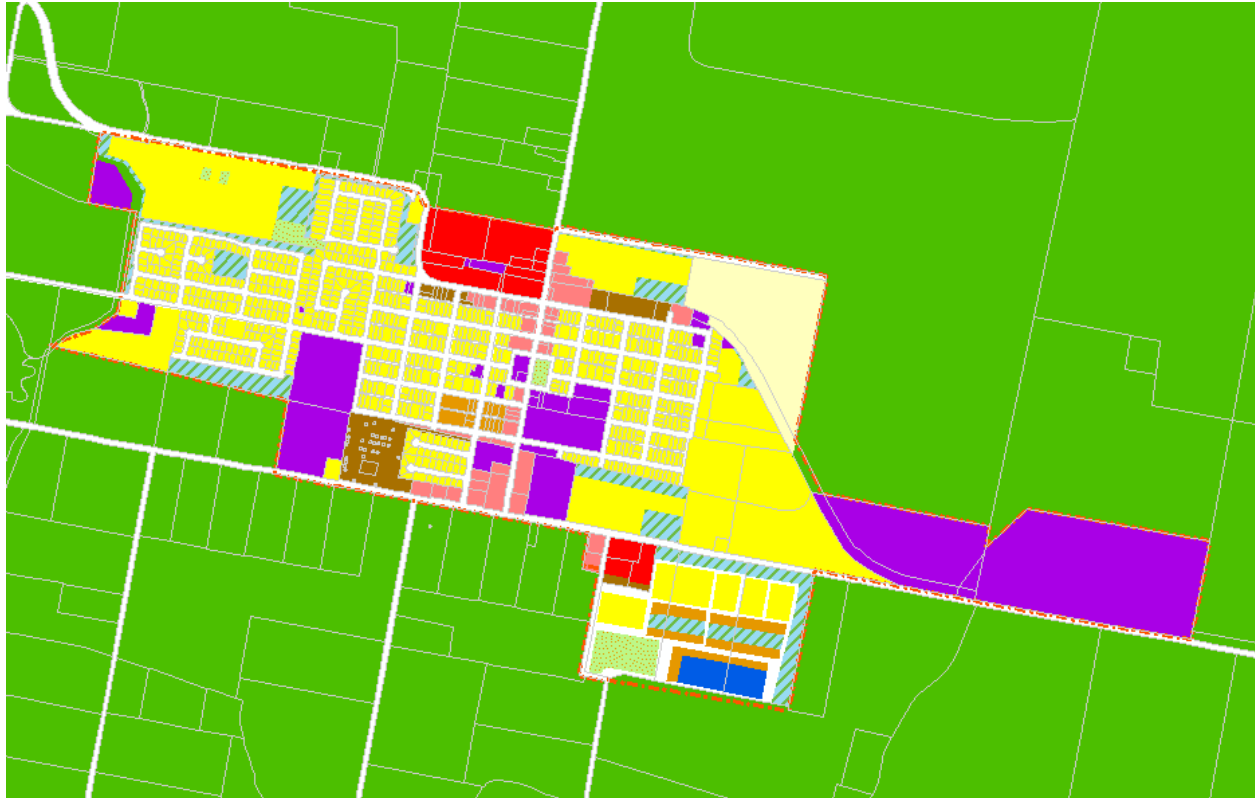
	YES	MAYBE	NO
a) Are there any present or planned land uses in the area that would create the need for an expanded service area?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Would the SOI conflict with planned, orderly and efficient patterns of urban development?	<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?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

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?
-

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?

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 repaid 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 a 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 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.

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 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 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? | <input type="checkbox"/> | <input checked="" 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 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 MERCESA 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 MERCESA discussion included in this MSR, LAFCo is recommending that the YCFCWCD 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 MERCESA in the community of Madison, which confuses the public and creates service inefficiencies, particularly with regards to MERCESA's storm drainage function in the area. LAFCo is recommending that the storm drainage function be transferred to the YCFCWCD.

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, MERCESA 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.

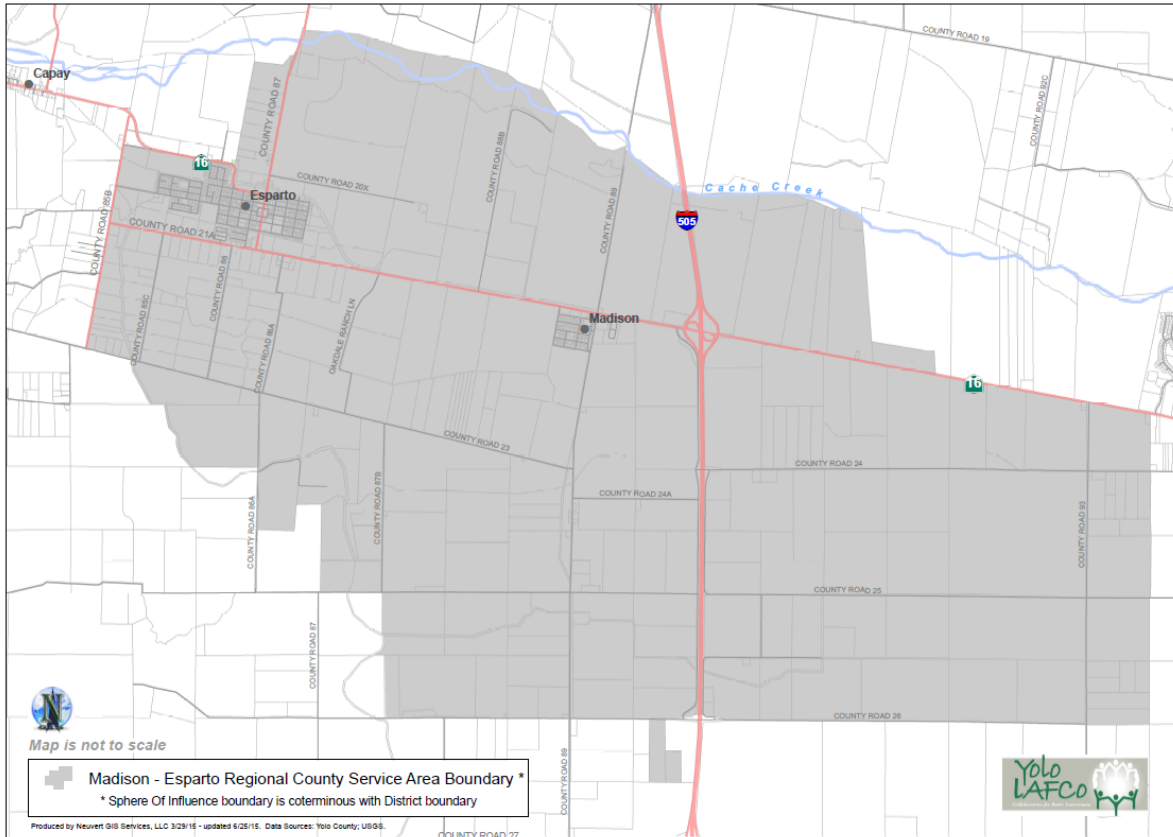
MUNICIPAL SERVICE REVIEW: MADISON-ESPARTO REGIONAL COUNTY SERVICE AREA

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

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



staff time of the CSA Coordinator, finance staff, and County legal counsel when such services are utilized.

MERCESA 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, MERCESA has successfully completed one annexation, adding an additional 43 acres into its territory. MERCESA'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
- 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 type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a-b) MERCESA 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.

MERCESA: 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 MERCESA's ability to deliver storm drainage or park and recreation services. There are no development plans in MERCESA'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) MERCESA 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.

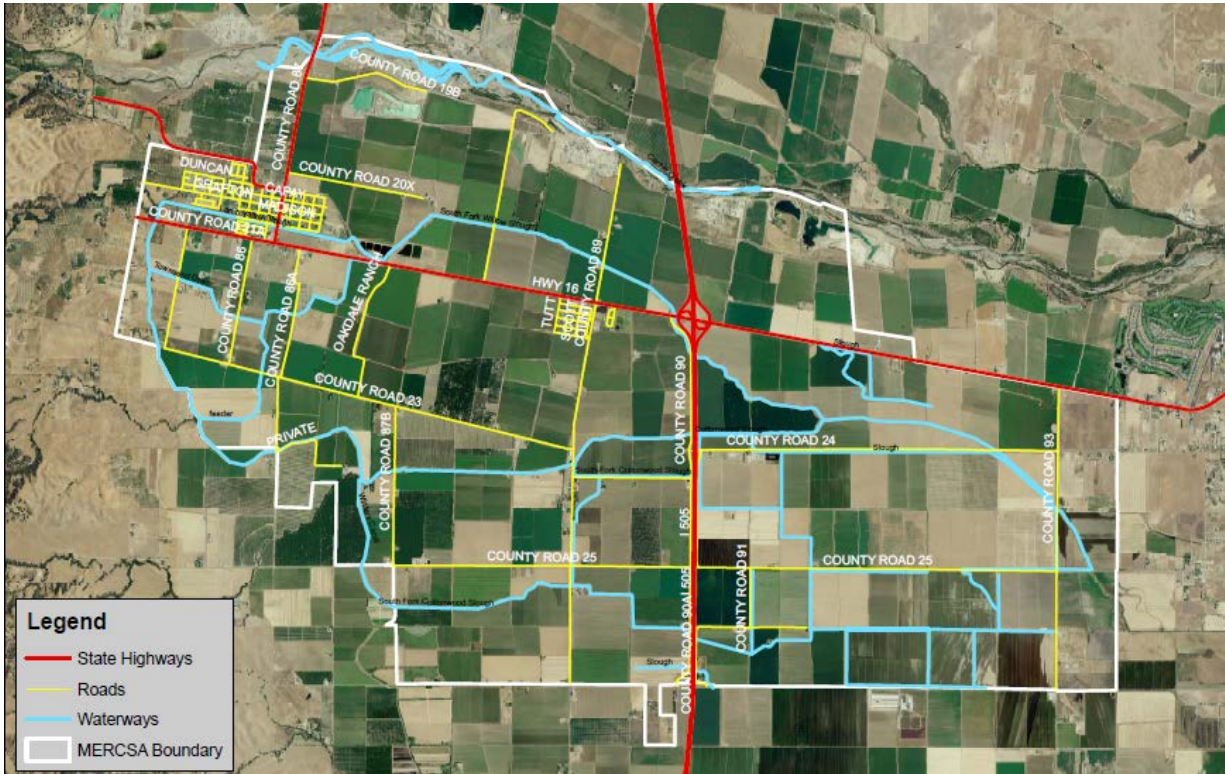
Neither community has established drainage infrastructure that is owned and maintained by the CSA, with the exception of a system of detention ponds in the community of Esparto. Rather, the drainage system utilizes existing sloughs, canals, ditches and other waterways to manage storm runoff.

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.

MERCESA: Capacity and Adequacy MSR Determination

LAFCo has no concerns regarding the capacity or adequacy of MERCESA’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. MERCESA 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) MERCESA 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).

MERCESA, 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 MERCESA's funding is provided through two separate sources, including the collection of property taxes in Madison and Esparto (which supports MERCESA'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 MERCESA 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 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

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 (YCFCWCD). 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"/>
b) Are there any issues with filling board vacancies and maintaining board members?	<input checked="" type="checkbox"/>	<input checked="" 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 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 YCFCWCD 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:

- YCFCWCD 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 YCFCWCD 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 YCFCWCD on providing the services, LAFCo recommend that MERCSA be dissolved and transfer the services provided within Esparto to the CSD and all the remaining services to the YCFCWCD.

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. In 2012, 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 Yolo County. 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 (YCFCWCD). 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 the following solution:
 - 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.

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.

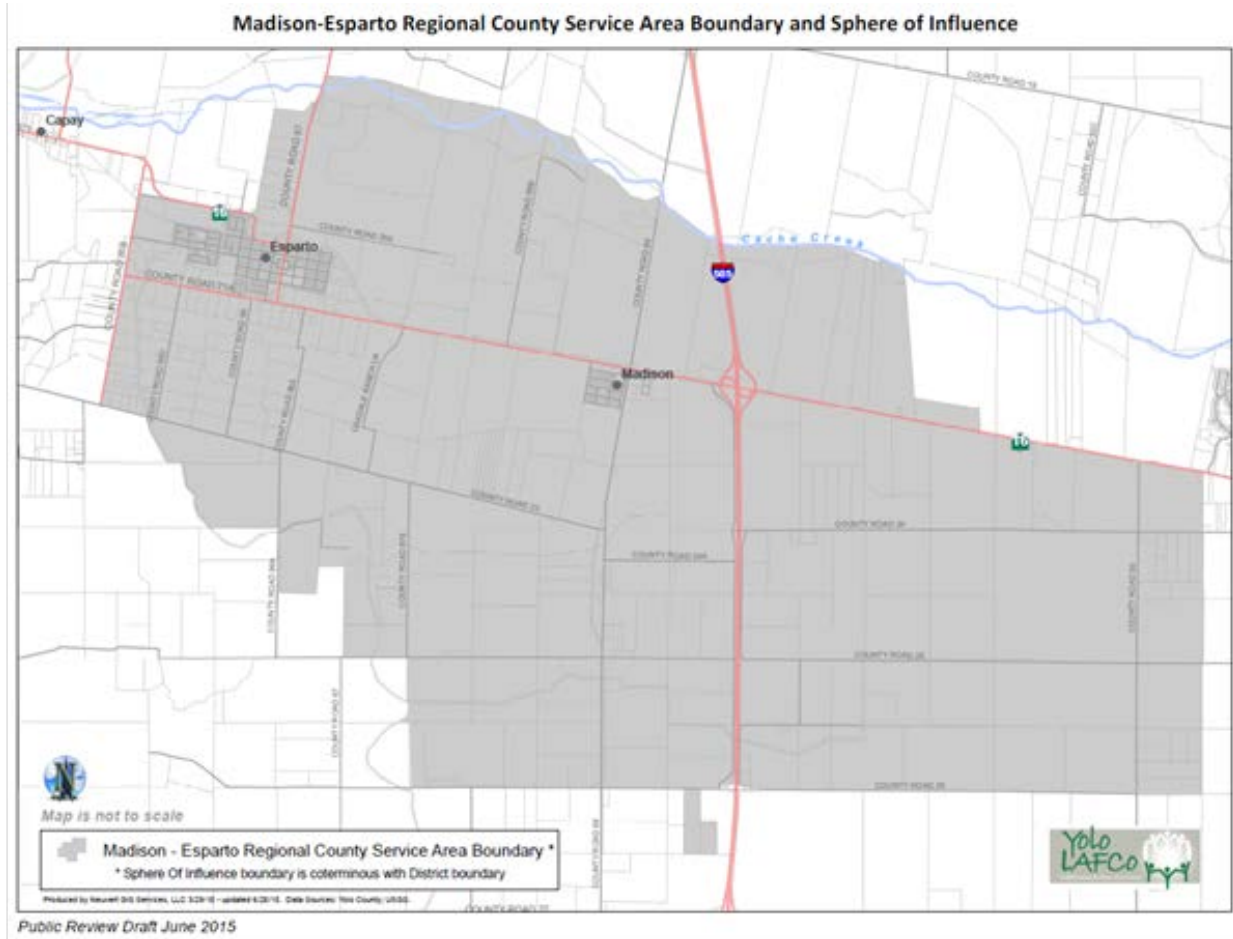
MERCSA: Other Issues Determination

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: MERCSA

MERCSA Existing Boundaries and Sphere of Influence

The current boundary for MERCSA 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.

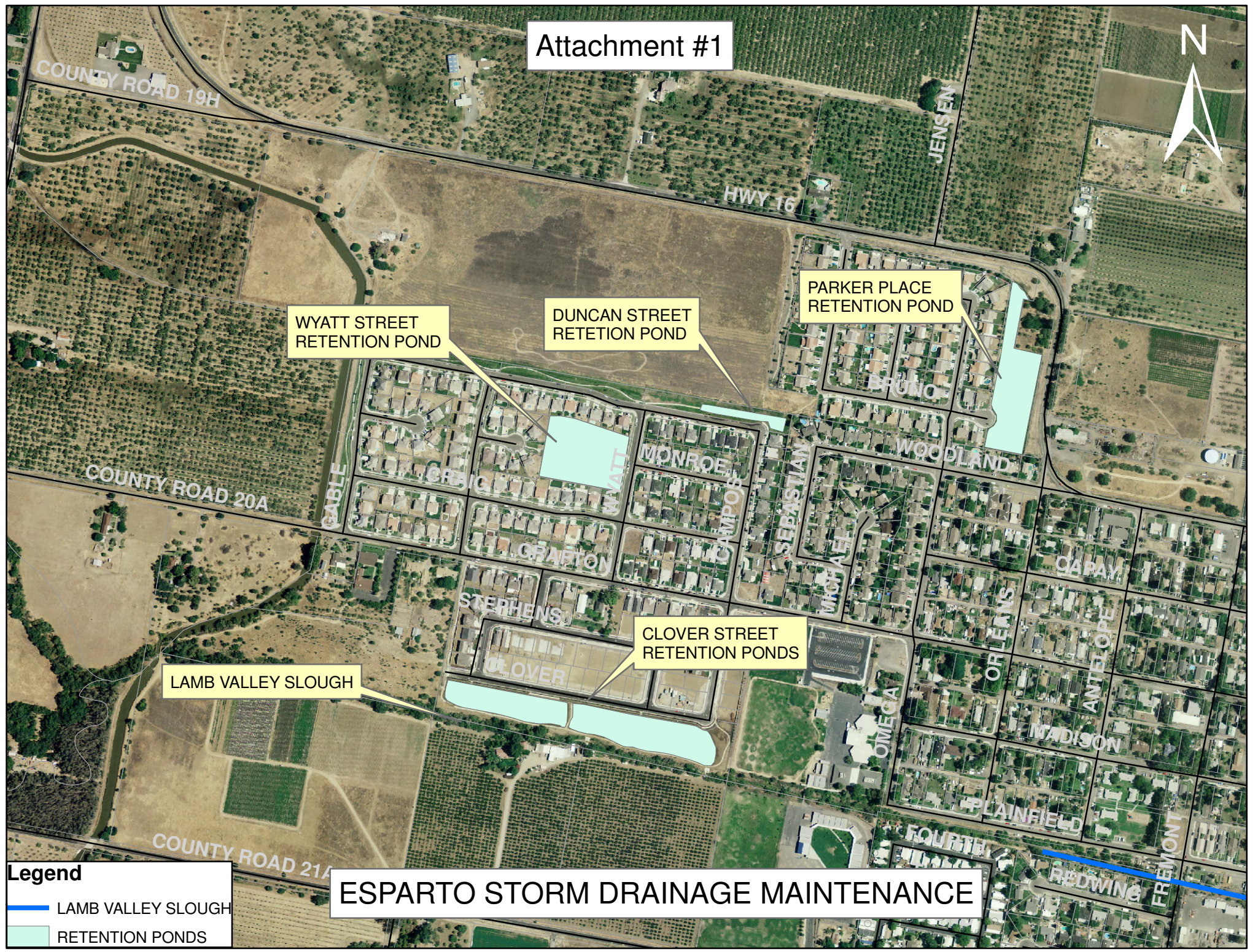
5. Maintenance:

- 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 POND

LAMB VALLEY SLOUGH

Legend

-  LAMB VALLEY SLOUGH
-  RETENTION POND

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

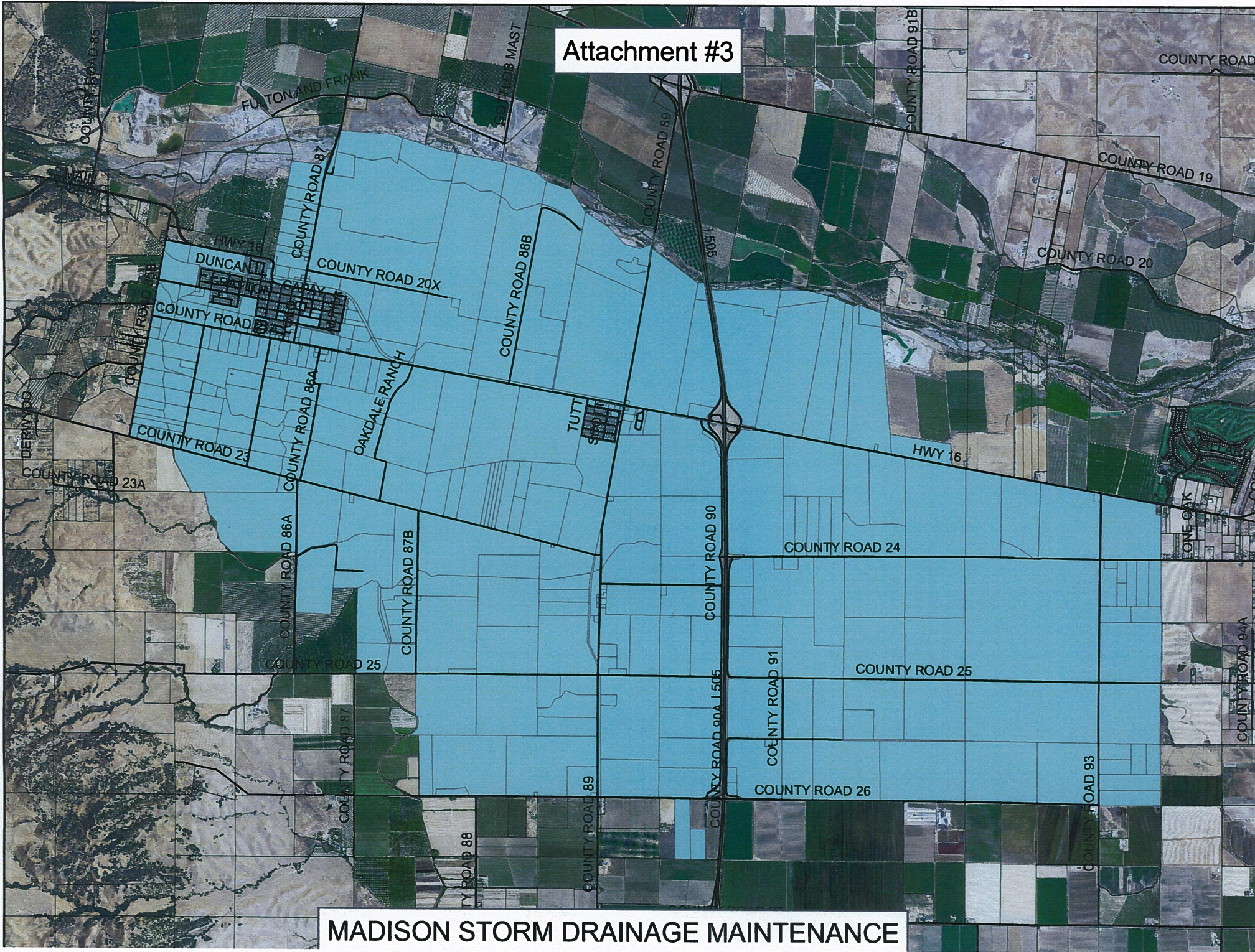
COUNTY

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:

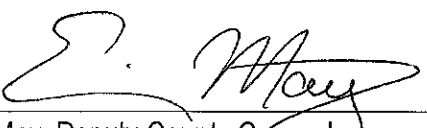
YES:	SUPERVISORS:
NO:	SUPERVISORS:
ABSENT:	SUPERVISORS:
ABSTAIN:	SUPERVISORS:

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