

**LAFCO**

**Meeting Date:** 01/28/2021

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**Information**

**SUBJECT**

Public Hearing to consider **Resolution 2021-02** adopting the Municipal Service Reviews (MSRs) for the Community Services Districts (CSDs) of Cacheville, Esparto, Knights Landing and Madison and the Sphere of Influence (SOI) Update for the Esparto CSD (LAFCo No. S-054)

**RECOMMENDED ACTION**

1. Receive staff presentation on the MSRs and SOI Update and open the Public Hearing for comments on this item.
2. Close the Public Hearing and consider the information presented in the staff report and during the Public Hearing. Discuss and direct staff to make any necessary changes.
3. Approve **Resolution 2021-02** adopting the Municipal Service Reviews (MSRs) for the Cacheville, Esparto, Knights Landing and Madison CSDs and the Sphere of Influence (SOI) Update for the Esparto CSD.

**FISCAL IMPACT**

No fiscal impact. The MSR and SOI Update were prepared "in-house" and appropriate funds were budgeted.

**REASONS FOR RECOMMENDED ACTION**

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

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

Yolo LAFCo staff utilizes a checklist format for MSRs that allows staff to streamline the assessment of each district's municipal services. Based on the findings of the MSR checklist staff can recommend whether a SOI update is warranted.

**BACKGROUND**

A CSD is a form of local government created by an unincorporated community (with LAFCo approval) to meet certain specific needs. When residents want new services or higher level of services, they can form a special district to pay for and administer them with service fees. Unlike most special districts that provide a single service, community services districts are formed through CA Government Code §61000 et seq. to provide multiple services to a community. In fact, community services districts can provide up to 32 different services, such as water, garbage collection, wastewater management, security, fire protection, public recreation, street lighting, mosquito abatement services, etc. The difference between a CSD and a County Service Area (CSA) is that CSDs are independent agencies with its own elected board, while CSAs are under County control as dependent districts.

Countywide, there are 4 CSDs that provide a range of community services as shown in the table below:

**CSD Authorized Services**

Agency	Water	Sewer	Storm Drainage	Parks & Rec	Street Lighting
Cacheville CSD	•				•
Esparto CSD	•	•	•	•	•
Knights Landing CSD	•	•	•	•	•
Madison CSD	•	•	•	•	•

Esparto is the largest of the four communities (i.e. highest number of service connections) and has the most growth potential. And correspondingly, the Esparto CSD (ECSD) is a relatively better funded agency, with more staff capacity and resources. The communities of Knights Landing, Madison and Yolo have either flooding issues and/or land use constraints that limit development, which limits district resources and the number of service connections to spread the costs of needed infrastructure improvements.

The recent economic fallout from the COVID pandemic has affected the CSD's, some more than others. The Governor has issued an emergency order stating utilities cannot be shut off for lack of payment, yet none of the federal CARES Act funding was allocated to special districts. Several CSD's revenues are down as a result, effectively loaning money to customers without healthy reserves to cover costs. The table below shows a snapshot of the socioeconomic status of each community.

**Census Designated Place Data Comparison for the CSD's Communities<sup>[1]</sup>**

	Yolo (Cacheville CSD)	Esparto	Knights Landing	Madison
Median Household Income	\$77,868 <sup>[2]</sup>	\$75,833	\$42,969	\$41,050
Persons in Poverty	4.7%	10.0%	15.2%	15.7%
High School Degree or Higher	59.1%	83.7%	45.0%	44.9%
Persons Without Health Insurance	0.0%	7.1%	15.1%	11.0%
Median Housing Value	NA <sup>[3]</sup>	\$313,500	\$184,000	\$169,400
Total Housing Units	120	1,105	291	193
Total Businesses <sup>[4]</sup>	NA	196	NA	NA
Households w/ Broadband Internet	54.8%	85.2%	52.2%	68.9%

During preparation of this MSR/SOI, LAFCo discovered that the Knights Landing CSD was experiencing significant management and financial issues and helped broker a shared services contract with the Madison CSD to manage and operate it. The interim strategy is to partner two under-resourced districts so they can function better/more efficiently together than separately. If this proves successful, these CSDs (and maybe others too) should consider taking shared services to the next level and consider a legal agency consolidation. Although it will take years for the Knights Landing CSD to turn its finances around and bring its infrastructure maintenance up to where it should be. Over time, it may even make sense to consolidate all

four CSDs into one regional CSD since boundaries can be non-contiguous. However, this evolution will take time for individual district boards to become accustomed to the idea and LAFCo acknowledges it would need to be a collaborative undertaking.

Below are the potentially significant determinations for each CSD with corresponding recommendations. "Potentially significant" defined as a determination where one or more issues is marked "yes" or "maybe" on the checklist. All determinations are included in the MSRs (Attachment B).

### **CACHEVILLE CSD**

#### **Capacity and Adequacy of Public Facilities and Services MSR Determination**

The Cacheville Service District provides domestic water services to residents in the town of Yolo. The District owns and operates a community groundwater system that was constructed in the 1970s. The infrastructure is over 40 years old and has developed leaks due to aging pipes. The connections have water meters, but the CSD charges a flat rate because it does not have the staff to conduct meter reading. Although there are significant infrastructure needs or deficiencies to be addressed, the Cacheville CSD is working to address these issues. It has hired an engineering firm to perform an infrastructure assessment, prioritization of repair/replacement actions, and identification applicable of state and/or federal loans or grants that could be used for water system repairs, replacement, or upgrades. The engineering assessment is in process. The CSD hopes to apply for State Water Board loans to replace the system and it is proactively building its reserve for these anticipated matching funds to help pay for system improvements. In 2020, the Yolo County Office of Emergency Services (OES) obtained \$100,000 from CalOES funding Public Safety Power Shutoff (PSPS) Resiliency Funds to purchase a backup generator to improve system reliability. After some installation issues, the generator should be operational in January 2021.

#### **Recommendation**

- Yolo County should revise its zoning for the town of Yolo considering the lack of a sewer system to accommodate future development.

#### **Financial Ability MSR Determination**

Currently, the Cacheville Community Services District finances are stable. Both revenues and expenses have been consistent from year-to-year with revenues exceeding expenses four of the five years presented in this report and total available funds have increased by over \$136,587. However, the District should be more proactive about reviewing financial reports and developing good accounting and financial policies to ensure that financial transactions are reported accurately and consistently in the accounting system and to make the financial condition of the District more transparent to the public. In addition, the District should develop a reserve policy and adequately fund them to mitigate future unforeseen expense and planned capital improvements. As long as the District adheres to its prudent financial practices, makes administrative improvements, does not have a catastrophic failure and is able to fund required infrastructure needs it should remain viable.

#### **Recommendations**

- Prepare a quarterly financial report which presents the CSD's financial condition in a more user-friendly way so board members and staff can better understand financial data from the County's financial system. At a minimum the financial data should include a balance sheet, income statement and a budget-to-actual report to detect potential errors.
- The District should develop oversight procedures over the billing, collection, deposit and accounts receivable functions to ensure that significant fraud would be detected.
- Once an engineering study for water system upgrades/replacement is completed, the CSD will need to consider if the current rates are sufficient to fund the capital improvement plan.
- The District should develop accounting, financial, governance and general administrative polices to help guide its decision making in a consistent manner.

#### **Shared Services MSR Determination**

There is one other overlapping special district that operates in the town of Yolo, the Yolo Fire Protection District. Both districts already utilize the same part-time Clerk, although the position is not shared per se. The Cacheville CSD is also approximately four miles northwest of the City of Woodland. If it becomes

desirable/necessary sometime in the future, the CSD could potentially contract with the City for administration and water system operator support services. If General Manager services were acquired, the CSD should consider contracting with one of the other CSD's in the county for shared services, especially considering the Cacheville CSD's operation would not require a full time General Manager.

### **Recommendation**

- Consider contracting with one of the other CSD's in the county for shared General Manager services, especially considering the Cacheville CSD's operation would not be full time.

### **Accountability, Structure and Efficiencies MSR Determination**

The Cacheville CSD is generally governed well and there are no recommended changes to the organization's governmental structure that will increase accountability and efficiency. Board seats are filled and there do not appear to be any chronic issues with vacancies. The CSD is represented by a local attorney's office which provides board member training. CSD staff are efficient but there is a lack of an appointed general manager for financial management. The Cacheville CSD is due for its audit of the last five fiscal years. Last year, the District started a website, which is excellent, but it is a work in progress and content needs to be improved. The District does not have any adopted financial policies LAFCo is aware of and some need to be adopted.

### **Recommendations**

- According to Government Code Section 61050, the District is required to appoint a general manager.
- Considering the CSD is on a five-year audit cycle, consider hiring a qualified external person to review CSD finances each year. At a minimum the review should include comparing budgets to actuals, comparing year-end actual account balances to prior years' balances, and analyzing significant differences or changes to detect material errors.
- Consider shifting to a 2 or 3-year audit cycle in order to be better prepared for state/federal grants, loans or other funding opportunities. In addition, complete record retention for five years can be a challenge.
- The Cacheville CSD should be applauded for getting its own district website up and running in 2019, however it is a work in progress. The District needs to improve website content (it received a 21% transparency score in 2020). Please reference <https://www.yololaftco.org/yolo-local-government-website-transparency-scorecards> for additional content needed.
- Adopt policies regarding personnel, travel and expense reimbursement, personal use of public resources, and contract bidding (LAFCo has policy templates for use if desired).

### **Cacheville CSD SOI Update**

No change to the SOI is proposed or recommended.

### **ESPARTO CSD**

#### **Growth and Population MSR Determination**

Long standing development approvals delayed during the recent recession are now moving forward to construction. The Esparto CSD has the capacity and ability to serve the proposed development with development impact fees that will fund needed additional infrastructure. Therefore, no impact is anticipated with project mitigation. Yolo County adopted an updated community plan for Esparto in April 2019 which down zoned some areas from residential back to agricultural uses and reduced the community area due to flood issues. The proposed SOI would still provide some additional land zoned for growth, however, a sphere of influence update is needed to scale back to correlate to the updated community plan.

#### **Financial Ability MSR Determination**

District management has consistently raised rates and maintained control of expenditures over the past five years that has allowed the district to operate in the black and to accumulate an unassigned fund balance of \$735,268 as of June 30, 2019. However, the District faces some short-term and long-term challenges.

In the short-term the District has been faced with an unexpected infrastructure project with a cost between \$400,000 and \$1,500,000. Caltrans is requiring the District to relocate water lines that are shallow and will

interfere with their Corridor Safety Project in Esparto. The District does not currently have enough funds and is working with the County and the Yocha Dehe Wintun Nation for financial cost sharing. The District may end up having to borrow funds to finance their share of the project.

In the long-term the District needs to find a way to mitigate shortfalls in maintaining the sewer detention ponds and the surrounding green belts and the Community Park. The District has experienced a two-year deficit of \$45,467 in maintaining the detention ponds and a \$10,000 annual shortfall maintaining the Community Park. Continued negotiation with the County and researching the property assessment related to the detention ponds is required to find additional funding.

### **Recommendations**

- Prepare an engineer's report and hold a Prop 218 election in the Zone of Benefit to increase the annual assessment for maintaining the detention ponds and surrounding greenbelt as this service is significantly underfunded (LAFCo's understanding is the election is determined by a simple majority vote).
- Continue to work with Yolo County and local community organizations to seek ways to maintain the Esparto Community Park without incurring a loss each year.
- Develop and adopt reserve policies for infrastructure improvements/replacement and for unforeseen/catastrophic expenses.
- Develop and adopt debt policies.
- Develop a plan to fund the Esparto CSD's retirement liability and prefund the OPEB liability.

### **Accountability, Structure and Efficiencies MSR Determination**

According to the General Manager and meeting minutes, the board members are relatively stable and get appropriate training and financial management. The ECSD takes advantage of California Special District Association (CSDA) information and sends board members to attend conferences and required training. All Board Members' Form 700 Statements of Economic Interests and Ethics Compliance Training Certificates (per AB 1234) are posted on the District's website. There has apparently been more staff turnover than normal in the past two years. However, office staff and field operators were replaced with more qualified replacements, so the District considers turnover in this case to be positive. The District has financial audits conducted by independent auditor each year. The ECSD needs to improve its website transparency and received a 55% transparency score in 2020.

### **Recommendation**

- Work to improve the ECSD's website transparency content. The Esparto CSD received a 55% transparency score in 2020. Please see the attachments on the latest Web Transparency Scorecard for needed improvements at <https://www.yololafo.org/yolo-local-government-website-transparency-scorecards>.

### **Other Issues MSR Determination**

There are no other issues related to effective or efficient service delivery, as required by commission policy. Most of the 2015 MSR recommendations have been implemented by the Esparto CSD and the few that have not been are reiterated herein.

### **Recommendation**

- Consider annexing the CSD's waste water treatment ponds so that it no longer needs to pay property taxes.

### **Esparto CSD SOI Update**

Yolo County adopted an updated community plan for Esparto in April 2019 which down zoned some areas back to agricultural uses and reduced the community area due to flooding issues. The existing SOI now exceeds the parcels zoned for development and should be scaled back accordingly. Development of the existing SOI would not result in the loss of prime agricultural land, now that some parcels in the community plan have been down zoned back to agricultural uses. Two parcels are removed from the SOI. The proposed SOI map is shown attached to the resolution (Attachment A).

## **KNIGHTS LANDING CSD**

### **Capacity and Adequacy of Public Facilities and Services MSR Determination**

The CSD's water and sewer system was constructed in 1970 and is in need of an upgrade and/or replacement. The KLCSD has minimally adequate capacity to serve average water demand, but could not withstand peak demands and required fire flows at the same time. The waste water system is also in disrepair, but is currently stabilized for now. Little future infill development in Knights Landing is anticipated over the next 5 years due to significant flood restrictions. DWR has funded design and permitting of a ring levy by June 30, 2022, but this does not include actual construction.

The KLCSD has been nearly "run into the ground" operating for years without a general manager until July 2020. The Board does not seem aware of the seriousness of the situation and how much investment needs to occur in order to bring the system back up to what it should be. The infrastructure and equipment are run down; tools are either missing or not maintained to the point of disrepair. There is also significant deferred maintenance. The most recent fee increase was supposed to provide funds to be set aside in reserve for these significant improvements, however, no set asides or investment occurred, so the CSD continues to fall behind and this continues to be a serious problem.

The KLCSD hired an engineering firm to prepare a 5-year Capital Improvement Plan (CIP), but it only covers the water system, so it does not present a full picture of the District's overall needs/costs. The total estimated cost (including recommended markup) of the 5-year CIP is \$25,584,000. Again, this is for the water system only and does include the wastewater system or storm water infrastructure.

### **Recommendations**

- Prepare a comprehensive 5-Year CIP that in addition to water, also addresses the wastewater system and storm drainage infrastructure, that includes ongoing maintenance of all its infrastructure and facilities to get a more complete plan.
- Install the purchased backup generators to keep the water system operating without power at the Ridge Cut Well #4 site.

### **Financial Ability MSR Determination**

Knights Landing Community Services District is in poor financial condition both in terms of available funds (liquidity) and in terms of qualified staff. The CSD recently hired a General Manager in July 2020 to steer the District back to solvency, but it will take time to turn things around.

The District's total fund balance decreased from \$567,187 as of July 1, 2015 to \$146,340 as of June 30, 2019. The ending balance of \$146,340 includes restricted funds of \$263,914 leaving an unassigned of \$117,574 at the end of 2019. The deficit decreased to \$79,947 at the end of 2020 (not presented) mostly because Yolo County waived \$65,454 of loan interest. The deficit is a direct result of District staff and board members not reviewing relevant financial information on a regular basis thereby not discovering the multiple year deficits that began in fiscal year 2015 and continued through 2020. During the five years presented operating costs have increased on average over \$100,000 per year, while revenues have increased on average only \$60,000 per year. Operating costs from 2010 through 2014 averaged \$215,000 per year, those same costs averaged over \$338,000 from 2015 through 2019. Service rates were not increased sufficiently to offset the increased costs. The increased costs included increases for district staff salary and benefits, system maintenance and contracted engineer and operators.

The District is audited every two years, but the revenue and expense data is presented on an object basis only with not any information detailed by account or by service activity. The last audited financial statements for fiscal year ended June 30, 2018 reported an unrestricted net position of \$460,858, when the unrestricted net position was actually a deficit of \$22,352. This significant error went undetected by the District.

The Board was presented with a new rate structure that will increase the combined water and sewer rates. The public hearing was initially scheduled for 10/20/2020 but was postponed by the Board to 1/19/2021 apparently due to community misinformation posted on Facebook. At its 1/19/2021 meeting, the Board initiated a Proposition 218 process to raise the current \$74.50 residential rate in stages beginning in April 2021, ultimately to \$98.50 per month for residential in July 2022. It also proposes a new commercial rate,

which would increase from the current \$74.50 rate in stages to \$133.20 per month over the same timeline. However, it is estimated the new rates are still insufficient to finance the prior years' deficits, current cost of operation and needed improvements. Future rate increases are still required to fully fund the District's needs.

In order to fund projects identified in the draft CIP, it is recommended that the District conduct a rate study to estimate the revenue needed to operate, maintain, and reinvest in the water system. The District should also pursue other funding methods (such as grants and loans) to provide the necessary funds for improvement projects. Since the KLCSD service area qualifies as a disadvantaged community, there are several grants and funding opportunities available, such as those offered by the California State Water Resources Control Board and US Bureau of Reclamation.

The District ended fiscal year 2020 with an unassigned deficit of \$79,947. Without quick and decisive actions to resolve the Districts governance/accountability, financial and infrastructure issues, it is in jeopardy of insolvency.

### **Recommendations**

- Develop a plan that would cut costs and maximize revenues to enable future balanced budgets, the creation of a catastrophic reserve to mitigate the impact of unexpected system failures and repairs and to fund reserve for infrastructure improvements and replacement.
- Develop formal budgeting, accounting and financial reporting policies and procedures in order to provide staff, District board members and the public with complete, accurate, timely and easily understandable financial reports. At a minimum, periodic reporting should include a balance sheet, income statement, budget to actual analysis and comparative data with prior years.
- Board members must make it a board priority to fully understand the District's current financial condition and make a commitment to make a recovery plan and execute it. The plan should focus on maintaining the current system to serve the citizens of Knights Landing, paying off prior years' deficits and setting aside funds for mitigating unforeseen expenses, system improvements and eventual system replacement. The execution should include periodic monitoring to ensure that progress is on track. State grant funds are available and should be incorporated into this plan.
- District staff and Board members should become more actively engaged with District finances. A first step would be to be more proactive in seeking assistance, first from Yolo County DFS and, if needed, from external resources. Also, the Board should be more involved with the semi-annual audit by requiring more meaningful financial statements and requesting a more thorough review of procedures and operations.
- When the draft CIP is finalized and adopted, conduct a rate study to estimate the revenue needed to operate, maintain, and reinvest in the water system. The District should also pursue other funding methods (such as grants and loans) to provide the necessary funds for improvement projects.
- Develop policies and procedures related to procurement, debt, credit card usage, reimbursements to employees and board members, clothing reimbursement, insurance, reserves, personnel and payroll, board meeting rules, governance and administrative policies, such as records retention and storage, use of vehicles, webpage, cell phone, nepotism, etc. LAFCo has policy templates available.
- The Knights Landing CSD was notified in 2020 that it was allocated \$177,000 of per capita parks funding from the state. Since the CSD does not own its own park site, it should partner with Yolo County and the school district to direct these funds towards the improvement of the school's field as a park site and not have these one-time funds go unused.

### **Shared Services MSR Determination**

The KLCSD has recently implemented shared services with the Madison CSD to contract for general manager and staff support. If that relationship proves successful, the KLCSD should consider a full consolidation. The District also plans to explore sharing billing services with the Esparto CSD.

### **Recommendation**

- If the July 2020 contract with the Madison CSD for general manager and staff services proves to be successful, the KLCSD should consider a consolidation into one agency.
- Explore shared services with the Esparto CSD to potentially utilize its billing system and determine if

this would be cost effective for the KLCSD.

### **Accountability, Structure and Efficiencies MSR Determination**

Leadership and management at the KLCSD was an issue cited in the 2014 Municipal Service Review and the situation has since worsened. Since 2015, the KLCSD has been spending more than its revenues, depleting its fund balance over time such that it has gone into overdraft. District staff include a part time secretary and several consultants, and until July 2020 the District was lacking a General Manager. The Board members who have stepped up to fill in this void have experienced significant burnout, resulting in frequent member turnover, which exacerbated the District's lack of stability.

The District approved a contract in July 2020 with the Madison CSD for general manager and staff services to more cost effectively manage it. Until the new General Manager was hired, financial status reports were not prepared or presented to the Board, so it was unable to know if its decisions were financially sound. It will take some time to turn things around, but if this relationship proves to be successful, the two CSDs should consider a complete consolidation.

### **Recommendations**

- If the July 2020 contract with the Madison CSD for general manager and staff services proves to be successful, the KLCSD should consider a consolidation into one agency.
- Significantly improve Board member training to reduce burnout, turnover, and vacancies.
- Improve content on the Knights Landing CSD website. The District should be applauded for getting a website up and running in 2019, however, it is still a work in progress and received a 32% transparency score in 2020.
- Adopt policies regarding anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, and contract bidding.

### **Other Issues MSR Determination**

Some of the 2014 MSR recommendations were followed, while most were not. The most critical item was for the CSD to raise its fees, which it did follow through on successfully. However, with the lack of financial policies and long-term management, the District has deferred needed improvements/maintenance. It has operated in the red since 2015 depleting its reserve and borrowed against restricted reserves.

### **Knights Landing CSD SOI Update**

Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is not necessary.

## **MADISON CSD**

### **Financial Ability MSR Determination**

Currently, Madison CSD finances are stable. Both revenues and expenses have been consistent from year-to-year with revenues exceeding expenses four of the five years presented in this report and total fund balance has increased by \$86,016. However, the District should be more proactive about developing a robust set of accounting and financial policies to ensure that financial transactions are reported accurately and consistently in the financial system and to develop a more comprehensive periodic report for the Board of Directors and for the public. As long as the District adheres to its prudent financial practices and is able to identify and quantify unforeseen events and upcoming system improvements to mitigate potential financial shortfalls it should remain viable in the long term.

### **Recommendations**

- Include an accounts receivable aging report in the District Board's monthly financial report.
- Develop reserve policies to mitigate against potential unforeseen catastrophic losses and to finance needed infrastructure improvements.
- Initiate a rate study that would include the accumulation of funds for the improvements recommended in the latest infrastructure study, fund a catastrophic reserve fund and to fund maintenance of the park.
- Develop accounting, financial and general administrative policies to help guide its decision making in a rational and consistent manner.

### **Shared Services MSR Determination**

The Madison CSD is already sharing services with the Esparto CSD and the Knights Landing CSD. LAFCo



is not aware of any additional opportunities to share services or facilities that are not currently being utilized.

### **Recommendation**

- Consider consolidation with the Knights Landing CSD (and other CSDs as appropriate) if a shared services contract relationship is determined to be successful.

### **Accountability, Structure and Efficiencies MSR Determination**

There are no recommended changes to the organization's governmental structure that will increase accountability and efficiency. Board members and staff have been relatively stable. The Madison CSD is catching up on its independent audits of financial reports but should consider using a different auditor next cycle. Transparency content on the CSD's website needs to improve from its 2020 score of 32%. The District also needs to take the time to adopt policies regarding personnel, travel and expense reimbursement, personal use of public resources, and contract bidding.

### **Recommendations**

- Consider using a different auditor for the Madison CSD's next audit.
- Improve the CSD's website content to improve from its 2020 score of 32%. Please reference <https://www.yololaftco.org/yolo-local-government-website-transparency-scorecards> for additional content needed.
- The District should adopt policies regarding personnel, travel and expense reimbursement, personal use of public resources, and contract bidding.

### **Madison CSD SOI Update**

Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is not necessary.

### **AGENCY/PUBLIC OUTREACH**

Staff have worked closely with the general managers for each CSD and its board, attending at least one or more board meeting for each CSD. Staff reviewed the checklist administrative drafts with each manager and worked through any agreed upon changes. Most recently, because an SOI Update is recommended for Esparto CSD, staff attended the County's Esparto Citizen's Advisory Committee meeting on January 19, 2021 to make members aware of the proposed change and there were no concerns. A notice of public hearing was published in the Woodland Democrat on January 6, 2021 and notices emailed to all affected agencies with any overlapping territory. LAFCo has not received any comments so far on the MSR/SOI. Any comments received after publication of this staff report will be provided to the Commission in a supplemental packet.

### **California Environmental Quality Act (CEQA)**

The SOI Update is considered a project subject to CEQA. However, in this case approval of the SOI Update for the Esparto CSD does not have the potential to cause a significant effect on the environment, and is, therefore, not subject to CEQA in accordance with CEQA Guidelines Section 15061(b)(3) (common sense exemption). The proposed SOI Update is reducing the size, as compared to the existing SOI, so it will result in less development and potential to impact the environment. Yolo County adopted an updated community plan for Esparto in April 2019 which down zoned some areas back to agricultural uses and reduced the community area due to flooding issues. The existing SOI now exceeds the parcels zoned for development and should be scaled back accordingly. Development of the existing SOI would not result in the loss of prime agricultural land. With LAFCo's action, two parcels are being removed from the SOI. The SOI Update will not be growth inducing or otherwise result in any expansion of use. A Notice of Exemption will be filed with the County Recorder.

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[1] Source: 2015-2019 American Community Survey 5-Year Estimates

[2] American Fact Finder 2018 American Community Survey and 2017 Economic Census

[3] NA indicates the data is not available or was not collected for this CDP (Census Designated Place)

[4] Source: 2012 Survey of Business Owners: Company Summary

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## Attachments

ATT A-Yolo CSDs MSR-SOI Reso 2021-02

ATT B-Yolo CSDs MSR-SOI Combined Draft 01.20.21 - track changes version

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## Form Review

### Inbox

Christine Crawford (Originator)  
Form Started By: Christine Crawford  
Final Approval Date: 01/20/2021

### Reviewed By

Christine Crawford

### Date

01/20/2021 10:08 PM  
Started On: 01/12/2021 01:41 PM