

2014

Exhibit A

FINAL

MUNICIPAL SERVICE REVIEW AND
SPHERE OF INFLUENCE STUDY
FOR THE

Knights Landing
Community Services District (CSD)

LOCAL AGENCY FORMATION COMMISSION OF YOLO COUNTY

Resolution № 2014-06

**A Resolution Approving the Municipal Service Review and Sphere of Influence Update for the Knights Landing Community Services District
LAFCo Proceeding S-042**

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 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 Government Code Sections 56000 et seq. (unless otherwise indicated all statutory references are to the Government Code); and,

WHEREAS, Section 56425 et seq. 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, 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, in 2014, the Yolo County Local Agency Formation Commission (LAFCo) conducted a review of the municipal services and sphere of influence of the Knights Landing Community Services District; and,

WHEREAS, based on the results of the MSR, staff has determined that an SOI update for the Knights Landing Community Services District is necessary to clarify the existing boundary and SOI maps; and,

WHEREAS, staff has reviewed the Municipal Service Review and Sphere of Influence Update pursuant to the California Environmental Quality Act (CEQA) and determined that while adopting an expanded SOI boundary is a discretionary action subject to CEQA, in this case the purpose of the updated SOI is merely to reflect the correct boundary and sphere of influence as they already exist, rather than making any substantive changes. Therefore, staff has determined that this project is exempt under the general rule that indicates when it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse environmental effect that the project is exempt per CEQA Guidelines Section 15061(b)(3); and, based thereon, the Executive Officer prepared a Notice of Exemption; and,

WHEREAS, the Executive Officer set a public hearing for December 4, 2014 for consideration of the environmental review, the draft Municipal Service Review, and

Sphere of Influence Study 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 December 4, 2014, the draft Municipal Service Review came on regularly for hearing before LAFCo, at the time and place specified in the Notice of Public Hearing; and,

WHEREAS, at said hearing, LAFCo reviewed and considered the CEQA exemption, the draft Municipal Service Review and Sphere of Influence Study, 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, the Commission 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 service review.

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

1. States that each of the foregoing recitals is true and correct.
2. Determines that the project is exempt from CEQA pursuant to Section 15061(b)(3) which indicates that where it can be seen with certainty that there is no possibility that the activity in question may have a significant adverse environmental effect that the project is exempt under CEQA; and directs the Executive Officer to file a Notice of Exemption with the County Recorder, subject to the findings below.
3. Adopts Resolution 2014-06 approving the Municipal Service Review and Sphere of Influence Study for the Knights Landing Community Services District (Exhibit A) and approving the updated Sphere of Influence map (Map 1) attached to this resolution, subject to the following findings and recommendations:

FINDINGS

1. Finding: It can be seen with certainty that there is no possibility that the activity in question may have a significant adverse environmental effect. Accordingly, the project is exempt under CEQA. See CEQA Guidelines § 15061(b)(3). A Notice of Exemption will be filed with the County Recorder.

Evidence: In this case the purpose of the updated SOI is merely to reflect the correct boundary and sphere of influence as they already exist, rather than making any substantive changes. The 2006 SOI boundary map was created by hand and in some portions didn't align to existing parcel boundaries. The new SOI map resolves these discrepancies and reduces the overall footprint of the Knights Landing CSD boundary and SOI.

2. Finding: Approval of the Municipal Service Review and Sphere of Influence Update is consistent with all applicable state laws and local LAFCo policies.

Evidence: The project was prepared consistent with the requirements in the Cortese-Knox-Hertzberg Act for a MSR/SOI and all applicable Yolo LAFCo policies and adopted Standards for Evaluation. The MSR includes written determinations as required by Section 56430 of the Cortese Knox Hertzberg Local Government Act.

RECOMMENDATIONS

1. LAFCo encourages the District to implement the necessary improvements to the water and wastewater systems (including upsizing of the 4-inch and 6-inch water mains, adding a tank and booster pump to the water system, replacing Well 3, and conducting a cleaning and video inspection of the sewer lines) as funding allows.
2. LAFCo encourages the District to continue working with the Central Valley Regional Water Quality Control Board to address its Notice of Violation regarding monitoring and reporting issues.
3. LAFCo recommends that the District begin to build up its financial reserves, so it can address significant infrastructure upgrades when they become necessary. Additionally, the District may wish to consider including a temporary capital reserve assessment/fee in its next Proposition 218 election, to aid in building up the CSD's total reserve.
4. The District should attempt another Proposition 218 election to raise its rates, and conduct extensive public outreach prior to the vote to educate residents on the need for higher rates.
5. 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.
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 regarding its budget preparation process, reserve and contingency practices, and debt management practices.
7. The District should request that the Board of Supervisors District 5 Office facilitate a meeting between the Cemetery District, FPD and CSD Boards to

gauge their overall willingness to explore opportunities for shared services or shared administrative functions. LAFCo staff is also willing to participate in the meeting.

8. LAFCo staff recommends that the District consider developing a website or uploading content to the County's website, as time and funding allow, to increase the accessibility of information regarding the District's services and finances. If developed, the website should contain adopted budgets, third party financial audits, and Board of Directors meeting agendas and minutes.

PASSED AND ADOPTED by the Local Agency Formation Commission, County of Yolo, State of California, this 4th day of December, 2014, by the following vote:

Ayes: *Aguilar-Curry, Kristoff, Provenza, Woods*

Noes:

Abstentions:

Absent: *Rexroad*



Olin Woods, Chair
Yolo County Local Agency Formation Commission

Attest:

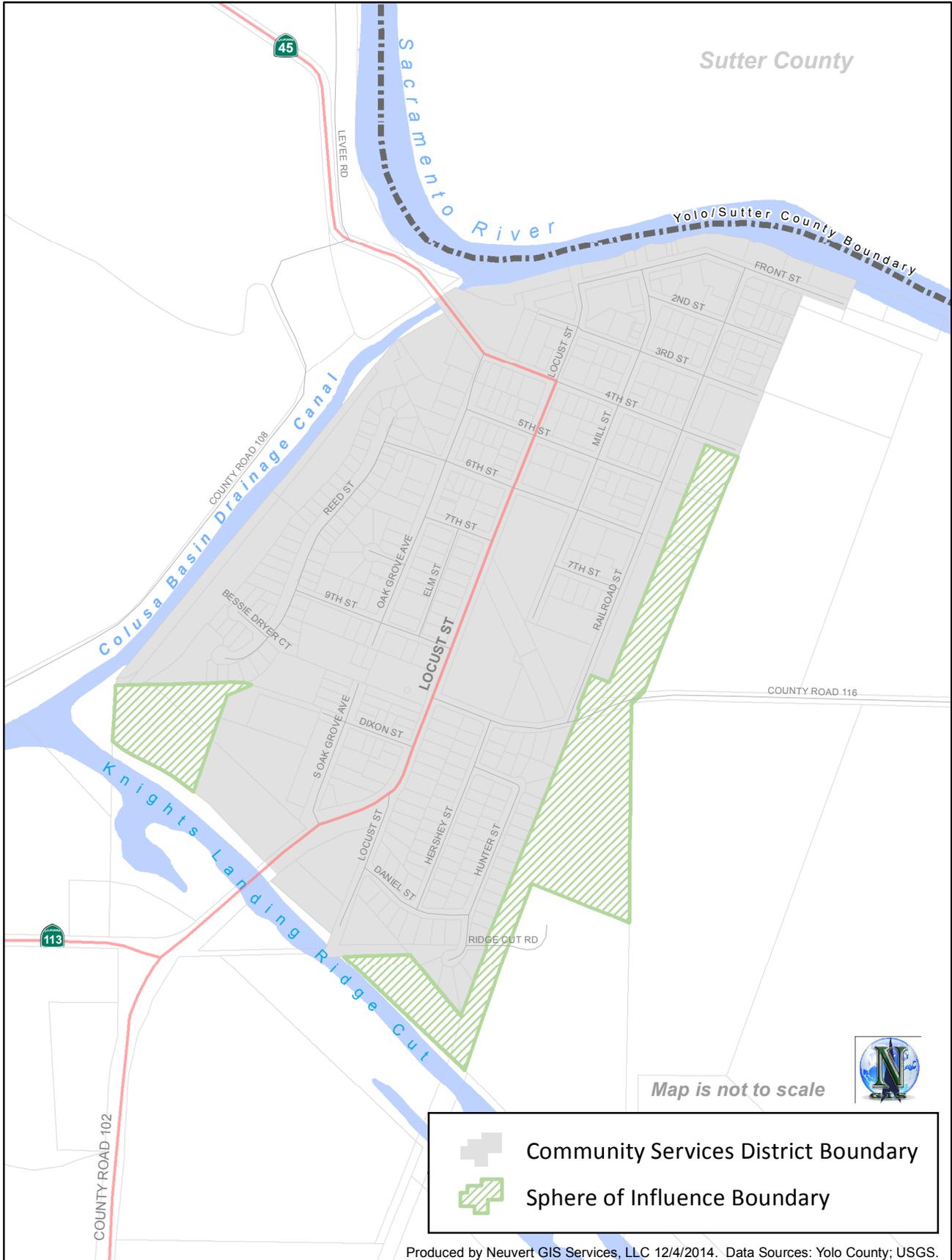
Christine Crawford, Executive Officer
Yolo County Local Agency Formation Commission

Approved as to form:

By:
Eric May, Commission Counsel

Knights Landing Community Services District Boundary and Sphere of Influence

Map 1



Produced by Neuvet GIS Services, LLC 12/4/2014. Data Sources: Yolo County; USGS.

Adopted by Yolo LAFCo December 4, 2014

Resolution 2014-06
Adopted December 4, 2014



Project Name: MSR/SOI for the Knights Landing Community Services District

LAFCo Project No. S-042

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

Date Adopted: December 4, 2014

Subject Agency: Knights Landing Community Services District

Agency Address: P.O. Box 548
Knights Landing, CA 95645

Agency Contact Person: Vickie Chavarria (*Secretary*)

Phone Number: (530) 207-9101

Date of Last MSR/SOI Adopted by LAFCo September 25, 2006

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MSR/SOI BACKGROUND

ROLE AND RESPONSIBILITY OF LAFCO

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

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

PURPOSE OF A MUNICIPAL SERVICE REVIEW

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

1. Growth and population projections for the affected area;
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence;

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence;
4. Financial ability of agencies to provide services;
5. Status of, and opportunities for, shared facilities;
6. Accountability for community service needs, including governmental structure and operational efficiencies; and
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

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

PURPOSE OF A SPHERE OF INFLUENCE

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

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

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

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

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

DISADVANTAGED UNINCORPORATED COMMUNITIES

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

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

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

ORGANIZATION OF MSR/SOI STUDY

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

- Provides a description of the subject agency;

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

AGENCY PROFILE

The Knights Landing Community Services District (CSD) was established in May 1968 to provide water, wastewater treatment, street lighting, and parks and recreation services to the community of Knights Landing. The CSD received LAFCo approval to add storm drainage services to its list of powers in 2007.

Structure and Governance

The Knights Landing CSD is governed by a five-member Board of Directors. Board members are appointed by the Yolo County Board of Supervisors in lieu of election. The District has two full-time staff, including one superintendent and one bookkeeper.



Location

The community of Knights Landing is located on State Highway 113 adjacent to the Sacramento River. The community is bounded on the north by the Sacramento River, on the west by the Colusa Basin Drainage Canal and on the south by the Knights Landing Ridge Cut. The community extends a short distance beyond the abandoned Southern Pacific Railroad embankment to the east. The current boundaries for the Knights Landing CSD roughly correspond to the perimeter of the developed areas in the community of Knights landing, with the addition of a few agricultural parcels immediately

adjacent to the community. See the map for more details.

AFFECTED AGENCIES

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

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 (MERCESA), 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 Services 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, 2076, 2120
- Yolo County Resource Conservation District
- Water District – Dunnigan, **Knight’s Landing Ridge Drainage**, YCFCWCD, Yolo-Zamora

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

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-c) Knights Landing is a small community with a mixture of commercial, residential and industrial land uses. According to the United States Census (2012) the population in the community of Knights Landing was 902 in 2012, with residents living in a total of 380 units on 11 developed acres.

Yolo County’s 2030 Countywide General Plan projects significant growth in the area, with a total of 1,793 allowable units on 60.4 designated acres. However, in June of 2010 the Federal Emergency Management Agency (FEMA) updated its 100-year floodplain maps, and re-classified the entire

community of Knights Landing as being inside the 100-year floodplain. Any development in the area will now require costly work that elevates buildings so that the lowest floor is above the Base Flood Elevation level. Due to the change in the community's flood status any near-term development in the community is unlikely, and LAFCo has not assumed any growth for the purposes of this MSR.

Growth and Population MSR Determination

Although the County of Yolo 2030 Countywide General Plan currently designates land outside of the District's existing boundaries for future development, there are no development plans at this time. In 2010, FEMA re-classified the community as being inside the 100-year floodplain, which significantly increases development costs. Therefore, Knights Landing is not expected to experience any significant development or population growth that might impact the District's ability to deliver water, wastewater, street lighting, or parks and recreation services.

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 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) The Knights Landing CSD provides domestic water and wastewater services to the community of Knights Landing, both services of which 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 Knights Landing CSD serves the community of Knights Landing, which is considered an inhabited unincorporated community based on the list above. According to the US Census Bureau (2010), Knights Landing has a median household income of \$43,417, which is only 71 percent of the statewide median household income of \$61,400. Therefore, the community of Knights Landing is considered a disadvantaged unincorporated community (DUC) according to the requirements of SB 244.

- c) The community of Knights Landing is fully served with municipal services despite its DUC status. The community receives domestic water and wastewater services from the Knights Landing CSD, and fire protection services from the Knights Landing Fire Protection District.

Disadvantaged Unincorporated Communities MSR Determination

For the purposes of SB 244, Knights Landing qualifies as a “disadvantaged unincorporated community” (DUC). However, since the Knights Landing CSD already provides municipal water and wastewater services and the Knights Landing Fire Protection District provides fire protection services to the community, no changes or extensions in service are needed in accordance with SB 244. Water, sewer and structural fire protection services are not bypassing Knights Landing due to its DUC status.

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

Discussion:

a-d) The Knights Landing Community Services District is empowered to provide five municipal services (domestic water, wastewater, storm drainage, street lighting, and parks and recreation) to the residents of Knights Landing.

WATER: The Knights Landing CSD owns, operates and maintains the water system serving the community of Knights Landing. According to the County of Yolo Final Facility Master Plan (2011), the system was constructed in the 1970's, and the system's infrastructure includes:

- Three (3) wells- the School Yard/Railroad Street Well (Well 3), Ridge Cut Well (Well 4), and Third Street Well (Well 5)
- 4, 6, and 8-inch diameter pipes
- Back-up generator at Well 3

Water Adequacy: LAFCo staff is not aware of any adequacy issues with the CSD's water system. The CSD did report that the system tested positive for coliform, but the sampling tap was replaced in July 2013 and there have been no additional issues since that time.

Water Capacity: The 2011 Facility Master Plan reports that the calculated average day use for the District's water system is 204 gpm, with a peak demand of 695 gpm. Well 3 (constructed in 1971 with a depth of 332 feet) has a capacity of 500 gpm, Well 4 (constructed in 1981 with a depth of 342 feet) has a capacity of 1,000 gpm and Well 5 (constructed in 1999 with a depth of 402 feet) has a capacity of 1,500 gpm. The combined pumping capacity of the three wells should allow the system to meet fire flow requirements (1,500 gpm residential and 2,500 gpm commercial). However, the 4-inch and 6-inch diameter piping throughout the system constrains the delivery of flows, and the pipes are in need of expansion to provide adequate pressure for fire flows.

In summary, the District's water system has the capacity to meet the community's existing water supply needs, but cannot meet fire flow requirements without improvements. If community build-out were to occur as envisioned in the General Plan, the system would require significant improvements, including adding a transmission main loop, water supply well, and water storage tank. However, as determined in Section 1, this MSR anticipates no development in the foreseeable future in Knights

Landing in part due to FEMA's reclassification of the community as being inside the 100-year floodplain.

Water System Infrastructure Needs: The Facility Master Plan reports that the only major near-term improvement required by the District's water system is upsizing of the 4 inch and 6-inch water mains to improve fire flows, which is an extremely costly upgrade. The District has also indicated that it is pursuing possible funding sources for adding a tank and booster pump to the system, as well as replacing Well 3 (which is over 40 years old).

WASTEWATER: The Knights Landing CSD owns and operates the wastewater collection and treatment system that serves the residents of Knights Landing. According to the 2011 Facility Master Plan, wastewater is sent to the treatment facilities through a collection system consisting of:

- 4-inch diameter service laterals
- 6,8 and 10-inch diameter vitrified clay pipe mains
- 12-inch diameter trunk sewer
- Sewer lift station
- Emergency alarm at the lift station

Once it reaches the collection system, wastewater drains by gravity to the treatment facility, which consists of:

- 10 facultive ponds
- Spreading area that serves as an emergency holding area during heavy flooding

The system was originally constructed in 1977, and has reached its current configuration in stages over the years.

Wastewater Adequacy: LAFCo staff is not aware of any issues with adequacy in the CSDs wastewater system.

However, the District did receive a Notice of Violation from the Central Valley Regional Water Quality Control Board on June 30, 2014, due to compliance issues with its monitoring and reporting requirements. Specifically, the Water Quality Control Board cited the CSD for several monitoring and reporting issues between January 2012 and April 2014 that involved monitoring being completed incorrectly, reports being submitted late, and reporting documents being filled out incorrectly. The Board requested that the CSD take several actions to satisfy its Notice of Violation, including (1) updating its monitoring report template to ensure that all required data is reported, (2) submitting a report describing the steps it will take to ensure that future monitoring and reporting requirements will be met, (3) submitting a facility expansion report that documents the construction of Ponds 9 and 10, and (4) providing regular groundwater sampling for several monitoring wells located near Ponds 9 and 10.

The CSD has been actively engaged in addressing this Notice of Violation, and has already completed several of the steps requested by the Water Quality Control Board.

Wastewater Capacity: According to the Facility Master Plan, the existing wastewater system has the capacity to meet the current need, and could also accommodate some additional build out. The CSD does have issues with infiltration of ground water and inflow of storm water in the collection system, which can place additional burden on the system.

If full build out were to occur as envisioned in the General Plan, the system would require a significant expansion including upsizing the existing 12-inch sewer and treatment pond headworks, adding a network of gravity collector pipes, and replacement of the lift station. However, as determined in Section 1, this MSR anticipates no development in the foreseeable future in Knights Landing due in part to FEMA's reclassification of the community as being inside the 100-year floodplain.

Wastewater System Infrastructure Needs: According to the Facility Master Plan, very few near-term improvements are necessary for the District's wastewater system. The District should continue to investigate the source of infiltration in the collection system, and address issues as needed. Additionally, CSD staff has indicated that the system requires a cleaning and video inspection of the sewer lines. The CSD planned to conduct this work using additional revenues earned from raising its rates, but the rate increase failed, and the CSD will need to develop another plan for funding the work.

STORM DRAINAGE: The CSD provides storm drainage services to the White Subdivision, which is an area of recent development in the Knights Landing community. This service was added to the District's list of powers by LAFCo in 2007, at the time the subdivision was developed.

Storm Drainage Adequacy, Capacity and Infrastructure Needs: LAFCo staff is not aware of any concerns with adequacy, capacity or infrastructure of the CSD's storm drainage services.

STREET LIGHTING: The CSD owns the street lighting system in Knights Landing, with streetlights on every street corner in the urbanized area of the community. The District contracts with Pacific Gas & Electric (PG&E) for street lighting services and maintenance of the system. The District largely functions as a pass through agency, collecting fees from residents to pay the PG&E bills.

Street Lighting Adequacy, Capacity and Infrastructure Needs: LAFCo staff is not aware of any concerns with adequacy, capacity or infrastructure of the CSD's street lighting service.

PARKS AND RECREATION: In 1968, when the CSD was formed, it was authorized to provide parks and recreation services. At one time the District had an agreement to provide community park services and maintenance on the adjacent Grafton Elementary School property. However, the school has since taken over its own maintenance, and the CSD no longer provides any park and recreation services.

Parks and Recreation Adequacy, Capacity and Infrastructure Needs: The CSD no longer provides any park and recreation services.

- e) The California Department of Public Health (CDPH) recently adopted 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. District staff has indicated that the CSD will be uncertain of the impact of this legislation on its water system until the first test has been completed, prior to January 1st.
- f) As discussed in the Disadvantaged Unincorporated Communities section (determination #2), the community of Knights Landing is considered a DUC, but it is fully served with municipal services, including water, wastewater and fire protection.

Capacity and Adequacy of Public Facilities and Services MSR Determination

Knights Landing CSD provides five municipal services to the community of Knights Landing, including domestic water, wastewater, street lighting, storm drainage and parks and recreation. LAFCo staff has no concerns regarding the adequacy of the four services provided by the CSD, and does not anticipate any significant growth that would affect the CSD’s service capacity.

With regards to capacity, both the water and wastewater systems have sufficient capacity to meet current demands, although larger diameter pipes need to be installed in order to meet state mandated fire flow requirements. The CSD’s water system requires several significant near-term improvements, which involves upsizing of the 4-inch and 6-inch water mains to improve fire flows. The District has also indicated an interest in adding a tank and booster pump to the system, as well as replacing Well 3 (which is over 40 years old). The CSD’s wastewater system requires only minor upgrades, such as a cleaning and video inspection of the sewer lines.

Recommendations:

- LAFCo encourages the District to implement the necessary improvements to the water and wastewater systems (including upsizing of the 4-inch and 6-inch water mains, adding a tank and booster pump to the water system, replacing Well 3, and conducting a cleaning and video inspection of the sewer lines) as funding allows.
- LAFCo encourages the District to continue working with the Central Valley Regional Water Quality Control Board to address its Notice of Violation regarding monitoring and reporting issues.

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 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 the organization lacking financial policies that 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 Knights Landing CSD routinely adopts and operates an annual budget with a budget cycle of July 1 through June 30. The annual budget is prepared by the district bookkeeper, and then presented to the Board of Directors for consideration.

The table below provides a summary of the District's budgets from Fiscal Year (FY) 09/10 to 13/14. The CSD's most significant source of income is charges for services, although it does also receive some revenues through taxes and investment earnings. As demonstrated in the table, the District's revenues have remained relatively stable (between \$220,000 and \$250,000) over the past five years, with the exception of FY 10/11, in which the District received an additional \$261,000 through development fees.

The District's major expenditure categories include salaries/benefits, services/supplies and fixed assets. The District's expenditures have remained relatively stable in recent years (between \$200,000 and \$250,000), with the exception of FY 13/14, in which the CSD experienced an unexpected spike in fixed asset costs and other charges.

The District has maintained budgets with a positive net balance in three of the previous five FYs.

Knights Landing Community Service District Budgets					
	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues:					
Taxes	11,689.40	11,428.56	11,490.50	11,190.64	11,164.96
Development Fees	0.00	261,092.68	0.00	0.00	0.00
Investment Earnings	3,294.26	3,625.45	3,004.34	1,519.03	1,755.14
Intergovernmental Revenue	755.99	398.12	382.26	377.00	361.51
Charges for Services	203,279.69	202,330.91	206,265.04	233,139.23	215,598.14
Other Revenues	0.00	4,500.00	0.00	0.00	21,614.32
TOTAL REVENUES	219,019.34	483,375.72	221,142.14	246,225.90	250,494.07
Expenditures:					
Salaries and Benefits	55,281.04	55,175.48	56,572.77	56,418.05	56,070.75
Services and Supplies	142,256.52	155,693.50	138,932.44	141,366.10	131,354.33
Other Charges	23,306.20	10,300.00	9,120.00	13,741.56	95,682.98
Fixed Assets	29,740.00	0.00	0.00	0.00	50,399.32
TOTAL EXPENDITURES	250,583.76	221,168.98	204,625.21	211,525.71	333,507.38
REVENUES LESS EXPENDITURES	-31,564.42	262,206.74	16,516.93	34,700.19	-83,013.31
SOURCE: County of Yolo Budget and Revenue Status Reports					

- b) The District bookkeeper reported that the CSD has a reserve of approximately \$17,000. This is small for an organization that is responsible for maintaining two significant infrastructure systems, and limits the District’s ability to respond to unexpected issues. This is especially concerning given that the District requires several expensive upgrades to both the water and wastewater systems in the coming years. LAFCo recommends that the District begin to build up its reserve, so it can address significant infrastructure upgrades when they become necessary. Additionally, the District may wish to consider including a temporary capital reserve fee in its next Proposition 218 election, to aid in building up the CSD’s total reserve.

- c) The table below provides a description of the District’s current fee schedule for water and wastewater services, which provides the majority of the District’s revenues. The District also charges a flat bi-monthly rate of \$6/customer for street lighting services. CSD staff reports that the existing water and wastewater rate schedules are insufficient to fund the ongoing and long-term maintenance and infrastructure needs of the water and wastewater system. The District proposed raising rates by 35%, and held a Proposition 218 election in June 2014 that proposed raising rates incrementally over a five year period until the 35% increase had been achieved. However, local residents voted no on the rate increase, and the District is currently unable to collect sufficient rates.

District staff has stated that the CSD is planning to attempt another Proposition 218 election, and the Board of Directors will first hold informational meeting in the community to educate the residents regarding why a raise in rates is necessary.

Knights Landing Community Services District- Rate Schedule		
	Water	Wastewater
<i>Flat Bi-Monthly Rate</i>		
Residential	\$41.50/Unit	\$41.50/Unit
Commercial	\$41.50	\$41.50
Commercial- Boat Club <i>(4 Trailers @ \$13.30 each)</i>	\$52.80	\$52.80
Commercial- Trailer Park	\$33/Unit	\$30/Unit
<i>Flat Monthly Rate</i>		
Schools	\$220/Service	\$110/Service

Water Rates: The CSD charges its water customers a flat rate ranging from \$33-\$53 on a bi-monthly basis. This is significantly lower than any other special district providing water services in Yolo County, which generally have higher rates that are collected on a monthly basis. Using residential units as an example, Cacheville CSD charges \$55/month, Esparto CSD charges \$52/month, Madison CSD charges \$33/month, and Wild Wings CSA charges \$74/month. If charged on a monthly basis, the Knights Landing CSD rate would only be \$20.75 for residential units.

Wastewater Rates: The CSD charges its wastewater customers a flat rate ranging from \$30-\$53 on a bi-monthly basis. This is lower than most other special district providing wastewater services in Yolo County. Using residential units as an example, Esparto CSD charges \$40.5/unit/month and Madison CSD charges \$46/unit/month, while the Knights Landing CSD rate would only be \$20.75 if charged on a monthly basis.

Street Lighting Rates: Knights Landing CSD charges a higher rate for street lighting services than many other special districts. Knights Landing residents pay \$36 annually for street lighting, as compared to Dunnigan (\$19 annually) and Madison (\$24 annually). This is the only service for which the CSD is collecting sufficient funds to provide the service.

- d) The CSD does not have an established long-term infrastructure replacement plan. District staff indicated that if their rate increase were approved they would begin building up a reserve for upcoming infrastructure replacement projects. However, the Prop 218 was not successful, and the District does not currently have the funds necessary to pay for some of the larger upcoming infrastructure projects discussed in Section 3.

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.

- e) The Knights Landing CSD staff 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 regarding its budget preparation process, reserve and contingency practices, and debt management practices.
- f) The District owes \$50,399 due to the purchase of a tractor about two years ago. The terms of the loan require a monthly payment of approximately \$900 over a period of five years. This is a manageable level of debt for the CSD.

Financial Ability MSR Determination

The Knights Landing CSD is currently struggling financially, due to a rate structure that is insufficient to fund the ongoing and long-term maintenance needs of its water and wastewater systems. The District's recent attempt at raising rates through a Proposition 218 election failed, leaving the District uncertain of how it will fund several significant upcoming infrastructure replacement projects. Additionally, the District has very little reserve available to help protect it from unexpected events. The District's financial stability would benefit greatly from a rate increase, and the adoption of financial policies to assist the Board of Directors in making decisions. The District does engage in several strong financial practices, such as commissioning regular audits and maintaining its debt at a manageable level.

Recommendations:

- LAFCo recommends that the District begin to build up its reserve, so it can address significant infrastructure upgrades when they become necessary. Additionally, the District may wish to consider including a temporary capital reserve fee in its next Proposition 218 election, to aid in building up the CSD's total reserve.
- The District should attempt another Proposition 218 election to raise its rates, and conduct extensive public outreach prior to the vote to educate residents on the need for higher rates.
- 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.
- 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

regarding its budget preparation process, reserve and contingency practices, and debt management practices.

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) The Knights Landing CSD receives minimal services with the County of Yolo, most significantly using the Auditor-Controller's Office to collect and hold its funds. The CSD also partners with Reclamation District (RD) 730 to provide storm drainage protection to Knights Landing residents. The CSD maintains the drainage systems within the community of Knights Landing, and the RD provides drain water pumping services just east of Knights Landing.
- b) The District overlaps with several local agencies, including the Knights Landing Cemetery District, Snowball County Service Area, the Knights Landing Ridge Drainage District, and the Knights Landing Fire Protection District (FPD). Most of these organizations serve areas much greater than the service area of the CSD, and provide different services.

LAFCo believes there may be some opportunities for "functional consolidation" with neighboring or overlapping districts, in which multiple district's choose to share administrative functions (such as staff, leadership or infrastructure and equipment) to achieve cost savings, while still maintaining separate boards. In particular, the Knights Landing CSD, Cemetery District and potentially even the FPD may benefit from exploring opportunities for functional consolidation. For instance, LAFCo is aware that several of these districts employ a part-time secretary or bookkeeper. It may be beneficial for the districts to explore sharing one full-time administrative staff member.

Additionally, the Knights Landing special districts may wish to consider exploring shared leadership opportunities. The Knights Landing districts often struggle with recruiting and maintaining board

members, as the community has to recruit a range of board members from a very small pool of residents. LAFCo staff believes that a potential solution to these ongoing issues with board recruitment may be to appoint overlapping board members to the various special districts, in order to reduce the total demand for board members in the community. This idea is discussed in greater detail in Section 6.

To move forward with the idea of functional consolidation, LAFCo staff suggests that the Board of Supervisors District 5 Office facilitate a meeting between the Cemetery District, FPD and CSD boards to gauge their overall willingness to use this approach and determine potential opportunities for shared services. LAFCo staff is also willing to participate in the meeting if needed.

- c-d) Another governance option that the Knights Landing community might consider is the consolidation of two or more of the local special districts, in order to accomplish similar efficiencies as those discussed in Section 5b. It would be possible for the CSD to take on responsibility for cemetery and fire protection services under California law, leaving the community with fewer special districts to manage and staff, and consolidated property taxes that could be used more flexibly.

However, the boundaries of the CSD, FPD and Cemetery District are vastly different, which would cause potential problems in a consolidation. Changes to the FPD or Cemetery District boundaries would also necessitate changes in the boundaries of adjacent FPDs and Cemetery Districts. These issues are not insurmountable; however, the issues involved in consolidation may not be worth the small amount of property tax revenues that would be consolidated and the efficiencies that would be created.

Shared Services MSR Determination

The Knights Landing CSD has several potential opportunities to increase efficiency through shared services or governance restructure. The District might pursue functional consolidation with the Knights Landing Fire Protection District and/or the Knights Landing Cemetery District, to share administrative functions, staffing, leadership or infrastructure and equipment. The CSD might also pursue a full consolidation with either the KLFPD and/or the KL Cemetery District to reduce the demand for special district leadership and staff in the small community, though LAFCo staff believes the benefits are unlikely to outweigh the significant challenges of consolidating districts with vastly different boundaries.

Recommendations:

- The CSD should request that the Board of Supervisors District 5 Office facilitate a meeting between the Cemetery District, FPD and CSD Boards to gauge their overall willingness to explore opportunities for shared services or shared administrative functions. LAFCo staff is also willing to participate in the meeting.

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 type="checkbox"/>	<input type="checkbox"/>
c) Are there any issues with operational efficiencies such as budget development, staff turnover or decision-making processes?	<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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Discussion:

- a) The Knights Landing CSD is governed by a five-member Board of Directors, which meets on the third Tuesday of every month at 7:00pm in the Knights Landing Community Center. The District complies with all Brown Act requirements in publicly noticing its meetings.
- b) The Knights Landing CSD has recently struggled with recruiting and maintaining members for its Board of Directors. The 5-member Board currently has one vacancy, which has remained vacant for several months. Additionally, one of the active members had a term that expired on December 6, 2013, and has not yet been formally re-appointed. California election code regarding CSDs (section 61042.a.) indicates that after a term expires, members of the Board remain active until such time as their successor qualifies and takes office. The member with the expired term is technically still able to vote, but has gone nearly a year without being re-appointed by the Board of Supervisors. The District 5 Board of Supervisors Office has been working with the CSD on filling its Board, but reports that

recruiting members has been an ongoing challenge. The Knights Landing community is very small, and has several special districts attempting to recruit board members from a very small pool of residents.

LAFCo staff believes that a potential solution to these ongoing issues with board recruitment may be to appoint overlapping board members to the various special districts, in order to reduce the total demand for board members in the community. For instance, the Knights Landing Cemetery District maintains a three-member Board of Directors, and has also struggled with recruitment issues in the past. As vacancies occur, the District 5 Board of Supervisors Office might consider appointing strong and active board members from the Knights Landing Cemetery District to the Knights Landing CSD, or vice versa. To make the double board membership easier for those willing to take on the additional responsibility, meetings could be scheduled at adjacent times on the same evening. One board could meet, and after adjourning, the next meeting could begin. LAFCo staff discussed this concept with the existing Knights Landing CSD board members, who expressed a willingness to explore the idea, though they did express a few concerns. Specifically, the CSD board was concerned about the responsibility of training new members without relevant experience. To move forward with this idea, LAFCo staff suggests that the Board of Supervisors District 5 Office facilitate a meeting between the Cemetery District and CSD Boards to gauge their overall willingness to use this approach, and determine whether the overlap of these two boards would be a good fit. LAFCo staff is also willing to participate in the meeting, if needed.

- c) LAFCo is not aware of any issues with operational efficiencies that can be resolved in this MSR.
- d) The Knights Landing CSD complies with all laws regarding regular audits and adopted budgets. If requested residents can gain access to these documents from District staff, as well as attending Board of Directors meetings in which these items are discussed. District staff has indicated that it also communicated with customers by occasionally sending out information on the water and wastewater systems with the bills.

LAFCo staff recommends that the District consider developing a website, as time and funding allow, to increase the accessibility of information regarding the Districts services and finances. If developed, the website should contain adopted budgets, third party financial audits, and Board of Directors meeting agendas and minutes.

- e-f) As discussed in Section 5, the CSD has several opportunities to increase efficiency through shared services or governance restructure. The District might pursue functional consolidation with the Knights Landing Fire Protection District and/or the Knights Landing Cemetery District, to share administrative functions, staffing, leadership or infrastructure and equipment.
- g) LAFCo is not aware of any overlapping boundary issues that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues or undermine good planning practices. The Knights Landing CSD does have overlapping boundaries with several other special districts, but none offer similar services that could cause potential confusion or conflict.

Accountability, Structure and Efficiencies MSR Determination

The Knights Landing Community Services District has publicly accessible meetings that are well publicized in accordance with the Brown Act. The District adopts annual budgets and completes annual audit reports, and there are no overlapping boundaries that cause service inefficiencies. However, the CSD does have

several opportunities to increase efficiency through shared services or governance restructure. The District might pursue functional consolidation with the Knights Landing Fire Protection District and/or the Knights Landing Cemetery District, to share administrative functions, staffing, leadership or infrastructure and equipment.

Recommendation:

- The CSD should request that the Board of Supervisors District 5 Office facilitate a meeting between the Cemetery District, FPD and CSD Boards to gauge their overall willingness to explore opportunities for shared services, shared administrative functions or overlapping board memberships. LAFCo staff is also willing to participate in the meeting.
- LAFCo staff recommends that the District consider developing a website, as time and funding allow, to increase the accessibility of information regarding the Districts services and finances. If developed, the website should contain adopted budgets, third party financial audits, and Board of Directors meeting agendas and minutes.

7. OTHER ISSUES

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

	YES	MAYBE	NO
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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"/>
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Discussion:

- a) LAFCo staff conducted outreach to several Knights Landing CSD stakeholders while researching this MSR, including District staff, the District Board of Directors, the office of the District 5 County Supervisor, and the Clerk of the Board. None of these parties identified additional service delivery issues that need to be resolved in this MSR.

Other Issues MSR Determination

LAFCo has not identified any additional issues related to effective or efficient service delivery that might be resolved in this MSR.

SPHERE OF INFLUENCE STUDY

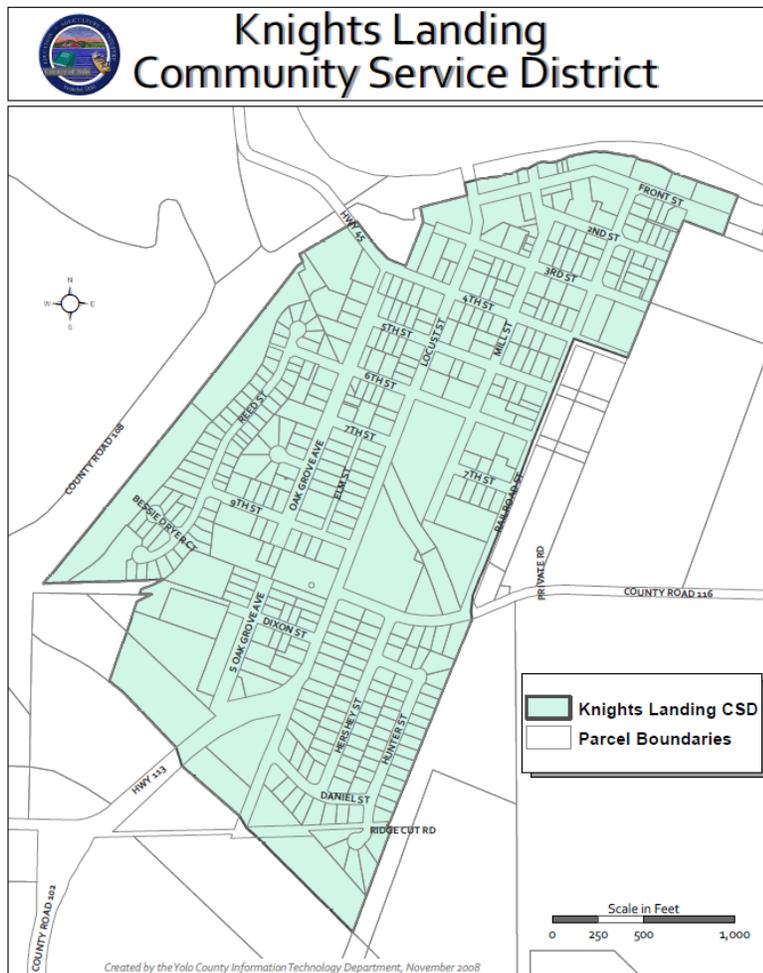
On the basis of the Municipal Service Review:

- 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 Sphere

The current boundaries for the Knights Landing CSD are shown in the map below. However, LAFCo staff believes there are several mapping errors that should be corrected during this SOI process.

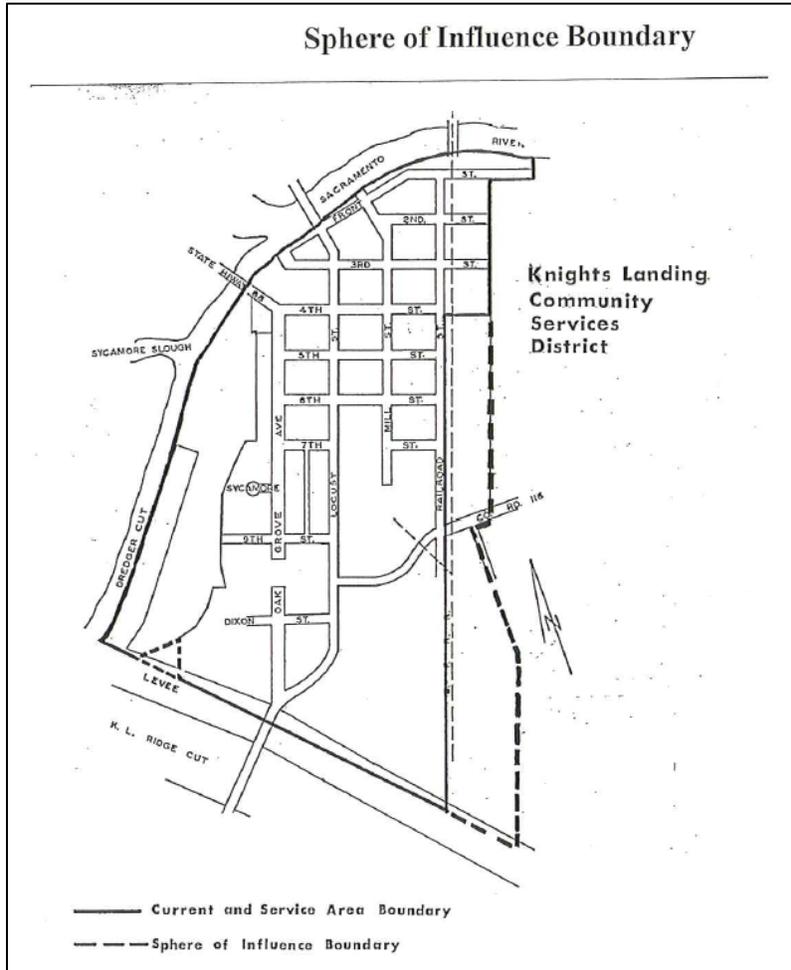


- There is a strip of property along the East edge of the District, running parallel to Railroad Street, which was annexed into the District in 2007 but is not reflected on LAFCo’s maps. Staff recommends adding this strip of property into the CSD boundary map to be adopted by the Commission.

- There is a parcel at the bottom Southeast corner of the District, below Ridge Cut Road, that staff believes does not belong in the CSD boundaries although it is shown as being included in the current map. The property is not included in the same tax rate area, and likely was mistakenly included in the boundary map. Staff recommends removing the parcel from the boundaries, but leaving it in the District’s sphere of influence.

There is also some confusion regarding the District’s existing sphere of influence. The map below provides

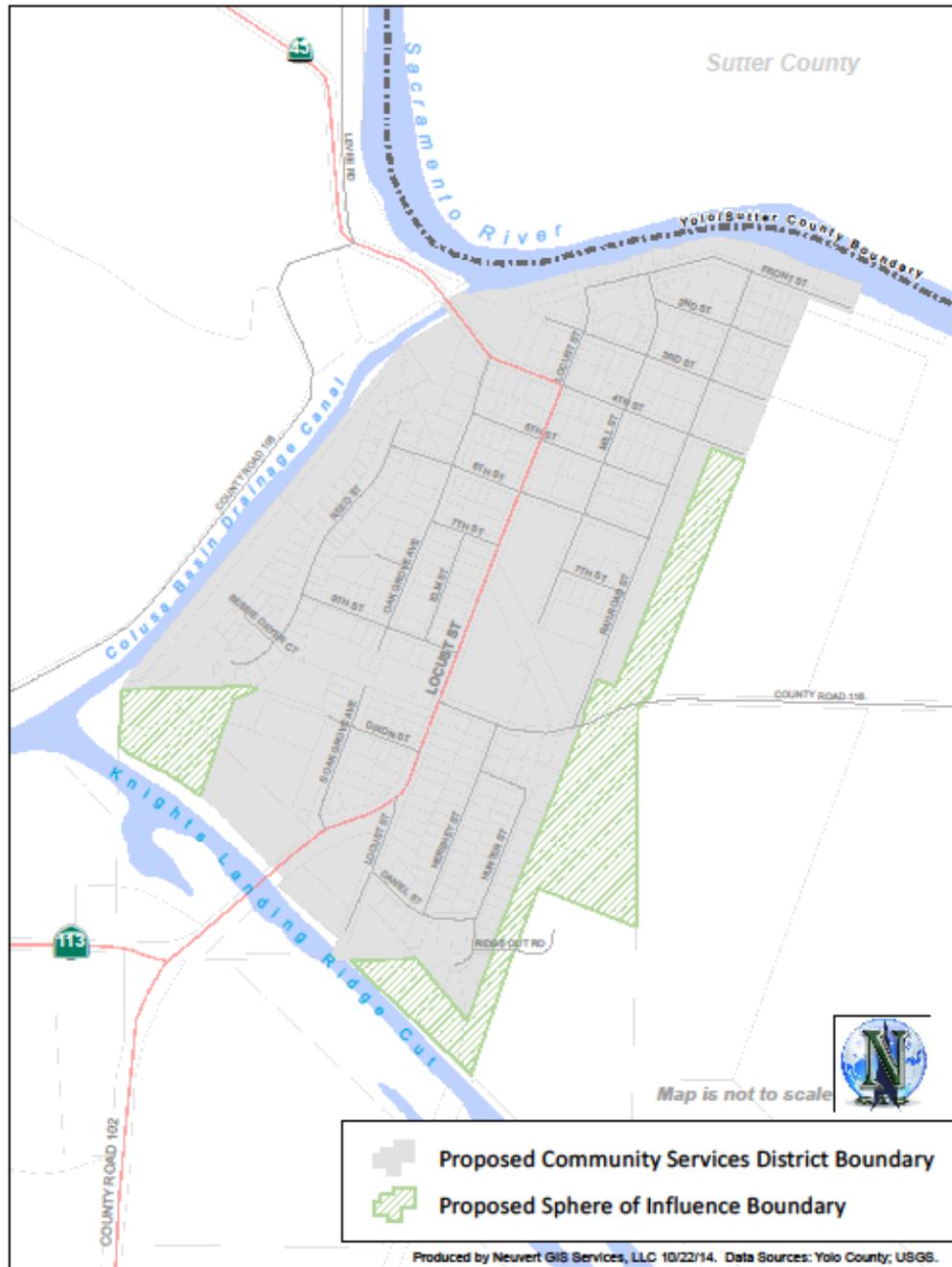
the most recent record of the District’s SOI. The map does not accurately reflect the size and shape of the parcels included in the SOI, and LAFCo staff are not entirely certain of which parcels were intended to be included in the sphere when this map was created. Staff recommends cleaning up the District’s SOI map to avoid future confusion.



Proposed Boundaries and Sphere

This SOI study proposes that LAFCo’s Knights Landing CSD map be adjusted to reflect the boundaries and sphere of influence shown in the map below. No substantive changes are being recommended by staff, but the revised map will clarify several points of confusion regarding the existing maps, as identified in the section above.

Knights Landing Community Services District Proposed Boundary and Sphere of Influence



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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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, parks 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?

Discussion:

- a) As discussed in Section 1 of this MSR, the community of Knights Landing is not projected to experience any significant development or population growth that would create the need for an expanded service area. The County of Yolo 2030 Countywide General Plan does currently designate land outside of the District's existing boundaries for potential development, but there are no development plans at this time due to FEMA's re-classification of the community as being inside the 100-year floodplains, This MSR assumes no development in the foreseeable future.
- b-g) The proposed changes to the SOI map simply clean up sphere of influence lines that were previously unclear, without making any substantive changes. Additionally, the proposed SOI only impacts parcels that are directly adjacent to the existing boundaries of the CSD, and are already zoned for residential or industrial use by the County General Plan. The proposed SOI will not conflict with orderly patterns of development, SACOG planning efforts, existing community identities, a reasonable service area, preservation of prime agriculture lands or Census boundaries.

Present and Planned Land Uses SOI Determination

The proposed changes to the SOI map are intended to clarify boundaries without making any substantive changes. Additionally, the proposed SOI only affects parcels that are directly adjacent to the existing boundaries of the CSD, and are already zoned for residential or industrial use by the County General Plan. The proposed SOI will not conflict with orderly patterns of development, SACOG planning efforts, existing community identities, a reasonable service area, preservation of prime agriculture lands or Census boundaries.

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?

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

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

Discussion:

- a) The proposed SOI includes territory that has been designated as residential or industrial in the 2030 Countywide General Plan. The proposed SOI will reflect a plan for the probable physical boundaries and service area for the CSD, but does not have any impact on actual land use designations. Updating the SOI will not conflict with the goal of providing service within a framework of controlled growth.
- b) No city of agency providing similar services is within a reasonable proximity to the community of Knights Landing, and therefore, no other existing city or agency could provide service to the proposed SOI territory.
- c) The proposed SOI does not represent premature inducement of growth or facilitate conversion of agriculture lands. The SOI will have no impact on the land use designation or preservation of agricultural lands in the area, as the land use authority in unincorporated Yolo County remains with the Yolo County Board of Supervisors. The proposed SOI simply reflects a plan for a reasonable boundary and service area for the Knights Landing CSD.
- d) The proposed SOI does not conflict with the RHNA or SACOG growth projections.
- e) No areas of the existing or proposed SOI should be removed. The proposed SOI contains only a few parcels within close proximity to the existing boundaries of the CSD, and all parcels contain land use designations that make them appropriate to remain within the SOI.
- f) No agency commitments have been predicated on the proposed expansion of the agency's SOI.

Need for Public Facilities and Services SOI Determination

The proposed SOI includes territory that has already been designated as residential or industrial in the 2030 Countywide General Plan. The proposed SOI will reflect a plan for the probable physical boundaries and service area for the CSD, but does not have any impact on actual land use designations. The proposed SOI would not be better served by another agency or city, does not induce premature growth or the conversion of agricultural lands, does not conflict with the Regional Housing Needs Analysis (RHNA) or SACOG growth projections, and no agency commitments have been predicated on the proposed SOI expansion. No areas of the existing or proposed SOI should be removed, and the proposed SOI does not conflict with the goal of providing services within a framework of controlled growth.

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 checked="" type="checkbox"/>	<input 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) As established in Section 3 of the MSR, LAFCo staff does not have any concerns regarding the Knights Landing CSD's capacity to provide existing or expanded wastewater or street lighting services. However, while the District's water system has the capacity to meet the water needs for the expanded area, it would require improvements to meet fire flow requirements.
- b) The Knights Landing CSD Board of Directors has expressed a willingness to extend services to better utilize their unused capacity, and LAFCo staff believes they are able to provide expanded services as long as the fire flow issues get resolved.
- c) There are no issues with the District's ability to provide adequate services presently or in proposed SOI territory, as long as the fire flow issues described above are resolved before service is extended. The District staff has expressed an interest in addressing the fire flow issues, but is currently restricted by lack of funding.

Capacity and Adequacy of Provided Services SOI Determination

The Knights Landing CSD has the capacity to provide water, wastewater, and street lighting services to its existing service area, and the expanded area as proposed in the SOI. However, the CSD's water system is currently not capable of meeting State fire flow requirements, which may become a concern for LAFCo if the District chooses to expand its service area. LAFCo staff is not aware of any adequacy issues that might impact the proposed SOI, and the District has expressed that it is willing to extend services into an expanded area as needed.

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Discussion:

- a) As established in Section 2 of the MSR, the Knights Landing CSD serves the community of Knights Landing, which is a considered an inhabited unincorporated community. According to the US Census Bureau (2010), Knights Landing has a median household income of \$43,417, which is only 71 percent of the statewide median household income of \$61,400. Therefore, the community of Knights Landing is considered a disadvantaged unincorporated community (DUC) according to the requirements of SB 244.

Social or Economic Communities of Interest SOI Determination

The community of Knights Landing is considered a disadvantaged unincorporated community (DUC) according to the requirements of SB 244. However, the Knights Landing CSD provides domestic water, wastewater and street lighting services to the community of Knights Landing. Therefore, Knights Landing is not being passed over for public services by this Sphere of Influence.

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 2 of the MSR, the Knights Landing CSD provides domestic water and wastewater services to the community of Knights Landing.
- b) There is no need to extend the CSD’s services beyond the proposed SOI under the provisions of SB 244, as the community of Knights Landing is fully served with municipal services despite its DUC status. The community receives domestic water and wastewater services from the Knights Landing CSD, and fire protection services from the Knights Landing Fire Protection District.

Disadvantaged Unincorporated Communities SOI Determination

The community of Knights Landing is fully served with municipal services despite its status as a disadvantaged unincorporated community. The community receives domestic water and wastewater services from the Knights Landing CSD, and fire protection services from the Knights Landing Fire Protection District.

REFERENCES

- Board of Directors. Knights Landing CSD. *Personal Communication*.
- Chavarria, V. (2014). Knights Landing CSD. *Personal Communication*.
- County of Yolo. (2009). *2030 Countywide General Plan*.
- County of Yolo. (2011). *Knights Landing CSD: Final Facility Master Plan Report*.
- Dachtler, J. (2014). Yolo County Clerk of the Board. *Personal Communication*.
- Tommeraason, T. (2014). Knights Landing CSD. *Personal Communication*.

- United States Census Bureau. (2010). *Knights Landing CDP, California*.
http://factfinder2.census.gov/faces/nav/jsf/pages/community_facts.xhtml
- Valenzuela, P. (2014). Deputy Supervisor for Yolo County Board of Supervisors District 5. *Personal Communication*.

ATTACHMENTS

Notice of violation letter from CVRWQCB

KNIGHTS LANDING SERVICE DISTRICT
P.O. BOX 548
KNIGHTS LANDING, CA 95645

July 21, 2014

Mr. Brendan Kenny
Central Valley Regional Water Quality Control Board
11620 Sun Center Drive, #200
Rancho Cordova, CA 95670-6114

Re: **Knights Landing Services District – Notice of Violation Response**

Dear Mr. Kenny:

This letter is in response to the Notice of Violation the Knights Landing Service District (District) received from the Regional Water Quality Control Board (Regional Board) dated June 30, 2014. As cited in the Notice of Violation, the Board has determined that the District violated several monitoring and reporting requirements for the Knights Landing Wastewater Treatment Facility, which is regulated by Waste Discharge Requirements (WDRs) Order R5-2007-0149 and Revised Monitoring and Reporting Program (MRP) R5-2007-0149-01.

To address the monitoring and reporting violations, the Regional Board has ordered the District to take the following actions:

1. By July 30, 2014, the District shall update its monitoring report template to ensure that all required data is reported. The District must submit a report describing the steps that will be taken to ensure that all monitoring and reporting will be completed as required by the WDRs.
2. By August 30, 2014, the District shall submit a Facility Expansion Report that documents the construction of Ponds 9 and 10, and shall submit a request to the Board to allow its flow limitation be increased as allowed by the WDRs upon the completion of Ponds 9 and 10. Upon approval, the allowable average daily dry weather flow would be increased from 80,000 gallons per day (gpd) to 105,000 gpd.
3. As required by the MRP, discharge to Ponds 9 and 10 and/or the land spreading area triggers the requirement for groundwater sampling and analysis for monitoring wells MW-6, MW-7, and MW-8.

This letter is submitted to the Regional Board for the primary purpose of fulfilling Item 1 above, a description of the steps that will be taken to ensure that all monitoring and reporting will be completed as required by the WDRs. The first step that the District will take is to adopt the report template provided by the Regional Board, attached for reference, for the reporting of all future monitoring. Completed report templates will be submitted with the cover sheet template provided by the Regional Board. Reports that have been completed before this letter but not yet submitted to the Regional Board