Rural Water and Sewer Services

Municipal Service Review (MSR) and Sphere of Influence (SOI) Update

LAFCo No. 25-03

Cacheville CSD
Esparto CSD
Knights Landing CSD
Madison CSD
Wild Wings CSA
Dunnigan CSA

Prepared by:

Yolo Local Agency Formation Commission

Adopted October 29, 2026

SUBJECT AGENCIES:

Subject Agency:	**Cacheville Community Services District**
Agency Address:	PO Box 268 Yolo, CA 95697
Agency Manager:	Jose Manuel Quintana, General Manager

Subject Agency:	**Esparto Community Services District**
Agency Address:	26490 Woodland Avenue Esparto, CA 95627
Agency Manager:	Alexander Lepley, General Manager

Subject Agency:	**Knights Landing Community Services District**
Agency Address:	PO Box 548 Knights Landing, CA 95645
Agency Manager:	Jose Manuel Quintana, General Manager

Subject Agency:	**Madison Community Services District**
Agency Address:	28963 Main Street Madison, CA 95653
Agency Manager:	Leo Refsland, General Manager

Subject Agency:	**County Service Areas**
Agency Address:	12020 County Road 98 Woodland, CA 95695
Agency Manager:	Yen Nguyen, CSA Manager

CONDUCTED BY:

Yolo Local Agency Formation Commission
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YOLO LOCAL AGENCY FORMATION COMMISSION
Resolution No. 2026-08

Adopting the Rural Water and Sewer Services Municipal Service Review (MSR) and a Sphere of Influence (SOI) Update for the Esparto Community Services District (CSD) and Dunnigan County Service Area (CSA) (LAFCo No. 25-03)

WHEREAS, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Act) 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, the Act provides that the local agency formation commission in each county shall develop and determine the SOI 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 an MSR prior to, or in conjunction with, consideration of actions to establish or update a SOI in accordance with Sections 56076 and 56425; and,

WHEREAS, in 2025, the Yolo Local Agency Formation Commission (LAFCo) began a review of the municipal services and spheres of influence of the four CSDs in Yolo County: Cacheville CSD, Esparto CSD, Knights Landing CSD, and Madison CSD; and two CSAs: Dunnigan CSA and Wild Wings CSA; and,

WHEREAS, based on the results of the MSR, staff recommends that the SOI for the Esparto CSD and Dunnigan CSA be updated; and,

WHEREAS, staff has reviewed the MSR/SOI pursuant to the California Environmental Quality Act (CEQA) and determined that an MSR and SOI Update is not a "project" per CEQA Guidelines Section 21065 because an MSR is not an activity which may cause a direct or indirect physical change to the environment; and,

WHEREAS, staff set a public hearing for October 29, 2026, for consideration of the environmental review and the draft MSR/SOI Update 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, at said hearing, LAFCo reviewed and considered the Notice of Exemption, the draft MSR/SOI, and the Executive Officer's Report and Recommendations; the policies, priorities, and factors set forth in Government Code Sections 56425 et seq.; LAFCo's Guidelines and Methodology for the Preparation and Determination of 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.

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

1. Finds that the proposed MSR/SOI Update is exempt from the California Environmental Quality Act (CEQA) pursuant to the California Code of Regulations Title 14, Division 6, Chapter 3 (State CEQA Guidelines) Section 15061(b)(3) and Section 15320; and,
2. Adopts the MSR for Yolo County Rural Water and Sewer Services and approves an SOI Update for Esparto CSD as set forth in Exhibit A and Dunnigan CSA as set forth in Exhibit B, attached hereto and incorporated herein by this reference, subject to the following findings and recommendations for each agency below.

FINDINGS:

1. Finding: The proposed MSR/SOI Update is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15061(b)(3) and Section 15320 of the State CEQA Guidelines.

   Evidence: CEQA requires analysis of agency approvals of discretionary "projects." A "project," under CEQA, is defined as "the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment." Section 15061(b)(3) of the CEQA Guidelines describes the "common sense rule" that CEQA only applies to projects which "have the potential for causing a significant effect on the environment; where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." Section 15320 is a Categorical Exemption for reorganization of local governmental agencies that do not change the geographical area in which previously existing powers are exercised. Approval of the MSR/SOI Update is not in anticipation of any future development and does not approve any development project. No physical construction or activity is contemplated as a result of this action. The SOI Update does not change the geographical area in which services are provided. The SOI Update for Esparto CSD is to facilitate future annexation of the Madison CSD where services are already being provided. The SOI Update for the Dunnigan CSA is a reduction of the SOI, reducing the geographical area where services could be provided. The project, therefore, will not have the potential to result in individual or cumulative significant effects on the environment. Furthermore, no special circumstances exist that would create a reasonable possibility that approving the MSR/SOI Update would have a significant effect on the

environment. Therefore, the project is exempt from CEQA, and no further environmental review is necessary.

2. Finding: Approval of the MSR is consistent with all applicable state law and local LAFCo policies.

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

RECOMMENDATIONS:

Cacheville Community Services District:

1. Resolve repeated monitoring and reporting violations through timely action and reporting.
2. Yolo County should revise its zoning for the town of Yolo to remove the residential zoning for undeveloped land north of Washington Street considering the lack of a sewer system and limited water capacity to accommodate future development.
3. Conduct a Proposition 218 vote for a rate increase as soon as possible to cover expenses and provide capital improvement funds. The Board may consider modifying the timing of the rate increases but ensuring that fees cover operating costs is essential. The impact of the increase may be eased by monthly billing cycles (rather than bi-monthly).
4. Aggressively pursue water infrastructure replacement funding for disadvantaged communities offered by the California State Water Resources Control Board and US Bureau of Reclamation.
5. Consider contracting with Knights Landing CSD for shared billing and administration services.
6. Cacheville CSD may not be sustainable long term and consolidation with another CSD does not appear feasible since consolidation would not resolve resource and capacity issues. Should the District fail, it should be reorganized into a County Service Area.
7. Adopt adequate policies relating to personnel/payroll, general and administrative, board members and meetings, and segregate financial and accounting duties among staff. Specifically, a policy regarding nepotism is needed.
8. Continue to add website content as needed to improve its 45% score per the latest website transparency scorecard found at https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

Esparto Community Services District

1. Seek community input regarding the current maintenance of the detention basins and determine whether residents are willing to fund a higher level of service.
2. Develop and implement a funding strategy to address Esparto CSD's retirement obligations and to begin prefunding its OPEB liability.

Knights Landing Community Services District

1. Prepare a comprehensive Capital Improvement Plan that includes the wastewater system and storm drainage infrastructure to provide a more complete picture of reserve funds needed.
2. Pursue funding for severely disadvantaged communities offered by the California State Water Resources Control Board and US Bureau of Reclamation to help fund the Capital Improvement Plan.
3. Knights Landing CSD may not be sustainable long term and consolidation with another CSD does not appear feasible since consolidation would not resolve resource and capacity issues. Should the District fail, it should be reorganized into a County Service Area.
4. 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, anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, and contract bidding. LAFCo has policy templates available.
5. Improve its 36% score per the latest website transparency scorecard found at https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

Madison Community Services District

1. Identify funding for park maintenance and/or coordinate with Yolo County to potentially acquire the park.
2. Formally discuss consolidation with the Esparto CSD by 2028 after completing the water system improvement project and conducting a Proposition 218 vote.
3. Adopt policies regarding personnel, travel and expense reimbursement, personal use of public resources, and contract bidding.
4. Continue to add website content as needed to improve its 52% score per the latest website transparency scorecard found at https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

Dunnigan County Service Area #11

1. Determine if the Dunnigan community is willing to support an increased special assessment (or not) to install streetlights at the six locations identified by the CSA Advisory Committee as safety concerns in 2014.
2. Present the findings of the 2025 Dunnigan Water/Wastewater Consolidation Feasibility Study to the community to determine if there is support to pay for municipal water services. If the community is not willing, the CSA could be relegated to a lighting district.

Wild Wings County Service Area #15

1. Secure additional funding (such as grants, loans or rate increase) to connect the new well and complete wastewater treatment facility improvements.

PASSED AND ADOPTED by the Local Agency Formation Commission, County of Yolo, State of California, this 29th day of October 2026, by the following vote:

Ayes: Frerichs, Garcia-Cadena, Vink, Partida
Noes: None
Abstentions: None
Absent: Miller, Villegas

Gloria Partida, Chair
Yolo County Local Agency Formation Commission

Attest:

Christine Crawford, Executive Officer
Yolo County Local Agency Formation Commission

Approved as to form:

Eric May, Commission Counsel

Exhibit A

Esparto Community Services District Proposed SOI Update

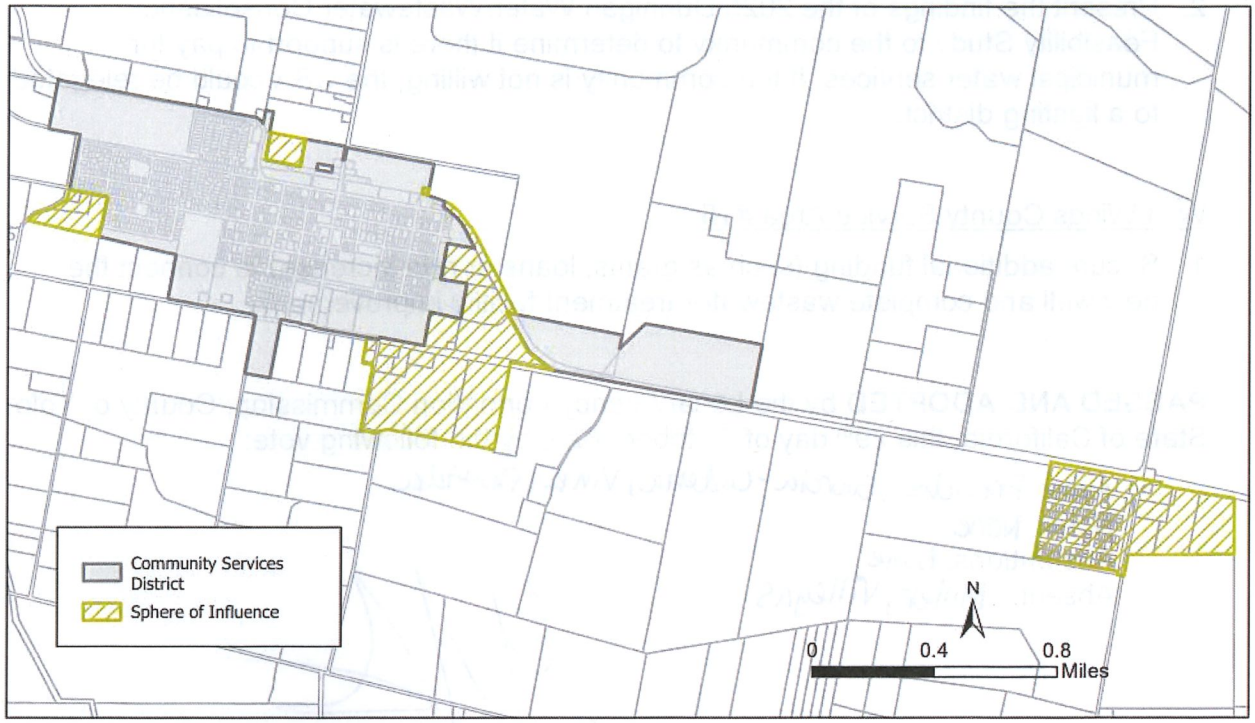
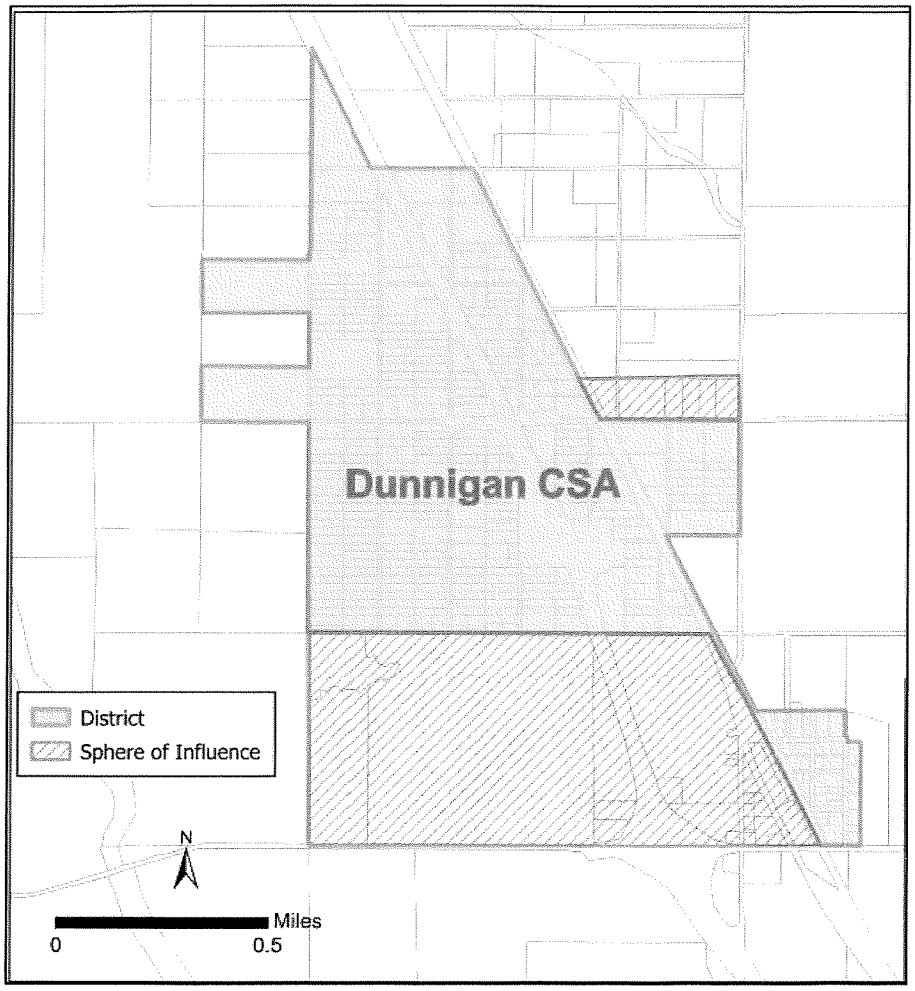


Exhibit B

Dunnigan County Service Area #11 Proposed SOI Update



CONTENTS

1. MSR/SOI BACKGROUND 1-1
ROLE AND RESPONSIBILITY OF LAFCO 1-1
PURPOSE OF A MUNICIPAL SERVICE REVIEW 1-1
PURPOSE OF A SPHERE OF INFLUENCE 1-2
COMMUNITY SERVICES DISTRICTS (CSD) IN CALIFORNIA 1-2
COUNTY SERVICE AREAS (CSA) IN CALIFORNIA 1-3
2. YOLO COUNTY RURAL WATER AND SEWER SERVICES OVERVIEW 2-1
DISADVANTAGED UNINCORPORATED COMMUNITIES 2-2
SAFER PROGRAM 2-2
DISTRICT INFORMATION AND COMPARISON 2-4
REORGANIZATION CONSIDERATIONS 2-5
ORGANIZATION OF MSR/SOI STUDY 2-7
***3.* CACHEVILLE CSD MUNICIPAL SERVICE REVIEW 3-1**
POTENTIALLY SIGNIFICANT MSR DETERMINATIONS 3-2
1. GROWTH AND POPULATION 3-2
2. DISADVANTAGED UNINCORPORATED COMMUNITIES 3-3
3. PUBLIC FACILITIES AND SERVICES 3-3
4. FINANCIAL ABILITY 3-6
5. SHARED SERVICES AND FACILITIES 3-8
6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES 3-9
7. OTHER ISSUES 3-11
CACHEVILLE CSD SPHERE OF INFLUENCE STUDY 3-12
***4.* KNIGHTS LANDING CSD MUNICIPAL SERVICE REVIEW 4-1**
POTENTIALLY SIGNIFICANT MSR DETERMINATIONS 4-2
1. GROWTH AND POPULATION 4-2
2. DISADVANTAGED UNINCORPORATED COMMUNITIES 4-3
3. PUBLIC FACILITIES AND SERVICES 4-3
4. FINANCIAL ABILITY 4-7
5. SHARED SERVICES AND FACILITIES 4-11
6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES 4-11

7. OTHER ISSUES 4-13
KNIGHTS LANDING CSD SPHERE OF INFLUENCE STUDY 4-15
5. MADISON CSD MUNICIPAL SERVICE REVIEW 5-1
POTENTIALLY SIGNIFICANT MSR DETERMINATIONS 5-2
1. GROWTH AND POPULATION 5-2
2. DISADVANTAGED UNINCORPORATED COMMUNITIES 5-3
3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES 5-3
4. FINANCIAL ABILITY 5-6
5. SHARED SERVICES AND FACILITIES 5-9
6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES 5-10
7. OTHER ISSUES 5-12
MADISON CSD SPHERE OF INFLUENCE STUDY 5-13
6. ESPARTO CSD MUNICIPAL SERVICE REVIEW 6-1
POTENTIALLY SIGNIFICANT MSR DETERMINATIONS 6-2
1. GROWTH AND POPULATION 6-2
2. DISADVANTAGED UNINCORPORATED COMMUNITIES 6-3
3. PUBLIC FACILITIES AND SERVICES 6-3
4. FINANCIAL ABILITY 6-7
5. SHARED SERVICES AND FACILITIES 6-10
6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES 6-10
7. OTHER ISSUES 6-12
ESPARTO CSD SPHERE OF INFLUENCE STUDY 6-13
POTENTIALLY SIGNIFICANT SOI DETERMINATIONS 6-13
1. PRESENT AND PLANNED LAND USES 6-14
2. NEED FOR PUBLIC FACILITIES AND SERVICES 6-14
3. CAPACITY AND ADEQUACY OF PROVIDED SERVICES 6-15
4. SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST 6-16
5. DISADVANTAGED UNINCORPORATED COMMUNITIES 6-16
7. DUNNIGAN CSA MUNICIPAL SERVICE REVIEW 7-1
POTENTIALLY SIGNIFICANT MSR DETERMINATIONS 7-2
1. GROWTH AND POPULATION 7-2

2. DISADVANTAGED UNINCORPORATED COMMUNITIES 7-3
3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES 7-3
4. FINANCIAL ABILITY 7-7
5. SHARED SERVICES AND FACILITIES 7-9
6. ACCOUNTABILITY, STRUCTURE, AND EFFICIENCIES 7-9
7. OTHER ISSUES 7-10
DUNNIGAN CSA SPHERE OF INFLUENCE STUDY 7-12
POTENTIALLY SIGNIFICANT SOI DETERMINATIONS 7-13
1. PRESENT AND PLANNED LAND USES 7-13
2. NEED FOR PUBLIC FACILITIES AND SERVICES 7-13
3. CAPACITY AND ADEQUACY OF PROVIDED SERVICES 7-14
4. SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST 7-15
5. DISADVANTAGED UNINCORPORATED COMMUNITIES 7-15
8. WILD WINGS CSA #15 MUNICIPAL SERVICE REVIEW 8-1
POTENTIALLY SIGNIFICANT MSR DETERMINATIONS 8-2
1. GROWTH AND POPULATION 8-2
2. DISADVANTAGED UNINCORPORATED COMMUNITIES 8-3
3. CAPACITY AND ADEQUACY OF PUBLIC FACILITIES AND SERVICES 8-3
4. FINANCIAL ABILITY 8-6
5. SHARED SERVICES AND FACILITIES 8-11
6. ACCOUNTABILITY, STRUCTURE, AND EFFICIENCIES 8-11
7. OTHER ISSUES 8-12
WILD WINGS CSA SPHERE OF INFLUENCE STUDY 8-13

1. 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, 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.

a. Local policy requires the MSR to address availability; and

b. The status of past MSR recommendations.

The MSR is organized according to these determinations listed above. Information regarding each of the above 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.

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.

COMMUNITY SERVICES DISTRICTS (CSD) IN CALIFORNIA

Community Services Districts are independent local government entities that provide services in areas that are not incorporated as cities. They are a California special district; a form of local government created by a local community to meet a specific need or needs. Inadequate tax bases and competing demands for existing taxes make it hard for cities and counties to provide all the services or the quality of services their citizen's desire. When residents want new services or higher level of services, they can form a special district to pay for and administer them.

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.

A community services district can consist of any county or counties of an unincorporated territory or incorporated territory of a contiguous or non-contiguous area. It is governed by a board of five directors, elected by resident voters to four-year terms. Directors can be elected at large, by divisions or from divisions.

The Community Services District Law (Government Code §61000, et seq.) is the principal act that governs the community services districts. Legislators originally passed the CSD Law in 1951 and re-enacted it in 1955. Over the next 50 years, the Legislature passed scores of amendments to the CSD Law, resulting in a convoluted statute that had more than 300 separate sections. A comprehensive rewrite of the old 1955 law was done in a collaborative effort led by the Senate Local Government, which convened a 19-member working group to review the previous CSD law and recommend revisions. Senator Kehoe amended the results of the Working Group's advice into Senate Bill 135, the legislative vehicle to rewrite the Community Services District Law. The revisions took effect on January 1, 2006 and now provide a viable local government option for communities in unincorporated areas of the state.

California State Law (California Government Code section 61115) grants a community services district the authority to establish rates or other charges for services and facilities that the district provides. Charges can be:

- Collected with the rates or charges for any other services and facilities provided by the district, and that all charges may be billed on the same bill and collected as one item; or
- Collected on the tax roll in the same manner as property taxes.

The first financing tool is fees or charges for services provided by the district. The second of these tools are special assessments based on the specific benefit each parcel receives from the improvements. Assessments are a levy against district lands that receive special benefits from operation of the district works. Since Proposition 218 was put into place in 1997, any new or increased assessments may be imposed only if proportional to the special benefits provided supported by a detailed engineer's report and approved by a majority vote of the affected landowners.

COUNTY SERVICE AREAS (CSA) IN CALIFORNIA

Yolo County has utilized County Service Areas for over 50 years to provide services to the residents of some unincorporated areas. County Service Areas are designated areas where residents in unincorporated areas receive specific services from the county that are not otherwise provided to all areas by charging a direct assessment or property-related fee. This is authorized by California Government Code Sections 25210.1-25338.These services may include water and/or sewer service, road and/or drainage maintenance, street lighting, fire protection, flood protection, and/or landscaping. As the name implies, a CSA is administered by County staff under the direction of the County Board of Supervisors (BOS).

Government Code Section 25212.4 states the BOS may appoint one or more advisory committees to give advice regarding a county service area's services and facilities. The board may provide for the appointment, qualifications, terms, procedures, meetings, and ethical conduct of the members of an advisory committee. Any comments by an advisory committee are wholly advisory and it is not the responsibility or within the authority of an advisory committee to make decisions, manage, or direct the delivery of services and facilities.

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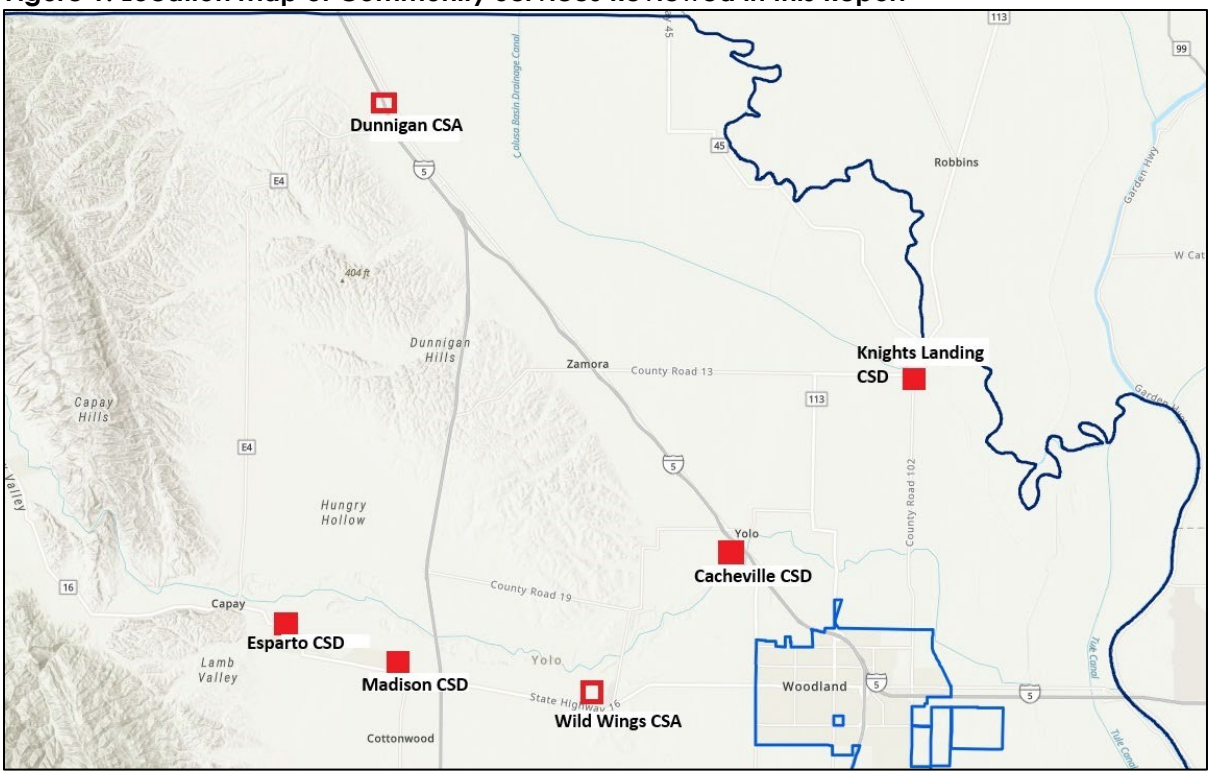
2. YOLO COUNTY RURAL WATER AND SEWER SERVICES OVERVIEW

Yolo County has four Community Services Districts (CSD) that provide services to the unincorporated towns of Esparto, Knights Landing, Madison, and the Cacheville CSD which serves the town of Yolo. Additionally, of the seven County Service Areas (CSA), only Wild Wings CSA provides direct water and wastewater services. The Dunnigan CSA currently serves as a pass-through for street lighting, but Yolo County studied whether it could potentially be expanded for water and sewer services as well.

Figure 1. Location Map of Community Services Reviewed in this Report



The Community Services Districts in Yolo County formed within legacy communities between 1966 and 1970, although Esparto originally had a sanitary district that formed in 1960. Esparto is the largest of the four CSDs (i.e. highest number of service connections) and has the most growth potential. Correspondingly, Esparto CSD is a relatively better funded agency, with more staff capacity and resources. The communities of Knights Landing, Madison, and Yolo have constraints that limit development, which in turn limits district resources and the number of service connections over which to spread the costs of needed infrastructure improvements.

The Dunnigan and Wild Wings CSAs are included in this MSR/SOI. Wild Wings CSA #15 provides water and sewer services to the Wild Wings subdivision. Dunnigan CSA #11 currently only acts as a pass-through for street lighting services, but Yolo County has recently conducted two studies to assess the feasibility of water and wastewater services for the community, so they are included in this rural water and sewer services study. Several CSAs in the SOI of the City of Davis also provide water and sewer services. However, these are extensions of the City's utilities and will be reviewed in the MSR/SOI for the City of Davis.

DISADVANTAGED UNINCORPORATED COMMUNITIES

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act to include determinations related to "disadvantaged unincorporated communities" in MSR/SOI studies. 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. The 2025 median household income for California as provided by the US Department of Housing and Urban Development is $118,100. That would set the DUC threshold at $94,480.

On March 26, 2012, Yolo 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. These include all the communities reviewed in this study: Yolo (Cacheville CSD), Esparto, Knights Landing, Madison, Monument Hills (Wild Wings CSA), and Dunnigan. Of these six unincorporated communities, four: Dunnigan, Knights Landing, Madison, and Yolo fall below the DUCs threshold. All these communities have well defined boundaries where services are provided to all inhabitants of the community except Dunnigan CSA which does not provide water or sewer services.

SAFER PROGRAM

In 2019, to advance the goal of human rights to safe, clean, affordable, and accessible water, California passed Senate Bill 200 (SB 200), which enabled the State Water Resources Control Board (State Water Board) to create the Safe and Affordable Funding for Equity and Resilience (SAFER) drinking water program. SB 200 established a set of tools, funding sources, and regulatory authorities that the State Water Board harnesses through the SAFER program to help struggling water systems sustainably and affordably provide safe drinking water.

The State Water Board conducts an annual needs assessment of water systems in the state to identify communities served by failing public water systems and predict systems that are at risk of failing. This information is used to estimate how much it may cost to achieve the Human Right to Water for failing and at-risk systems and the communities they serve.

There are four categories that the State Water Board analyzes to determine which public water systems are at risk of failing due to exceeding multiple risk thresholds. The categories are:

1. **Water Quality-** risk indicators measure current water quality and trends to identify compliance with regulatory requirements, as well as frequency of exposure drinking water contaminants.
2. **Accessibility-** risk indicators measure a system's ability to deliver safe, sufficient, and continuous drinking water to meet public health needs.
3. **Affordability-** risk indicators measure the capacity of households and the community to supply the revenue necessary for a water system to pay for necessary capital, operations, and maintenance expenses.
4. **Technical, Managerial, & Financial (TMF) Capacity-** risk indicators measure a system's capacity to plan for, achieve, and maintain long term compliance with drinking water standards.

The assessment also identifies disadvantaged communities that may be facing affordability challenges, which may limit their ability to address existing and future drinking water challenges. The State Water Board identifies disadvantaged communities using the same metric described above, however, it has an additional classification of "severely disadvantaged" for communities that fall below 60% state median household income per SB 200. Cacheville, Knights Landing, and Madison are all disadvantaged communities with Knights Landing and Madison also being classified as severely disadvantaged.

The table below identifies specific risk indicator thresholds exceeded by a district. Only Madison CSD is classified as At-Risk of Failing. Emphasizing the risk of failure was useful to facilitate the state providing funds for Madison CSD's water system replacement project. The completion of Madison CSD's water system improvements this year will likely resolve many of the District's issues.

Figure 2. Indicators Exceeding Risk Thresholds by District (SAFER Program) as of September 30, 2026

SAFER Category	Cacheville CSD (Yolo)	Madison CSD	Knights Landing CSD	Esparto CSD	Wild Wings CSA #15
Water Quality	• High contaminant levels	• Constituents of emerging concern	• High contaminant levels	• Constituents of emerging concern	• High contaminant levels
Accessibility (Risk Factors)	• Absence of interties	• Absence of Interties • Limited water sources • Risk of water shortage • Overdrafted groundwater basin	• Absence of Interties • Risk of water shortage	• Absence of interties	• Absence of interties
Affordability	• High percent of MHI • High household socio-economic burden	• High percent of MHI	• High household socio-economic burden		
Technical-Managerial-Financial Capacity	• Monitoring and reporting violations**	• Total net annual income • Operating ratio • Monitoring and reporting violations		• Total net annual income	• Total net annual income
Risk of Failing	Not at Risk**	At-Risk of Failing*	Not at Risk	Not at Risk	Not at Risk

* Madison's risk designation was used to facilitate State funding for a water system upgrade which will resolve much of the risk concern.
** Uncorrected Monitoring and Reporting Violations or repeated violations in a three-year period will result in a water system receiving a Failing classification as Cacheville CSD received in June of 2026. This has since been corrected and the Failing Status was removed in October 2026.

More information on the indicators and thresholds can be found here: 2025 NEEDS ASSESSMENT - APPENDIX RISK ASSESSMENT METHODOLOGY FOR PUBLIC WATER SYSTEMS.

Reoccurring Water Quality risk indicators above include "High Contaminant Levels" which means that chemicals such as nitrates or perchlorates, for example, are 80% of the Maximum Contaminant Level (MCL). "Constituents of Emerging Concern" refers to new laws for contaminants such as hexavalent chromium, 1,4- Dioxane, and/or PFAS. Small water systems with fewer than 1,000 service connections were required to complete initial sampling for hexavalent chromium by April 1, 2025, and will need to meet the new 10 µg/L MCL by October 1, 2028. If any source exceeds the MCL before that deadline, the system must submit a compliance plan within 90 days and issue Tier 2 public notifications. To achieve compliance, these systems are expected to implement appropriate treatment technologies and follow all operational, monitoring, and reporting requirements established by the State Water Board. [waterboards.ca.gov]. Both risk indicators are concerns because they may lead to the need for expensive new contaminant removal systems or an unusable water source.

Every district received the “Absence of Interties” risk indicator because, due to their rural nature, they are not connected to another water system that could either supply or receive water. The presence of interties is assumed to reduce the risk of a water outage by allowing water systems to switch systems and even governance structure support, if needed.

For affordability risk indicators, water costs of over 1.5% of Monthly Household Income (MHI) is considered a “High percent of MHI” and “High household socioeconomic burden” is a measure of housing cost burden within the community.

Technical-Managerial- Financial (TMF) Capacity risks noted on the table above include “Total Annual Net Income” which considers if revenue covers all expenses including operations, debt/loan payments, infrastructure investments, unforeseen emergency costs, etc. Water systems may have an emergency or large capital investment within a year that may lead to a negative total income and reserves allow for a financial cushion. A more targeted look at water operations finances is the “Operating Ratio” indicator. “Monitoring and Reporting Violations” refer to a water system not reporting water quality testing results in a timely manner.

A water system may receive a Failing classification for Monitoring and Reporting Violation even if it is not considered at-risk of failing as Cacheville CSD did on May 1, 2026. Cacheville has since corrected the violation and the Failing Status was removed in October 2026.

DISTRICT INFORMATION AND COMPARISON

In Yolo County, Cacheville, Knights Landing, Madison CSDs, and Wild Wings CSA each have fewer than 500 connections while Esparto has approximately 1,000 connections. Small districts have innate challenges. A review of the SAFER database finds that small systems that have fewer than 500 connections have the highest share of Failing and At-Risk classification. As system size increases, the likelihood of failing drops sharply. Less than 50% of systems with 500 or fewer connections are classified as Not-at-Risk while most systems with over 500 connections are classified as Not-at-Risk. As of 2025, the SAFER dashboard shows that of a total of 412 systems deemed to be failing, 379 or 92% have less than 500 connections.

Wild Wings CSA is a much more affluent community and can bring more resources to bear than the other small CSDs. It also receives more direct technical support from Yolo County as a CSA and has more connections than Cacheville and Madison CSDs combined with a median household income that is over four times greater than Knights Landing. As disadvantaged communities, the three smaller CSDs have access to grants and loans to improve their aging water systems but being understaffed limits their ability to pursue these funds.

Below are two tables comparing community data and service fees for each agency included in this study.

Figure 3. District Comparison

	Cacheville CSD (Yolo)	Madison CSD	Knights Landing CSD	Esparto CSD	Wild Wings CSA #15	Dunnigan CSA #11
Population	239	876	1,099	3,572	1,115	785
Service Connections	157	149 (240*)	329	979	353	--
Meeting minimum 1,500 gpm for fire flow?	No	No	No	Yes	Yes	--
Disadvantaged Community** (% of SMHI)	Yes (71%)	Yes (21%)	Yes (40%)	No (89%)	No (204%)	Yes (38%)
Risk of system failing	Not At Risk	At Risk***	Not At Risk	Not At Risk	Not At Risk	--
CIP cost/reserve (in millions $)	19 / 0.5	--	25+	4.4 / 1.1	2.8	--

*Madison CSD includes the Madison Migrant Center as one connection, but it serves 91 seasonal residences.
**A disadvantaged community is defined as one that is less than 80% of the State Median Household Income of $118,100.
*** Madison CSD At-Risk status allowed it to receive funding to resolve many of its risk factors.

Figure 4. District Service Fees Per Month (unless specified)

District	Water	Sewer	Lights	Monthly Total
Cacheville CSD	$138.00 bimonthly	NA	$39.92 annual assessment	$69.00
Dunnigan CSA	NA	NA	$19 annual assessment	$1.58*
CA American-Dunnigan rates	$67.13	$44.75	NA	$111.88
Esparto CSD	$49.36	$61.34	$2.10	$112.80
Madison CSD	$44.50	$49.00	$2.50	$96.00
Knights Landing CSD	$48.07	$48.07	$2.36	$98.50
Wild Wings CSA	$1,371.31 annual	$3,170.44 annual	NA	$378.48*

*Annual charge divided by 12 months

REORGANIZATION CONSIDERATIONS

For this MSR, Yolo LAFCo hired RSG consulting to evaluate four options for reorganization of the rural water and sewer service providers. RSG reviewed annual budgets, capital improvement plans, service rates, prior MSRs, and other information from each agency to provide directional insight. Four possible reorganizations were considered with the following configurations:

The study found that there was only a very modest gain in efficiency by the reduction of duplicative roles and consolidation of services. The study also found potential increases in expenses due to more complex operations that may require additional technical staff or administrative capacity. The study determined that any potential benefit would only apply to operations and would be incremental and not transformative. Adding capital improvement considerations quickly outstrips revenue by approximately $8 million to $16 million in the ten-year period reviewed depending on the number of districts consolidated.

As discussed in the municipal service reviews in this document, the districts are already understaffed and there are not any significant benefits to be gained. It is more likely that staff loss by the three smaller rural districts will require consolidation or outsourced management as the districts are unable to offer a competitive package of salary and benefits to recruit new staff due to their disadvantaged status.

The first two options, 1) Regional Consolidation and 2) Consolidate Smaller CSDs, would present geographic and political difficulties. As part of the 2017 MSR/SOI, Yolo LAFCo helped broker a shared services contract with Madison CSD for its general manager to also manage Knights Landing CSD which had not had a manager for several years. The interim strategy was to partner two under-resourced districts so they could function better/more efficiently together than separately and consider a legal agency consolidation in the future. After a couple of contentious years, the Knights Landing CSD Board of Directors ended the contract.

Contributing factors to the end of the contract likely included the lack of a prior working relationship between the districts, mistrust as to which district was the manager's priority, and disagreements about where new equipment would be kept. An attempt to consolidate Madison and Knights Landing CSDs again would likely have the same result with little benefit gained. Regional consolidation would likely lead to additional friction between districts which need extensive system improvements and districts with new or well-maintained systems.

The remaining two options are 3) Two-by-Two Consolidation or 4) Consolidation and CSA Relegation. These options each include a consolidated Esparto/Madison CSD with Cacheville and Knight Landing either becoming a consolidated CSD or becoming County Service Areas. A consolidated Esparto/Madison CSD is the most likely consolidation to succeed. In particular, the physical proximity of the communities of Esparto and Madison would make combined operations easier, and shared services are already occurring organically. With the completion of Madison CSD's water system improvements, there would also be less concern about the state of Madison CSD's infrastructure and capital fund needs. Finally, there could be increased cooperation in addressing areas of mutual concern such as both districts relying on groundwater from a region that has been identified as suffering groundwater depletion.

There are other factors which support the consolidation of Esparto and Madison CSDs sooner rather than later. As noted in the SAFER Program section above, Madison CSD was designated as "at-risk of failing"

by the State Water Board, with an eye toward providing funding to provide the severely disadvantaged district with funds to update its crumbling water system. This will alleviate the expenses of maintaining the system to lower the financial burden of the system. An additional consideration though is that Madison CSD's general manager is planning on retiring in the next three to five years.

The general managers of Madison CSD and Esparto CSD have discussed a potential consolidation, but serious consideration by the districts' boards of directors would not occur until after Madison CSD's water system improvements are completed, and operations return to normal. The replacement of its ageing water system will allow Madison CSD to avoid the expense of constantly repairing leaks and allow the District time to acquire funds for the next system replacement.

Cacheville CSD and Knights Landing CSD are both disadvantaged communities with aging water systems and an inability to offer a competitive salary to staff. Although both are generally classified as Not at Risk of failing by the State Water Board, Cacheville CSD has recently been classified as Failing due to monitoring and testing violations. The districts independently employ the same general manager and operator. Furthermore, Cacheville CSD may need to contract Knights Landing CSD for billing and administrative services with the upcoming resignation of its billing clerk. An informal consolidation of administration may already be occurring and there is little to be gained at this point with formal consolidation.

Knights Landing CSD has stabilized its finances over the last five years, but Cacheville has not increased its rates and is operating at a loss. Neither district has the funds required to cover the necessary improvements to their systems and consolidation would not generate sufficient resources and only compound the risk. Just as Madison CSD was able to procure funding through grants and other contributions due to its disadvantaged status, Cacheville and Knights Landing CSDs should actively pursue assistance.

This MSR recommends that Esparto CSD's sphere of influence be expanded to include Madison CSD to facilitate future consolidation. It also recommends that Cacheville CSD and Knights Landing CSD are likely not sustainable agencies long term and if they fail, the districts should be reorganized into County Service Areas.

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:

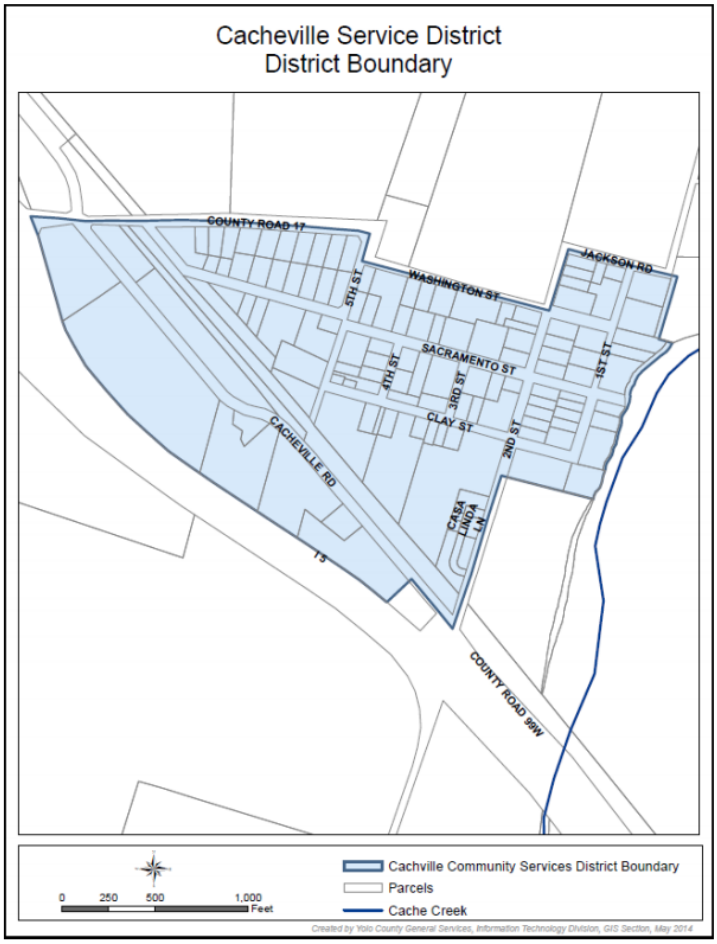
- Provides a description of the subject agency;
- Provides any new information since the last MSR and a determination regarding the need to update the SOI;
- Provides MSR and SOI draft determinations for public and Commission review; and
- Identifies any other issues that the Commission should consider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

The MSRs for the districts are arranged in this combined MSR based on the relationship to the consolidation discussion in the Overview above. Therefore, Cacheville and Knights Landing CSDs are reviewed first, then Madison and Esparto CSDs, and finally Dunnigan and Wild Wings CSAs.

3. CACHEVILLE CSD MUNICIPAL SERVICE REVIEW

The Cacheville Community Services District (CSD) was formed on September 8, 1970, and provides domestic water and street lighting services to the town of Yolo, which is approximately 89 acres in size, and located four miles northwest of the City of Woodland along I-5. The town of Yolo is located along County Road 99W and the Union Pacific Railroad, south of County Road 17 and Washington Street, west of Cache Creek and County Road 98, and north of County Road 97B and Interstate 5. The town was originally a small farming community known as Cacheville.

The Cacheville CSD was originally given the ability to provide water and wastewater services to the town of Yolo. However, the District opted not to provide wastewater services, as the community utilizes private septic tanks for wastewater disposal instead. The District added street lighting services in 1978 and acts as a pass-through agency for the Pacific Gas and Electric Company (PG&E) for the payment of street lighting services.



POTENTIALLY SIGNIFICANT MSR DETERMINATIONS

The MSR determinations checked below are potential areas of concern, as indicated by 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 "Not a Concern" answers, the Commission may find that a MSR update is not warranted.

- ☐ Growth and Population
- ☐ Disadvantaged Unincorporated Communities
- ☒ Public Facilities and Services
- ☒ Financial Ability
- ☒ Shared Services
- ☒ Accountability
- ☐ Other

LAFCO MUNICIPAL SERVICE REVIEW:

☐ On the basis of this initial evaluation, the required determinations are not significant and staff recommends that an MSR is NOT NECESSARY. The subject agency will be reviewed again in five years per Government Code Section 56425(g).

☒ The subject agency has potentially significant determinations and staff recommends that a comprehensive MSR IS NECESSARY and has been conducted via this checklist.

1. GROWTH AND POPULATION Growth and population projections for the affected area.	**Significant Concern**	**Potential Concern**	**Not a Concern**
a) Will development and/or population projections over the next 5-10 years impact the subject agency's service needs and demands?	☐	☐	☒
b) Do changes in service demand suggest a change in the agency's services?	☐	☐	☒

Discussion:

According to the State Water Resources Control Board's Safe and Affordable Funding for Equity and Resilience (SAFER) dashboard, the total population of the town of Yolo is 239. The lack of a sewer system and the limited capacity of the water system constrain further development. Although there are a few parcels adjacent to the District that would permit commercial and low-density residential zoning adjacent to the Cacheville CSD boundary, the minimum size permitted for a lot with an onsite wastewater disposal system (septic) is two acres in size, which would only accommodate approximately five lots.

Growth and Population MSR Determination

New development in the town of Yolo is constrained by the lack of a sewer system and the limited capacity of the water system. Therefore, significant development or population increase that would affect Cacheville CSD's services is not anticipated in the next five to ten years.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

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

		Significant Concern	Potential Concern	Not a Concern
a)	If the subject agency provides public services related to sewers, municipal and industrial water, or structural fire protection, 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) that do not already have access to public water, sewer and structural fire protection?	☐	☐	☒
b)	If "yes" to a), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community?	☐	☐	☒

Discussion:

The SAFER dashboard lists Yolo as having a Median Household Income (MHI) of $84,031, which is 71% of the statewide MHI. The community is served with municipal water and fire protection services but does not receive sewer service. Instead, the community relies on private septic tanks for its wastewater needs. Yolo County Environmental Health Services has indicated there are no concerns regarding septic systems failing in Yolo.

Disadvantaged Unincorporated Communities MSR Determination

The town of Yolo is below the 80% statewide MHI threshold and is therefore a Disadvantaged Unincorporated Community (DUC). The community is served with municipal water and fire protection services. Cacheville CSD does not provide sewer services, but residents have private septic tanks for their wastewater needs. Therefore, though the town of Yolo is a DUC, no households are being denied critical municipal services for social or economic reasons.

3. 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.

		Significant Concern	Potential Concern	Not a Concern
a)	Are there any deficiencies in the **infrastructure**, **equipment**, and **capacity of agency facilities** to meet existing service needs for which the agency does not have a plan in place to resolve (including deficiencies created by new state regulations)?	☒	☐	☐
b)	Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	☒	☐	☐
c)	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?	☐	☐	☒

d)	Is the agency needing to consider climate adaptation in its assessment of infrastructure/service needs (i.e. temperature, drought, flooding, and wildfires)?	☐	☐	☒

Discussion:

Cacheville CSD is authorized to provide drinking water services to the unincorporated community of Yolo and collects a special assessment to pay PG&E for streetlighting services.

Water Service

Cacheville CSD currently has 143 residential connections and 14 commercial connections. The District owns and operates a community groundwater well system that was constructed in the 1970s. Capacity is measured in gallons per minute (gpm). The water systems infrastructure includes:

- Well #1- Washington Street Well (1,200 gpm) primary well with a 100-horsepower pump, two 5,000-gallon hydropneumatic tanks, and backup power generator
- Well #2- Sacramento Street Well (300 gpm) backup emergency water source
- 4-inch and 6-inch diameter transite pipes

The Washington Well serves as the primary water source for the community and has an emergency generator. The Sacramento Street Well serves as a backup well. The infrastructure is over 50 years old and experiences frequent breaks due to aging pipes. The general manager estimates that the District must repair 6-10 leaks in the system each year. Some connections have water meters, but the Cacheville CSD charges a flat rate because it does not have the staff to conduct meter reading.

In 2022, Wood Rodgers completed a Water System Plan for the Cacheville CSD. The plan reports that the District's water system has the capacity to meet current domestic water demands. However, the system is not adequate to meet residential (1,500 gpm) and commercial (2,500 gpm) fire flow requirements. Increasing the water pressure so that the system can meet fire flow requirements would require upsizing the pipeline diameters throughout the system and upsizing the water pump to improve flow through the system.

As of June 2026, the SAFER dashboard identifies Cacheville CSD as "Failing" due to repeated monitoring and reporting violations within a three-year period. This was partly due to the District outsourcing its water monitoring and then not ensuring that testing and reporting were completed. This has since been corrected and the Failing Status was removed in October 2026. Cacheville CSD is again classified as "Not At-Risk of Failing" but with the following risk indicators noted:

- "High Contaminant Levels" - chemicals such as nitrates or perchlorates, for example, that are greater than 80% of the Maximum Contaminant Level (MCL).

- "Absence of Interties" – system is not connected to another water system that could either supply or receive water and reduce the risk of a water outage by allowing water systems to switch systems and even governance structure support, if needed.

- "High percent of MHI"- water costs of over 1.5% of Monthly Household Income (MHI) is considered an affordability risk indicator.

- "High household socioeconomic burden"- a measure of housing cost burden within the community which is also an affordability risk indicator.

Although Cacheville CSD completed a Water System Plan in 2022 which identified necessary upgrades and is working to get a system design completed, it has not identified a way to acquire funds for the design and installation of a new system. It also needs to provide adequate staffing to avoid future water quality monitoring and reporting violations.

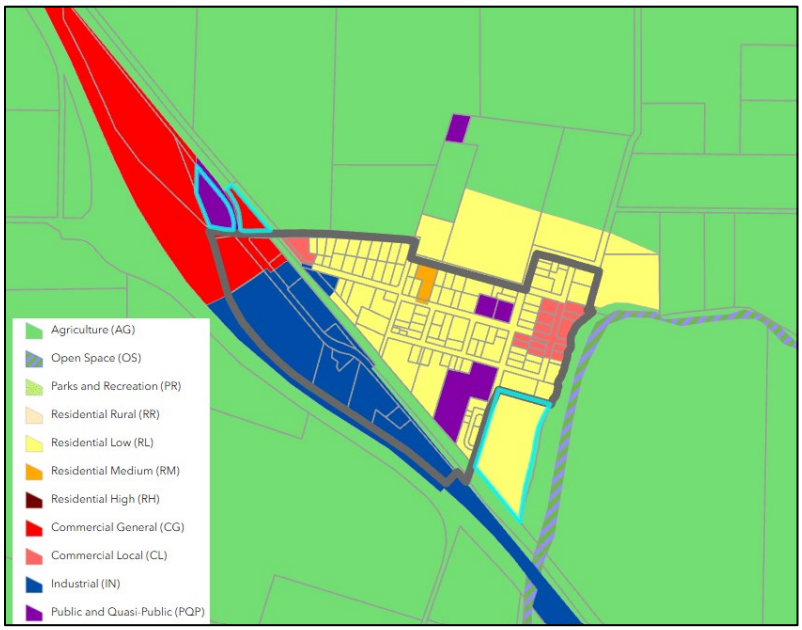
Street Lighting Service

Cacheville CSD contracts with PG&E for streetlighting services, including installation and maintenance services. The District collects an annual assessment added to property tax bills from landowners within the community. Cacheville CSD will call PG&E when a light bulb has burned out, but that is the extent of these Cacheville CSD services. LAFCo is not aware of any concerns with capacity or adequacy of street lighting services.

Future Service Demand

Yolo County's 2030 Countywide General Plan designates permitted land uses within the community of Yolo. The County has identified some commercial and low-density residential parcels within the community of Yolo that are not included within Cacheville CSD's service area. However, according to its Water System Plan, Cacheville CSD has limited capacity to add new service connections without a new well and other system improvements. If Cacheville CSD can obtain a grant to upgrade its infrastructure, the Water System Plan recommends a new well site to be located on one of the parcels outlined in light blue below.

Figure 5. County Land Use and Cacheville CSD Boundary



Capacity and Adequacy of Public Facilities and Services MSR Determination

Cacheville CSD's water system is over 50 years old and pipes break frequently due to their age. The system is unable to meet fire flow requirements. The District was recently classified as "Failing" by the State Water Board due to monitoring and reporting violations. This has since been corrected and the "Failing" Status was removed in October 2026, but the District needs to ensure that it is providing staff with adequate time for these responsibilities. Although Cacheville CSD completed a Water System Plan in 2022 which identified necessary upgrades and is working to get a system design completed, it has not identified a way to acquire funds for the design and installation of a new system.

Yolo County has designated areas outside the district boundary for additional residential and commercial development but the District does not currently have sufficient capacity to provide water service to these areas.

Recommendations:

1. Resolve repeated monitoring and reporting violations through timely action and reporting.

2. Yolo County should revise its zoning for the town of Yolo to remove the residential zoning for undeveloped land north of Washington Street considering the lack of a sewer system and limited water capacity to accommodate future development.

4. FINANCIAL ABILITY Financial ability of agencies to provide services.	**Significant Concern**	**Potential Concern**	**Not a Concern**
a) Is the subject agency in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues?	☒	☐	☐
b) Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?	☐	☐	☒
c) Is the organization's revenue sufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion? Is the fee inconsistent with the schedules of similar service organizations?	☒	☐	☐
d) Does the subject agency have a capital improvement plan (CIP)? Has the agency identified and quantified what the possible significant risks and costs of infrastructure or equipment failure? Does the agency have a reserve policy to fund it?	☐	☒	☐
e) Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear capital financing and debt management policy, if applicable?	☐	☐	☒
f) Can the subject agency improve its use of generally accepted accounting principles including: summaries of all fund balances, summaries of revenues and expenditures, general status of reserves, and any unfunded obligations (i.e. pension/retiree benefits)? Does the agency have accounting and/or financial policies that guide the agency in how financial transactions are recorded and presented?	☐	☐	☒
g) Does the agency staff need to review financial data on a regular basis and are discrepancies identified, investigated and corrective action taken in a timely manner? The review may include reconciliations of various accounts, comparing budgets-to-actual, analyzing budget variances, comparing revenue and expense balances to the prior year, etc. If the agency uses Yolo County's financial system and the County Treasury, does the agency review monthly the transactions in the County system to transactions the agency submitted to the County for processing?	☐	☐	☒
h) Does the agency board need to receive regular financial reports (quarterly or mid-year at a minimum) that provide a clear and complete picture of the agency's assets and liabilities, fully disclosing both positive and negative financial information to the public and financial institutions?	☐	☐	☒

Discussion:

The District's accounting transactions are recorded in Yolo County's financial system, known as INFOR. County Department of Financial Services (DFS) staff reviews and enters the financial transactions into INFOR in accordance with generally accepted accounting principles. The data presented below is based on the accrual basis data converted to the modified accrual basis. Accrual accounting reflects the District's long-term financial picture by including non-cash items like depreciation and pension liabilities, while modified accrual accounting focuses on short-term finances and counts only cash-based activities such as capital purchases and loan repayments.

	FY2021	FY2022	FY2023	FY2024	FY2025
OPERATING REVENUE/(EXPENSES)					
WATER ACTIVITY					
Revenue	125,915	130,478	136,674	134,630	133,377
Expenses	(197,798)	(131,128)	(176,339)	(138,994)	(179,510)
Net water activity	(71,883)	(650)	(39,665)	(4,364)	(46,133)
LIGHTING ACTIVITY					
Revenue	4,092	4,092	4,092	4,059	4,950
Expenses	(3,853)	(3,947)	(4,222)	(4,546)	(4,660)
Net lighting activity	239	145	(130)	(487)	290
Total operating Income (Loss)	(71,644)	(505)	(39,795)	(4,851)	(45,843)
NONOPERATING REVENUES (EXPENSES)					
Property taxes	5,076	5,296	5,628	6,740	6,905
Development impact fees	-	-	-	-	-
Interest income	(1,497)	(15,866)	11,809	29,991	32,860
Other governmental:					
State	100,085	77	77	74	74
Other	82	76	63	72	89
Other nonoperating income	895	239	214	161	275
Capital asset acquisition:					
Equipment	(116,902)	-	-	-	-
Total Nonoperating Revenues (Expenses)	(12,261)	(10,178)	17,791	37,038	40,203
Net income (Loss)	(83,905)	(10,683)	(22,004)	32,187	(5,640)
COMPONENTS OF FUND BALANCE:					
Assigned - Capital Asset Replacement	$ 523,372	$ 499,012	$ 509,384	$ 525,767	$ 545,408
Assigned - General Reserve	67,440	67,440	67,440	67,440	67,440
Unassigned	32,954	46,631	14,255	30,059	4,778
TOTAL FUND BALANCES	$ 623,766	$ 613,083	$ 591,079	$ 623,266	$ 617,626

Over the last five years, the District's revenue has not covered its expenses, and it is operating at a deficit. The analysis of operating expenses for water shows that average annual operating expenses over five years were $164,754 while the average revenue received was $132,215. This shows an average annual loss of $32,583. Fortunately, the District's fund balance did not decline as significantly, from $623,766 to $617,626, buoyed by interest earnings. The increased expenses are largely due to the District hiring required staff and the increased cost of electricity required for the groundwater pumps.

A 2022 Water System Planning Study by Wood Rodgers put the cost of a system replacement at $19.5 million. Currently the district has $545,408 in its capital asset replacement fund and it has maintained

$67,440 in its general reserve fund. The District's remaining unassigned fund balance has varied but is under $5,000 at the end of fiscal year 2025.

A fee study was completed in the fall of 2025 to fund the District's capital improvement plan, but it did not address the fact that operations and maintenance are running at a deficit. After a year of discussion, the District's Board does not have a plan to address the operations shortfall or how to structure the Proposition 218 increase.

Yolo is classified as a disadvantaged community, and the District has not pursued potential state grants or loans for the necessary system improvements. Matching contribution requirements are generally much lower for disadvantaged community utilities for assistance offered by the California State Water Resources Control Board and US Bureau of Reclamation.

Cacheville CSD is finalizing capital improvement and reserve finances policies. The District also uses the County for accounting and treasury services. Yolo County DFS staff reviews all transactions, including the payment of vendors, before data is entered into the County's financial system. This process adds a layer of internal control over the District's accounting data. In addition, at year end, DFS staff review the Cacheville CSD's account balances for compliance with generally accepted accounting principles. The general manager provides financial information at the Board of Trustees meetings, and the Board approves reimbursement spending. However, the District is losing its part-time billing clerk, and the District cannot offer a competitive salary for a replacement.

Financial Ability MSR Determination

Cacheville CSD needs to increase its water rates to cover operational costs and fund a capital improvement plan (CIP) to replace its ageing infrastructure. The District has recently completed a fee study for its CIP, however, the study did not address adequately funding operations, and the Board has delayed proceeding with a Proposition 218 vote. The District's limited resources and staff capacity present a significant challenge to funding and carrying out the needed $19.5 million water system replacement. Since Cacheville CSD's 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, but it is unclear if the District has the resources to adequately pursue these funds.

Recommendations:

3. Conduct a Proposition 218 vote for a rate increase as soon as possible to cover expenses and provide capital improvement funds. The Board may consider modifying the timing of the rate increases but ensuring that fees cover operating costs is essential. The impact of the increase may be eased by monthly billing cycles (rather than bi-monthly).

4. Aggressively pursue water infrastructure replacement funding for disadvantaged communities offered by the California State Water Resources Control Board and US Bureau of Reclamation.

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	Significant Concern	Potential Concern	Not a Concern
a) Are there any opportunities for the organization to share services or facilities with neighboring, overlapping or other organizations that are not currently being utilized?	☐	☒	☐

Discussion:

All Cacheville CSD staff work part time with minimal hours. As with the other small rural utility districts, the District does not have the funds to hire adequate staff. Cacheville CSD overlaps with the Yolo Fire Protection District, and in the past, the districts employed the same clerk, but that does not appear to be an option any longer. Cacheville CSD's general manager and water operator also independently work for Knights Landing CSD. The District's billing clerk is resigning soon.

Shared Services MSR Determination

Cacheville CSD is struggling to maintain staff resources. Cacheville CSD should consider contracting Knights Landing CSD for their billing with the pending resignation of Cacheville CSD's billing clerk. Cacheville CSD's general manager and water operator also work for Knights Landing CSD, but under independent agreements and the costs are not shared.

Recommendation:

5. Consider contracting with Knights Landing CSD for shared billing and administration services.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

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

		Significant Concern	Potential Concern	Not a Concern
a)	Are there any recommended changes to the organization's governmental structure that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?	☒	☐	☐
b)	Does the agency need to secure independent audits of financial reports that meet California State Controller requirements (GOV Code Section 26909)? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting	☐	☐	☒
c)	Is the agency insured or in a risk management pool to manage potential liabilities?	☐	☐	☒
d)	Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization's program requirements and financial management?	☒	☐	☐
e)	Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization's program requirements and financial management?	☒	☐	☐
f)	Does the agency have adequate policies (as applicable) relating to personnel/payroll, general and administrative, board member and meetings, and segregating financial and accounting duties among staff and/or board to minimize risk of error or misconduct (see suggested policies list)?	☒	☐	☐
g)	Does the organization need to improve its public transparency via a website (see https://www.yololafco.org/yolo-local-government-website-transparency-scorecards)?	☒	☐	☐

Discussion:

Cacheville CSD's Board meetings take place on the first Wednesday of every month at 7:00 pm at the Yolo Library. Board members receive approximately $1,000 annual stipend. The Board recently had a

member resign, so it currently has four of the five seats filled. Some of the members are related and it is recommended that the District adopt an anti-nepotism policy. This may increase the difficulty of filling the board, however. Elections are managed by the Yolo County Elections office.

The District conducted a two-year audit for 2020-2021 but has not completed an independent audit since then. Yolo County DFS recently assisted in recruiting an auditing firm to complete audits for the three rural CSDs that are behind in their auditing responsibilities.

All staff at Cacheville CSD are part-time. The general manager and water operator also work for Knights Landing CSD. The general manager is contracted to work 20 hours a month. However, this is not enough time as the manager is also required to fix leaks in the water system, answer calls, conduct sampling, and perform the majority of the work needed for the District. The part-time secretary handles clerking for the Board. The District's billing clerk is resigning, and it is unlikely that the District will be able to provide a competitive salary to find a replacement. The District contracts for legal services and insurance.

Cacheville CSD has a website but continues to receive a low transparency score. The District received a 45% transparency score in 2025. It provides contact and Board member and meeting information, but financial information does not appear to have been updated in several years.

Cacheville CSD's current governmental structure is facing critical challenges to address operational challenges and plan for its long-term water system replacement needs. The District does not appear to have the critical mass needed to ensure long-term sustainability.

As discussed in the Chapter 2. Overview section of this combined MSR, consolidation of either all four CSDs or only the three smaller districts is a challenge due to the geographical separation from Madison CSD and concerns related to community identity. Consolidating just Cacheville and Knight Landing CSDs was also considered because the communities are closer together. Additionally, the general manager and water operator are already working independently for both districts and Cacheville CSD may need to contract Knights Landing CSD for billing and administrative services. The districts have a high level of functional overlap. Consolidation into a single district, however, would not provide enough financial resources to overcome the significant challenges. Together, both CSDs would have 455 service connections and not enough critical mass to be sustainable.

Accountability, Structure and Efficiencies MSR Determination

Cacheville CSD's Board recently lost a member so it has four of the five seats filled and some members are related. Furthermore, the Board does not appear to be making adequate progress on addressing the funding and management needs of the District. There are concerns regarding staff turnover and the District will soon lose its billing clerk without an obvious replacement available. Cacheville CSD is several audit cycles behind but has begun to remedy that with Yolo County's assistance. The District has a website, but content needs to be updated. LAFCo is not aware of the District having any adopted financial policies

The community of Yolo is a disadvantaged community facing a substantial and costly water system replacement. Limited financial capacity prevents the district from offering competitive staffing levels necessary to secure state grants and loans for these improvements. This MSR evaluated potential consolidation with other CSDs, but Esparto CSD is unable to effectively provide services due to distance and does not want to take on the existing infrastructure limitations. Consolidation of the smaller districts would not create the financial stability or operational scale needed for long-term sustainability. Because combining struggling CSDs does not resolve their underlying challenges, this MSR recommends reorganizing Cacheville CSD into a County Service Area to provide a more viable governance and service delivery framework.

Recommendations:

6. Cacheville CSD may not be sustainable long term and consolidation with another CSD does not appear feasible since consolidation would not resolve resource and capacity issues. Should the District fail, it should be reorganized into a County Service Area.

7. Adopt adequate policies relating to personnel/payroll, general and administrative, board members and meetings, and segregate financial and accounting duties among staff. Specifically, a policy regarding nepotism is needed.

8. Continue to add website content as needed to improve its 45% score per the latest website transparency scorecard found at https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

7. OTHER ISSUES

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

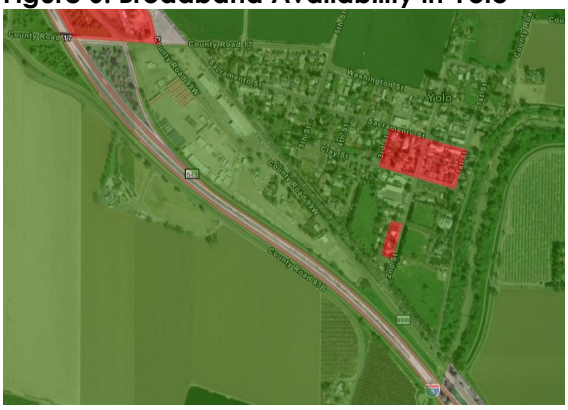
	Significant Concern	Potential Concern	Not a Concern
a) Is there a lack of high-performance broadband (25/3 Mbps) available in the community? Are low-income subscriptions available?	☐	☒	☐
b) Are there any recommendations from the agency's previous MSR that have not been implemented?	☐	☒	☐

Discussion:

Broadband Access

Under Public Utilities Code § 281, areas with less than 25 Mbps down and 3 Mbps up are classified as "unserved" and thus eligible for broadband infrastructure support. According to the California Interactive Broadband Map hosted by the Public Utility Commission, the town of Yolo is mostly served via fixed wireless infrastructure, as shown in the green areas on the map below, while the red areas are considered unserved. However, to achieve the 25/3 speed standard, the provider AFES Network Services LLC lists a price of $140 per month with no low-income rates available. For comparison, low-income internet plans from major providers range from about $9.95 to $30 per month. Therefore, broadband is mostly available but not affordable in the town of Yolo.

Figure 6. Broadband Availability in Yolo



Implementation of Recommendations

The District's implementation of recommendations from the 2021 MSR is reviewed in the table below:

2021 MSR Recommendations	Implementation
1. Yolo County should revise its zoning for the town of Yolo considering the lack of a sewer system to accommodate future development.	No

2. Prepare a quarterly financial report which presents the CSD's financial condition in a 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.	Yes
3. The District should develop oversight procedures over the billing, collection, deposit and accounts receivable functions to ensure that significant fraud would be detected	Yes
4. 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.	Yes
5. The District should develop accounting, financial, governance and general administrative polices to help guide its decision making in a consistent manner.	No
6. 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.	Yes
7. According to Government Code Section 61050, the District is required to appoint a general manager.	Yes
8. 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.	Yes
9. 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.	Yes
10. 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.yololafco.org/yolo-local-government-website-transparency-scorecards for additional content needed.	No
11. Adopt policies regarding personnel, travel and expense reimbursement, personal use of public resources, and contract bidding (LAFCo has policy templates for use if desired).	No

Other Issues MSR Determination

Broadband is mostly available but not affordable in the town of Yolo. The District has made progress on some of the recommendations contained within the 2021 MSR/SOI. Cacheville CSD has increased financial review and reporting to the board and completed a rate study. The District employs the same part-time general manager as Knights Landing CSD. Cacheville CSD is on a three-year audit cycle. It still needs to improve its website transparency and adopt policies to ensure efficient and transparent operations.

CACHEVILLE CSD SPHERE OF INFLUENCE STUDY

On the basis of the Municipal Service Review:

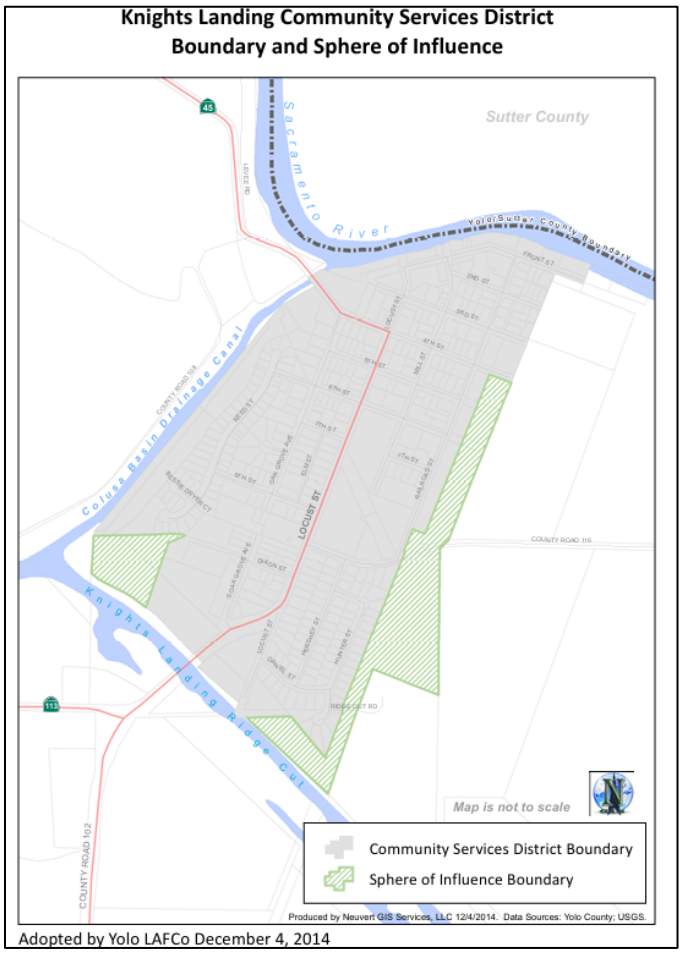
☒ Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency's SOI is recommended and SOI determinations HAVE NOT been made.

☐ 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.

4. KNIGHTS LANDING CSD MUNICIPAL SERVICE REVIEW

The Knights Landing Community Services District (Knights Landing CSD) was established in May 1968 to provide water, wastewater treatment, street lighting, and parks and recreation services to the community of Knights Landing. Knights Landing CSD received LAFCo approval to add storm drainage services to its list of powers in 2007 for the White Subdivision. Parks and recreation services are no longer being provided and are removed from the District's list of powers.

The community of Knights Landing is approximately 180 acres in size and 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.



POTENTIALLY SIGNIFICANT MSR DETERMINATIONS

The MSR determinations checked below are potential areas of concern, as indicated by 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 "Not a Concern" answers, the Commission may find that a MSR update is not warranted.

- ☐ Growth and Population
- ☐ Disadvantaged Unincorporated Communities
- ☐ Public Facilities and Services
- ☒ Financial Ability
- ☐ Shared Services
- ☒ Accountability
- ☐ Other

LAFCO MUNICIPAL SERVICE REVIEW:

☐ On the basis of this initial evaluation, the required determinations are not significant and staff recommends that an MSR is NOT NECESSARY. The subject agency will be reviewed again in five years per Government Code Section 56425(g).

☒ The subject agency has potentially significant determinations and staff recommends that a comprehensive MSR IS NECESSARY and has been conducted via this checklist.

1. GROWTH AND POPULATION Growth and population projections for the affected area.	**Significant Concern**	**Potential Concern**	**Not a Concern**
a) Will development and/or population projections over the next 5-10 years impact the subject agency's service needs and demands?	☐	☐	☒
b) Do changes in service demand suggest a change in the agency's services?	☐	☐	☒

Discussion:

According to the State Water Resources Control Board's Safe and Affordable Funding for Equity and Resilience (SAFER) dashboard, the total population of Knights Landing is 1,099. Development in Knights Landing is severely constrained by its location within a Federal Emergency Management Agency (FEMA) designated flood hazard area due to the decertification of the levees surrounding the town. To meet building requirements within the flood hazard area, the lowest floor of the building must be elevated, which adds significant expense to new and renovated buildings. The Knights Landing Flood Management Project is actively progressing through design, permitting, and upcoming construction phases, supported by DWR and FEMA hazard-mitigation funding. Once completed, these levee improvements are expected to resolve the outstanding FEMA compliance issues by bringing the community's levee system up to modern protection standards.

Growth and Population MSR Determination

New development in Knights Landing is severely constrained by flood issues. The Knights Landing Flood Management Project is expected to resolve the outstanding FEMA compliance issues by bringing the community's levee system up to modern protection standards. However, significant development or population increase that would affect Knights Landing CSD's services is not anticipated in the next five to ten years.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

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

	Significant Concern	Potential Concern	Not a Concern
a) If the subject agency provides public services related to sewers, municipal and industrial water, or structural fire protection, 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) that do not already have access to public water, sewer and structural fire protection?	☐	☐	☒
b) If "yes" to a), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community?	☐	☐	☒

Discussion:

The SAFER dashboard lists Knights Landing as having a median household income (MHI) of $47,328, which is 50% of the statewide MHI. The 2025 MHI for California as provided by the US Department of Housing and Urban Development is $118,100. This sets the current Disadvantaged Unincorporated Community (DUC) threshold of 80% of the statewide MHI at $94,480. The SAFER program identifies communities of less than 60% of the statewide MHI as severely disadvantaged. Knights Landing receives public water and sewer service from Knights Landing CSD, and the Knights Landing Fire Protection District provides structural fire protection services.

Disadvantaged Unincorporated Communities MSR Determination

Knights Landing is below the 80% statewide MHI threshold and is therefore a Disadvantaged Unincorporated Community (DUC). Furthermore, the SAFER program identifies the community as severely disadvantaged. However, the community is already provided with municipal water, wastewater, and fire protection services. Therefore, the town of Knights Landing is not being denied critical municipal services for social or economic reasons.

3. 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.

	Significant Concern	Potential Concern	Not a Concern
a) Are there any deficiencies in the **infrastructure**, **equipment**, and **capacity of agency facilities** to meet existing service needs for which the agency does not have a plan in place to resolve (including deficiencies created by new state regulations)?	☐	☒	☐
b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	☐	☐	☒

c) 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?	☐	☐	☒
d) Is the agency needing to consider climate adaptation in its assessment of infrastructure/service needs (i.e. temperature, drought, flooding, and wildfires)?	☐	☐	☒

Discussion:

Knights Landing CSD is authorized to provide five municipal services (domestic water, wastewater, storm drainage, street lighting, and parks and recreation) to the unincorporated community of Knights Landing.

Water Service

Knights Landing CSD owns, operates, and maintains the water system serving 313 residential and 17 commercial service connections in the community of Knights Landing. Capacity is measured in gallons per minute (gpm). According to the 2020 Capital Improvement Plan (CIP), the system's infrastructure includes:

- Well #4 Ridge Cut Well (1,000 gpm)- primary well, backup power generator
- Well #3 Railroad Street Well (700 gpm)- high iron and magnesium
- Well #5 Third Street Well (960 gpm)- exceeds the MCL for arsenic and has been converted to standby and will only be used in case of an emergency.
- 4, 6, and 8-inch diameter pipes (approximately 5 miles of pipeline ranging from 14 to 50 years old)

The District is looking for a new well site because the need for a new well is anticipated in the next five to ten years. Ridge Cut Well #4 is beyond its expected useful life and Knights Landing CSD has recently received a water quality violation due to the high iron and magnesium levels of the water from the Railroad Street Well #3.

The combined pumping capacity of the three wells could 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 fire flows, and larger diameter pipes are needed. Knights Landing's water system is over 50 years old and needs to be replaced. The District's CIP for the water system recommends replacing 1.3 miles of undersized pipes and adding 0.5 miles of new connections to loop dead ends.

The District has completed the installation of an emergency generator at the Ridge Cut Well site which was mentioned in the last MSR. The District still lacks metering and sensors to track water and sewer use to better assess fees.

The SAFER dashboard identifies Knights Landing CSD as Not At-Risk of Failing but identifies several areas of concern. These concerns include:

- "High contaminant levels" - chemicals such as nitrates or perchlorates, for example, are 80% of the Maximum Contaminant Level (MCL).
- "Risk of Water Shortage" – system is relying on aging wells that are not meeting flow standards.
- "Absence of Interties" – system is not connected to another water system that could either supply or receive water and reduce the risk of a water outage by allowing water systems to switch systems and even governance structure support, if needed.
- "High household socioeconomic burden" - a measure of housing cost burden within the community.

Wastewater Service

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

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

- 10 facultative 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. Historically, the wastewater treatment plant has had numerous reporting violations, however, no violations have occurred since May 2014. 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.

Knights Landing CSD has issues with the sewer lift station, which is beyond its useful lifespan. The emergency alarm was not working at one point, but the situation has been resolved by the District's new management and operator. The California Rural Water Association is assisting the Knights Landing CSD with obtaining grant funding for replacing the lift station and that application has been submitted (status pending). The CSD also has issues with infiltration of ground water and inflow of storm water in the collection system when the Sacramento River is high for extended periods of time, which can place additional burden on the system.

The District's CIP does not include the wastewater system, nor the storm drainage infrastructure. Knights Landing CSD needs to prepare a comprehensive CIP that addresses needed upgrades and ongoing maintenance of all its infrastructure and facilities.

Storm Drainage Service

Knights Landing CSD provides storm drainage services by maintaining a storm water detention basin for the White Subdivision, which is a housing development on the west side of town that remains only partially built out because FEMA reclassified the flood hazard designation mid build-out after Hurricane Katrina. Storm drainage service was added to the District's list of powers by LAFCo in 2007, at the time the subdivision was approved. The District does not have any concerns with adequacy, capacity or infrastructure of the storm drainage system.

Street Lighting Service

Knights Landing CSD contracts Pacific Gas & Electric (PG&E) for street lighting services and maintenance of the system. The District collects a small monthly fee to pay the PG&E bills. The District will call PG&E when a light bulb has burned out, but that is the extent of these Knights Landing CSD services. LAFCo staff is not aware of any concerns with adequacy, capacity or infrastructure of the street lighting service.

Parks and Recreation Service

In 1968, when Knights Landing 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 park adjacent to the Grafton Elementary School property, however the CSD stopped maintaining it decades ago. With the recent completion of the Knights Landing Park by Yolo County, the County is maintaining the park and there is no need for Knights Landing CSD to provide services for maintenance

of parks in Knights Landing. Therefore, this MSR removes parks and recreation services from the District's list of powers.

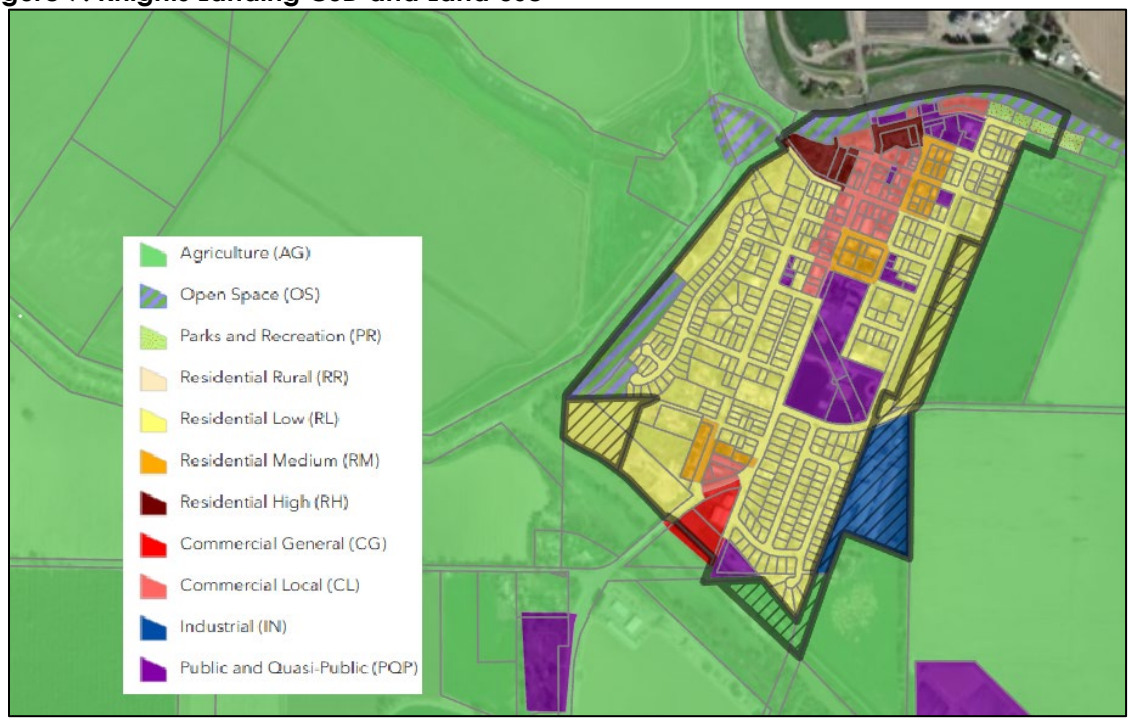
Equipment

The District has very limited equipment which is another concern expressed by Knights Landing CSD's general manager. The previous general manager purchased equipment to be shared with the Madison CSD, but Madison CSD bought Knights Landing CSD's share in that equipment once the general manager's contract was terminated. The Knights Landing CSD's current manager has purchased a service truck and trailer for the District. He has also highlighted the District's need for a vacuum trailer and sewer line "jetter" for clearing lines, but there are no funds currently available for additional equipment.

Future Service Demand

Yolo County's 2030 Countywide General Plan designates permitted land uses within the community of Knights Landing. There is some limited development potential for the town; however, development is significantly constrained by costly flood hazard requirements. As illustrated below, all of the land designated for urban uses is either within the current Knights Landing CSD boundary, which is shown by a thick line, or its SOI, which is cross-hatched.

Figure 7. Knights Landing CSD and Land Use



Significant development is not anticipated in the foreseeable future in Knights Landing due to the community being located within a FEMA flood hazard area. As a result of the DWR Small Communities Flood Risk Reduction Feasibility Study for Knights Landing, a grant application was submitted by Yolo County to DWR for ring levee improvements that if constructed would reclassify Knights Landing outside of the 100-year flood plain. The County was awarded $16.1 million to fund the project design and completed CEQA review in 2024. The bid opening for the Knights Landing Outfall Gates (KLOG) Retaining Wall Rehabilitation (Spec. 26-05 / C51694) was scheduled for July 8, 2026. DWR has not yet released any public update indicating whether bids have been reviewed, evaluated, or awarded.

Capacity and Adequacy of Public Facilities and Services MSR Determination

Knights Landing CSD's water system was constructed in 1970s and is in need of upgrade and replacement. The District has minimally adequate capacity to serve average water demand but could not

withstand peak demands and required fire flows at the same time. Two of the District's three wells have water quality issues. The remaining well is near the end of its expected length of use. The District is working on finding a grant to fund two new test wells.

The District has a CIP for the water system but has not made significant progress in obtaining funding for system replacement as discussed in the next section. Although the wastewater system and storm drainage infrastructure are meeting current demand, they were not included in the CIP. Knights Landing CSD needs to prepare a comprehensive CIP that addresses needed upgrades and ongoing maintenance of all its infrastructure and facilities which as discussed in Section 4. Financial Ability.

There are no concerns regarding the adequacy of Knights Landing CSD's storm drainage or streetlight services. Knights Landing CSD has not provided park and recreation services for decades and that power is removed from its listed services.

Little development in Knights Landing is anticipated because of expensive building requirements due to the risk of flooding. Yolo County is working to improve the community's ring levee to increase flood protection for the community, but its completion date is uncertain.

4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

		Significant Concern	Potential Concern	Not a Concern
a)	Is the subject agency in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues?	☐	☐	☒
b)	Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?	☐	☐	☒
c)	Is the organization's revenue sufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion? Is the fee inconsistent with the schedules of similar service organizations?	☐	☐	☒
d)	Does the subject agency have a capital improvement plan (CIP)? Has the agency identified and quantified what the possible significant risks and costs of infrastructure or equipment failure? Does the agency have a reserve policy to fund it?	☒	☐	☐
e)	Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear capital financing and debt management policy, if applicable?	☐	☐	☒
f)	Can the subject agency improve its use of generally accepted accounting principles including: summaries of all fund balances, summaries of revenues and expenditures, general status of reserves, and any un-funded obligations (i.e. pension/retiree benefits)? Does the agency have accounting and/or financial policies that guide the agency in how financial transactions are recorded and presented?	☐	☐	☒

g) Does the agency staff need to review financial data on a regular basis and are discrepancies identified, investigated and corrective action taken in a timely manner? The review may include reconciliations of various accounts, comparing budgets-to-actual, analyzing budget variances, comparing revenue and expense balances to the prior year, etc. If the agency uses Yolo County's financial system and the County Treasury, does the agency review monthly the transactions in the County system to transactions the agency submitted to the County for processing?	☐	☐	☒
h) Does the agency board need to receive regular financial reports (quarterly or mid-year at a minimum) that provide a clear and complete picture of the agency's assets and liabilities, fully disclosing both positive and negative financial information to the public and financial institutions?	☐	☐	☒

Discussion:

The District's accounting transactions are recorded in Yolo County's financial system, known as INFOR. County DFS staff reviews and enters the financial transactions into INFOR in accordance with generally accepted accounting principles. The data presented below is based on the accrual basis data converted to the modified accrual basis. Accrual accounting reflects the District's long-term financial picture by including non-cash items like depreciation and pension liabilities, while modified accrual accounting focuses on short-term finances and counts only cash-based activities such as capital purchases and loan repayments.

STATEMENT OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCE (Modified Accrual - Unaudited)

	FY2021	FY2022	FY2023	FY2024	FY2025
OPERATING REVENUE/(EXPENSES)					
WATER ACTIVITY					
Revenue	176,827	226,400	248,011	247,539	247,808
Expenses	(223,301)	(213,304)	(182,841)	(252,543)	(221,922)
Net water activity	(46,474)	13,096	65,170	(5,004)	25,886
SEWER ACTIVITY					
Revenue	175,103	221,456	235,573	244,636	242,749
Expenses	(153,342)	(206,845)	(164,915)	(163,048)	(170,093)
Net sewer activity	21,761	14,611	70,658	81,588	72,656
LIGHTING ACTIVITY					
Revenue	20,330	16,914	11,636	12,634	11,403
Expenses	(7,086)	(8,093)	(8,757)	(14,816)	(19,033)
Net lighting activity	13,244	8,821	2,879	(2,182)	(7,630)
PARKS ACTIVITY					
Transfer to County	-	-	-	(50,000)	-
Net parks activity	-	-	-	(50,000)	-
DRAINAGE					
Revenue	3,150	3,150	3,150	3,150	3,283
Expenses	(908)	(822)	(1,096)	(1,663)	(1,916)
Net drainage activity	2,242	2,328	2,054	1,487	1,367
Total operating Income (Loss)	(9,227)	38,856	140,761	25,889	92,279
NONOPERATING REVENUES (EXPENSES)					
Property taxes	17,426	18,171	19,259	20,211	21,043
Development impact fees	99,000	66,600	-	-	-
Interest income	3,021	(11,136)	3,426	33,757	35,884
Other governmental:					
State	58,981	35,702	12,348	330	27,280
Other nonoperating income	1,633	3,209	-	758	548
Equipment	-	-	-	(47,742)	(28,649)
Total Nonoperating Revenues (Expenses)	180,061	112,546	35,033	7,314	56,106
Net income (Loss)	170,834	151,402	175,794	33,203	148,385
FUND BALANCE, BEGINNING	187,011	357,845	509,247	685,041	718,244
FUND BALANCE, ENDING	$ 357,845	$ 509,247	$ 685,041	$ 718,244	$ 866,629
COMPONENTS OF FUND BALANCE:					
Restricted - Development Impact Fees	$ 368,978	$ 436,648	$ 440,408	$ 398,300	$ 430,480
Assigned - Capital Asset Replacement	$ 3,051	$ 8,071	$ 18,382	$ 18,973	$ 19,683
Unassigned	(14,184)	64,528	226,251	300,971	416,466
TOTAL FUND BALANCES	$ 357,845	$ 509,247	$ 685,041	$ 718,244	$ 866,629

The District is in a stable financial position. The District bills users a flat rate based on the latest Prop 218 proceedings. There are no large customers that could significantly impact District financial position as a result of default. Its total fund showed increase for each of the five years reviewed to $866,629 in 2025, but only a modest growth of the assigned Capital Asset Replacement fund to $19,683. Unassigned fund balance equals $416,466. A fee increase in 2021 has allowed Knights Landing CSD to cover service expenses. Monthly service fees currently total $98.50 for water, sewer, and lighting. With the completion

of the Knights Landing Community Park in 2024, the Knights Landing transferred maintenance of the park and its parks funds over to Yolo County.

Knights Landing CSD hired an engineering firm to prepare a five-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 for the five-year CIP is $25.6 million.

The District has recently started a new 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 its capital improvement projects. Since Knights Landing qualifies as a severely disadvantaged community, there are grants and funding opportunities available and with the disadvantaged status, the match contribution requirements are generally much lower than for non-disadvantaged community utilities, such as those offered by the California State Water Resources Control Board and US Bureau of Reclamation.

The District relies on the County to provide accounting and treasury services. Yolo County Department of Financial Services (DFS) staff reviews all transactions, including the payment of vendors, before data is entered into the County's financial system. This process adds a layer of internal control over the District's accounting data. In addition, at year end, DFS staff review the District's account balances for compliance with generally accepted accounting principles. The general manager provides financial information at the Board of Trustees meetings, and the Board approves reimbursement spending.

The District does not have any documented accounting policies. Usually, Yolo County districts rely on the County's Department of Financial Services for policies and some segregation of duties. LAFCo staff recommend that each district document and approve their own accounting policies and procedures. This recommendation has been made in the last two MSRs but has yet to be implemented by the District.

Financial Ability MSR Determination

Knights Landing CSD has stabilized its finances since the 2021 MSR under effective management and shows a trend of steady increases in fund balance. The District's General Manager has ensured that the Board reviews relevant financial information in a timely manner. Revenue is reliable and generally adequate to fund operations. The district has a five-year CIP, however it only covers the water system, so it does not present a full picture of the District's overall needs/costs and the capital asset replacement fund has shown minimal growth over the last five years.

The District has recently started a new rate study to fund the CIP. The District should pursue additional funding methods (such as grants and loans) to provide the necessary funds for improvement projects. Since the Knights Landing CSD service area qualifies as a severely 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.

Recommendations:

1. Prepare a comprehensive Capital Improvement Plan that includes the wastewater system and storm drainage infrastructure to provide a more complete picture of reserve funds needed.

2. Pursue funding for severely disadvantaged communities offered by the California State Water Resources Control Board and US Bureau of Reclamation to help fund the CIP.

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

		Significant Concern	Potential Concern	Not a Concern
a)	Are there any opportunities for the organization to share services or facilities with neighboring, overlapping or other organizations that are not currently being utilized?	☐	☐	☒

Discussion:

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. Knights Landing CSD receives support from Yolo County including applying for state grant funds for a new well. In addition, the County has assumed responsibility for the community park.

Knights Landing CSD contracted general manager services from the Madison CSD but has since shifted to a part-time general manager and operator who also work for Cacheville CSD. The District recently acquired its own billing software that could potentially be shared with Cacheville CSD for billing services.

Shared Services MSR Determination

Knights Landing CSD uses the same general manager and operator that Cacheville CSD does, but there's no shared services agreement between both CSDs. The District recently acquired its own billing software that could potentially be shared with Cacheville CSD for billing services.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

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

		Significant Concern	Potential Concern	Not a Concern
a)	Are there any recommended changes to the organization's governmental structure that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?	☐	☒	☐
b)	Does the agency need to secure independent audits of financial reports that meet California State Controller requirements (GOV Code Section 26909)? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting	☐	☐	☒
c)	Is the agency insured or in a risk management pool to manage potential liabilities?	☐	☐	☒
d)	Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization's program requirements and financial management?	☐	☒	☐
e)	Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization's program requirements and financial management?	☐	☒	☐

f)	Does the agency have adequate policies (as applicable) relating to personnel/payroll, general and administrative, board member and meetings, and segregating financial and accounting duties among staff and/or board to minimize risk of error or misconduct (see suggested policies list)?	☒	☐	☐
g)	Does the organization need to improve its public transparency via a website (see https://www.yololafco.org/yolo-local-government-website-transparency-scorecards)?	☒	☐	☐

Discussion:

Knights Landing CSD's Board meetings take place on the third Tuesday of every month at 7:00 pm at the Knights Landing Community Center. The Knights Landing CSD Board recently had a second member resign so that it currently only has three of the five positions filled. Two candidates are vying for one of the seats in the 2026 election. It is an ongoing concern, however, that the small rural communities may not be able to find participants to meet governance needs.

The District has not completed an independent audit in over five years. Yolo County DFS recently assisted in recruiting an auditing firm to complete audits for the three rural CSDs that are behind in their auditing responsibilities.

Knights Landing CSD has a full-time secretary who handles day-to-day business, customer service, and billing. The part-time GM and operator are also employed separately by Cacheville CSD. The GM works 30 hours per week. Additionally, an accountant is hired to produce quarterly financial reports.

The Knights Landing CSD has had a website since 2019, but it contains minimal information. The District received a 36% transparency score in 2025. Missing information includes budgets, audits, contracts, revenue sources, and contact information for public records requests. The District does not have any documented policies.

Accountability, Structure and Efficiencies MSR Determination

The Knights Landing CSD Board currently only has three of the five positions filled though an election for one of the seats is pending. Finding participants to meet governance requirements remains an ongoing concern for Knights Landing. The District has not been completing its independent audits and has only begun to remedy this with Yolo County's assistance. The District has a website, but it received only a 36% transparency score in 2025. The District needs to adopt policies to ensure the accountability of its finances, staff, and administration.

Knights Landing CSD is a disadvantaged community facing substantial and costly water and wastewater infrastructure needs. Limited financial capacity prevents the district from meeting staffing levels necessary to secure state grants and loans for these improvements. This MSR evaluated potential consolidation with other CSDs, but Esparto CSD is unable to effectively provide services due to distance and does not want to take on the existing infrastructure limitations, and consolidation among smaller districts would not create the financial stability or operational scale needed for long-term sustainability. Because combining struggling CSDs does not resolve their underlying challenges, this MSR recommends reorganizing Knights Landing CSD into a County Service Area, if it should fail, to provide a more viable governance and service delivery framework.

Recommendations:

3. Knights Landing CSD may not be sustainable long term and consolidation with another CSD does not appear feasible since consolidation would not resolve resource and capacity issues. Should the District fail, it should be reorganized into a County Service Area.

4. 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, anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, and contract bidding. LAFCo has policy templates available.

5. Improve its 36% score per the latest website transparency scorecard found at https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

7. OTHER ISSUES

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

	Significant Concern	Potential Concern	Not a Concern
a) Is there a lack of high-performance broadband (25/3 Mbps) available in the community? Are low-income subscription rates available?	☐	☐	☒
b) Are there any recommendations from the agency's previous MSR that have not been implemented?	☐	☒	☐

Discussion:

Broadband Access

Under Public Utilities Code § 281, areas with less than 25 Mbps down and 3 Mbps up are classified as "unserved" and thus eligible for broadband infrastructure support. According to the California Interactive Broadband Map hosted by the Public Utility Commission, Knights Landing is mostly served by Astound Broadband (formerly Wave) via Cable Modem DOCSIS 3.1 wireline infrastructure, as shown in the green areas on the map below, while the red areas are considered unserved.

Figure 8. Broadband Availability in Knights Landing

Astound Broadband offers low-income internet rates through its dedicated Internet First program, which starts at $9.95 per month for 50 Mbps and $19.95 for 150 Mbps speeds. Therefore, broadband is mostly available and affordable in Knights Landing.

Implementation of Recommendations

The District's implementation of recommendations from the 2021 MSR is reviewed in the table below:

2021 MSR Recommendations	Implementation
1. 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.	Yes
2. Install the purchased backup generators to keep the water system operating without power at the Ridge Cut Well #4 site.	Yes
3. 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 reserves for infrastructure improvements and replacement.	Yes
4. 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.	Yes
5. 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.	Yes
6. 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.	Yes
7. 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.	Yes
8. 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	No
9. 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 owns 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.	Yes

10. 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.	Yes
11. Explore shared services with the Esparto CSD to potentially utilize its billing system and determine if this would be cost effective for the KLCSD.	Yes
12. Significantly improve Board member training to reduce burnout, turnover, and vacancies	Yes
13. 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. Please see the attachments on the latest Web Transparency Scorecard for needed improvements at https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.	No
14. Adopt policies regarding anti-nepotism/non-discrimination, travel and expense reimbursement, personal use of public resources, and contract bidding.	No

Other Issues MSR Determination

Broadband is widely available and affordable in Knights Landing. Most of the 2021 MSR recommendations were implemented. However, the District has not made significant progress in improving its website or adopting policies to improve accountability.

KNIGHTS LANDING CSD 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.

5. MADISON CSD MUNICIPAL SERVICE REVIEW

The Madison Community Services District (CSD) was formed in 1966 to provide water, wastewater, park and recreation, and street lighting services to the unincorporated community of Madison. The Madison Migrant Center, owned by Yolo County Housing, is located east of Madison CSD, and houses farm workers during the growing season from April through November each year. Although the Migrant Center is equivalent to 91 dwelling units and a school, it is served through a single common connection. Madison CSD has provided wastewater treatment and domestic water supply services to the Madison Migrant Center through an out-of-agency agreement with YCH since 1968. An annual assessment is collected to pay Pacific Gas and Electric Company (PG&E) for streetlighting services.

Madison is approximately 68 acres in size and is located along the south side of Highway 16 between Esparto and Interstate 505. The CSD boundaries are shown below and are roughly bordered along Highway 16 to the north, Hurlbut Street to the south, County Road 89 to the east and Tuft Street to the west. The Sphere of Influence area includes the Migrant Center and the District's wastewater treatment ponds.

Adopted by Yolo LAFCo July 23, 2015

POTENTIALLY SIGNIFICANT MSR DETERMINATIONS

The MSR determinations checked below are potential areas of concern, as indicated by 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 "Not a Concern" 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

LAFCO MUNICIPAL SERVICE REVIEW

☐ On the basis of this initial evaluation, the required determinations are not significant and staff recommends that an MSR is NOT NECESSARY. The subject agency will be reviewed again in five years per Government Code Section 56425(g).

☒ The subject agency has potentially significant determinations and staff recommends that a comprehensive MSR IS NECESSARY and has been conducted via this checklist.

1. GROWTH AND POPULATION Growth and population projections for the affected area.	**Significant Concern**	**Potential Concern**	**Not a Concern**
a) Will development and/or population projections over the next 5-10 years impact the subject agency's service needs and demands?	☐	☐	☒
b) Do changes in service demand suggest a change in the agency's services?	☐	☐	☒

Discussion:

According to the State Water Resources Control Board's Safe and Affordable Funding for Equity and Resilience (SAFER) dashboard, the total population of Madison is 876. Madison CSD has very limited capacity for new development. A duplex was added at Railroad Street and the developer would like to build additional residences, but the water system is near capacity. Consideration of allowing year-round residential use of the Madison Migrant Center has been delayed due to concerns about the further reduction of wastewater pond's capacity during the rainy winter season. The only unserved parcel remaining in the District's SOI is an industrial parcel that is mainly used for equipment storage.

Growth and Population MSR Determination
Madison CSD's limited available water and sewer capacity prevents significant development or population growth.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

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

		Significant Concern	Potential Concern	Not a Concern
a)	If the subject agency provides public services related to sewers, municipal and industrial water, or structural fire protection, 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) that do not already have access to public water, sewer and structural fire protection?	☐	☐	☒
b)	If "yes" to a), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community?	☐	☐	☒

Discussion:

The SAFER dashboard lists Madison as having a median household income (MHI) of $24,737, which is 26% of the statewide MHI. The SAFER program identifies communities of less than 60% of the statewide MHI as severely disadvantaged. MCSD provides water and sewer services to the community of Madison, and the Madison Fire Protection District provides structural fire protection services.

Disadvantaged Unincorporated Communities MSR Determination

Madison's MHI is below the 80% statewide MHI threshold and is therefore a disadvantaged unincorporated community (DUC). Furthermore, the SAFER program identifies the community as severely disadvantaged. However, the community is already provided with municipal water, wastewater, and fire protection services. Therefore, though the town of Madison is a DUC, no households are being denied critical municipal services for social or economic reasons.

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.

		Significant Concern	Potential Concern	Not a Concern
a)	Are there any deficiencies in the **infrastructure**, **equipment**, and **capacity of agency facilities** to meet existing service needs for which the agency does not have a plan in place to resolve (including deficiencies created by new state regulations)?	☐	☐	☒
b)	Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	☐	☐	☒

c)	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?	☐	☐	☒
d)	Is the agency needing to consider climate adaptation in its assessment of infrastructure/service needs (i.e. temperature, drought, flooding, and wildfires)?	☐	☐	☒

Discussion:

Madison CSD is authorized to provide four municipal services (domestic water, wastewater, streetlighting, and parks and recreation) to the residents of Madison.

Water Service

Madison CSD provides domestic water services to 149 residential and 12 commercial service connections in the community of Madison. This includes seasonal water services to the Madison Migrant Center. The District's domestic water supply and distribution system was constructed in the 1960's and consists primarily of 6-inch diameter pipes made of transite, an asbestos concrete mix. The District has started a major project to replace the old water system and is expected to have completed the project by the end of the summer of 2026. The system has three wells. Capacity is measured in gallons per minute (gpm).

- Well #3- Primary well (500-650 gpm), high nitrates but seems resolved.
- Well #1- Emergency backup well (450 gpm) for fire use.
- Well #2- Emergency backup well (110 gpm).

Well #3 is the primary well with well #1 and #2 considered back-up for emergency use.

Overall, Madison CSD has sufficient water capacity to meet current demand but cannot meet state mandated fire flow requirements. The most recent fire flow test was completed prior to the construction of Well 3 in 2010 and found that the system did not meet the state mandated 1,500 gpm (residential) and 2,500 gpm (commercial) fire flow requirements. The District requires a tank and booster pump which are not included in the current improvements.

In order to address this issue, the Madison Fire Protection District (FPD) has arrangements for a cooperative response from the neighboring Esparto FPD and additional water tanker trucks when needed from other agencies such as Yocha Dehe Fire Department, Plainfield FPD, and Willow Oak FPD.

The SAFER dashboard has identified Madison CSD as "At-Risk of Failing". It identifies numerous risk indicators such as a moderate water shortage risk and being located in an overdrafted groundwater basin. Additional risks include:

- "Absence of Interties" – system is not connected to another water system that could either supply or receive water and reduce the risk of a water outage by allowing water systems to switch systems and even governance structure support, if needed.

- "High household socioeconomic burden"- a measure of housing cost burden within the community which is an affordability risk indicator.

- "Total Annual Net Income"- considers if revenue covers all expenses including operations, debt/loan payments, infrastructure investments, unforeseen emergency costs, etc. Water systems may have an emergency or large capital investment within a year that may lead to a negative total income and reserves allow for a financial cushion.

- "Operating Ratio"- a more targeted look at water operations finances.

- "Monitoring and Reporting Violations"- water system not reporting water quality testing results in a timely manner.

- "Constituents of Emerging Concern"- new laws requiring treatment for contaminants such as hexavalent chromium, 1,4- Dioxane, and/or PFAS. Small water systems with fewer than 1,000 service connections were required to complete initial sampling for hexavalent chromium by April 1, 2025 and will need to meet the new 10 µg/L MCL by October 1, 2028. If any source exceeds the MCL before that deadline, the system must submit a compliance plan within 90 days and issue Tier 2 public notifications. To achieve compliance, these systems are expected to implement appropriate treatment technologies and follow all operational, monitoring, and reporting requirements established by the State Water Board.

Madison CSD is currently in the process of improving its old distribution system. This will replace the transite pipe distribution network that was prone to water main breaks and leaks. It will add water meters to all connections to more accurately charge for water usage. The project will solve multiple issues of reliability, health, and safety. The project will allow the District to meet the current service needs of existing development within its existing territory. The District is still pursuing funds for a water storage tank and booster pump that are needed to meet fire flow requirements.

Wastewater Service

Madison CSD owns and operates the wastewater collection and treatment system that serves the residents of Madison. According to the 2011 Facility Master Plan, wastewater is sent to the treatment facilities through a collection system consisting of 6 and 8-inch diameter ceramic and PVC pipe mains which drain by gravity to a wet well where effluent is pumped and pushed into the treatment facility consisting of four ponds that cover 14 acres.

The Facility Master Plan reports that the Madison CSD's wastewater collection system has very few repair or maintenance requirements but has historically had issues with the infiltration of groundwater and inflow of storm water into the collection system, which burdens the system. The District tested the system at the time of the plan but did not find any infiltration issues.

The system has the capacity to serve the current demand of the community but has limited additional capacity. There has been recent consideration of allowing year-round rather than summer use of the Madison Migrant Center to alleviate the critical need for farmworker housing. However, this would likely exceed the wastewater facilities capacity due to the wetter, cooler winter conditions reducing evaporation of the ponds.

Parks and Recreation Services

Madison CSD owns and maintains a one-acre park within the community of Madison adjacent to Madison Community High School. The park facilities include children's playground equipment, several picnic tables, and a field with soccer goals. The playground equipment was donated and there is no source of revenue for the maintenance of the park.

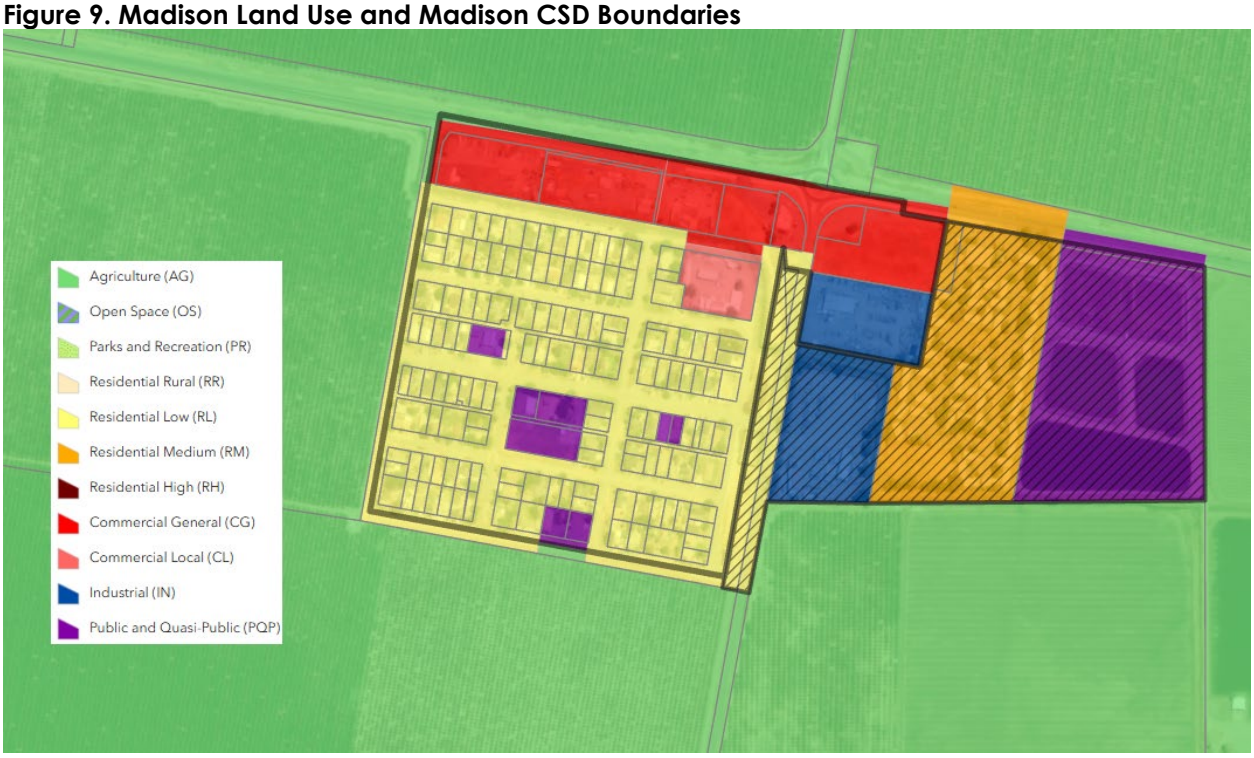
Street Lighting Service

The District contracts with PG&E for street lighting services and maintenance of the system. The District collects a small monthly fee to pay the PG&E bills. The District will call PG&E when a light bulb has burned out, but that is the extent of these services. LAFCo staff is not aware of any concerns with adequacy, capacity or infrastructure of the street lighting service.

Future Service Demand

Yolo County's 2030 Countywide General Plan designates permitted land uses within the community of Madison. Prior to 2017 the County had identified over 400 acres of Specific Plan area for additional development. However, the Specific Plan area has been removed, and very little opportunity for infill development remains. This is further restricted by the limited capacity of the District. As illustrated below, all of the land designated for urban uses is either within the current Madison CSD boundary, which is shown as the black boundary, or its SOI, which is cross-hatched.

Figure 9. Madison Land Use and Madison CSD Boundaries



Capacity and Adequacy of Public Facilities and Services MSR Determination

Madison CSD's water and sewer systems were constructed in 1960s. Although the wastewater system appears to have few maintenance or repair needs, the water system is classified as an "At-Risk of Failing" system by the SAFER program. With funding from the state program and the Yocha Dehe Wintun Nation, and technical assistance from Yolo County, the District is in the process of replacing its outdated water system which will allow it to meet the current service needs of existing development within its existing territory. The District is still pursuing funds for a water storage tank and booster pump that are needed to meet fire flow requirements. There are no concerns regarding the adequacy of Madison CSD's parks and recreation or streetlight services.

4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

	Significant Concern	Potential Concern	Not a Concern
a) Is the subject agency in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues?	☐	☐	☒
b) Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?	☐	☐	☒
c) Is the organization's revenue sufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion? Is the fee inconsistent with the schedules of similar service organizations?	☐	☒	☐

d)	Does the subject agency have a capital improvement plan (CIP)? Has the agency identified and quantified what the possible significant risks and costs of infrastructure or equipment failure? Does the agency have a reserve policy to fund it?	☐	☐	☒
e)	Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear capital financing and debt management policy, if applicable?	☐	☒	☐
f)	Can the subject agency improve its use of generally accepted accounting principles including: summaries of all fund balances, summaries of revenues and expenditures, general status of reserves, and any unfunded obligations (i.e. pension/retiree benefits)? Does the agency have accounting and/or financial policies that guide the agency in how financial transactions are recorded and presented?	☐	☐	☒
g)	Does the agency staff need to review financial data on a regular basis and are discrepancies identified, investigated and corrective action taken in a timely manner? The review may include reconciliations of various accounts, comparing budgets-to-actual, analyzing budget variances, comparing revenue and expense balances to the prior year, etc. If the agency uses Yolo County's financial system and the County Treasury, does the agency review monthly the transactions in the County system to transactions the agency submitted to the County for processing?	☐	☐	☒
h)	Does the agency board need to receive regular financial reports (quarterly or mid-year at a minimum) that provide a clear and complete picture of the agency's assets and liabilities, fully disclosing both positive and negative financial information to the public and financial institutions?	☐	☐	☒

Discussion:

The District's accounting transactions are recorded in Yolo County's financial system, known as INFOR. County Department of Financial Services (DFS) staff reviews and enters the financial transactions into INFOR in accordance with generally accepted accounting principles. The data presented below is based on the accrual basis data converted to the modified accrual basis. Accrual accounting reflects the District's long-term financial picture by including non-cash items like depreciation and pension liabilities, while modified accrual accounting focuses on short-term finances and counts only cash-based activities such as capital purchases and loan repayments.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES (Modified Accrual - Unaudited)

	FY2021	FY2022	FY2023	FY2024	FY2025
OPERATING REVENUE/(EXPENSES)					
WATER ACTIVITY					
Revenue	$ 119,450	$ 137,912	$ 126,817	$ 129,280	$ 127,106
Expenses	(150,208)	(202,932)	(177,473)	(310,430)	(280,548)
Net water activity	(30,758)	(65,020)	(50,656)	(181,150)	(153,442)
SEWER ACTIVITY					
Revenue	137,896	150,276	141,929	159,735	143,793
Expenses	(144,054)	(170,379)	(182,902)	(178,806)	(163,317)
Net sewer activity	(6,158)	(20,103)	(40,973)	(19,071)	(19,524)
LIGHTING ACTIVITY					
Revenue	6,353	6,754	6,841	6,852	6,866
Expenses	(2,461)	(2,509)	(2,651)	(2,799)	(3,419)
Net lighting activity	3,892	4,245	4,190	4,053	3,447
PARKS ACTIVITY					
Revenue	-	-	-	-	-
Expenses	(131)	-	(4,794)	(59)	(1,242)
Net parks activity	(131)	-	(4,794)	(59)	(1,242)
Total operating Income (Loss)	(33,155)	(80,878)	(92,233)	(196,227)	(170,761)
NONOPERATING REVENUES (EXPENSES)					
Property taxes	-	-	-	-	-
Development impact fees	-	-	-	-	-
Interest income	(265)	(14,074)	12,081	22,434	39,263
Other governmental:					
Yolo County		50,000	39,939	75,000	14,570
State	80,000	1,916	119,534	695,449	243,929
Knights Landing CSD	138,529	179,387	146,400	109,800	-
Other nonoperating income	1,467	571	1,128	15,527	1,161
Debt proceeds	-	-	-	-	
Interest expense	(2,690)	(2,453)	(2,034)	(6,301)	(10,000)
LTD principal payment	(7,774)	(8,010)	(78,082)	-	-
Capital asset acquisition:					
Equipment	(103,590)	(115,974)	(39,180)	-	-
Building and improvements	-	-	-	-	-
Infrastructure	-	-	(98,736)	(679,447)	(184,833)
Total Nonoperating Revenues (Expenses)	105,677	91,363	101,050	232,462	104,090
Net income (Loss)	72,522	10,485	8,817	36,235	(66,671)
FUND BALANCE, BEGINNING	481,828	554,350	564,835	573,652	609,887
FUND BALANCE, ENDING	$ 554,350	$ 564,835	$ 573,652	$ 609,887	$ 543,216
COMPONENTS FUND BALANCE:					
Assigned - Capital Asset Replacement	$ -	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Unassigned	554,300	554,835	563,652	599,887	533,216
TOTAL FUND BALANCES	$ 554,300	$ 564,835	$ 573,652	$ 609,887	$ 543,216

Madison CSD's five-year trend indicates a stable financial position despite the appearance that it is operating at a loss. Operating expenses include Knights Landing CSD water and sewer services for the four years that Madison CSD ran their operations. However, revenue for those operations is accounted

for under nonoperational income from other governments so net income balances out. Additionally, operations expenses included preparation for the water system improvements that began in 2025, such as acquiring easements. Despite that, the fund balance grew in four of the past five years. With the completion of the water system improvements, the District is expected to balance its operating revenues and expenses. Currently, the District has an unrestricted fund balance of $533,216 as of 2025. The District has been reliant on grants and low interest loans for the water system improvements but intends to pay off all loans immediately following the water system improvement project to be debt free.

The Madison Migrant Center operated by the Yolo County Housing (YCH) provides a third of the District's billed service revenues. Should YCH ever decide to build their own well, it would cause significant financial hardship for the District. However, YCH constructing its own well is unlikely because a previous well was decommissioned due to contamination issues and state and county policies discourage new public water systems when there is a municipal system available.

The District has completed a fee study but has delayed a proposition 218 vote until the water system improvement project is completed. This rate increase will include funds to be reserved for capital improvements. Also there currently is no funding for the maintenance of the park.

The agency does not have any accounting or financial policies. In the past there were issues of segregation of duties particularly concerning the billing and collection tasks performed by the clerical staff. Segregation of duties surrounding billing and collections has been mitigated by contracting these services to the Esparto Community Services District in 2018. Currently all invoices and monthly financial reports are reviewed by the general manager and approved by the board of directors. Daily deposit reports, monthly billing reports and collection reports are provided by Esparto CSD and reviewed by the Madison CSD general manager.

Currently, the District has hired the Knights Landing CSD administrator part-time to work with DFS while the Madison CSD general manager is occupied with the water system improvements. The Madison CSD general manager reviews the monthly reports generated by the County's financial system and uses the data from the reports to compile a monthly financial report for the Board of Directors which includes a budget-to-actual report.

Financial Ability MSR Determination

Madison CSD finances are stable despite numerous changes over the past five years including the District general manager also running operations for the Knights Landing CSD and construction of water system improvements. The District has completed a fee study but has delayed a Proposition 218 vote until the water system improvement project is completed. Madison CSD's general manager has stated that operating revenues and expenses will be balanced after the systemwide improvements are completed. A separate funding source needs to be established to maintain the community park.

Recommendation:

1. Identify funding for park maintenance and/or coordinate with Yolo County to potentially acquire the park.

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	Significant Concern	Potential Concern	Not a Concern
a) Are there any opportunities for the organization to share services or facilities with neighboring, overlapping or other organizations that are not currently being utilized?	☐	☐	☒

Discussion:

Madison CSD is located about 2 miles to the east of Esparto along State Route 16 and some sharing of administrative staff, billing services, and equipment with Esparto CSD is already occurring. Madison CSD implemented a shared services contract in July 2020 with the Knights Landing CSD for general manager and staff support; however, the contract ended a few years later due to conflict with the Knights Landing CSD Board. Madison CSD's general manager does not have a certificate for wastewater management so the District hires Cacheville CSD's staff for required sampling and maintenance. The District is currently paying the Knights Landing CSD's administrator to process finances with the County Department of Financial Services.

Shared Services MSR Determination

Madison CSD utilizes shared services provided by Esparto, Cacheville, and Knights Landing CSDs. LAFCo is not aware of any additional opportunities to share services or facilities that are not currently being utilized.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

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

		Significant Concern	Potential Concern	Not a Concern
a)	Are there any recommended changes to the organization's governmental structure that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?	☒	☐	☐
b)	Does the agency need to secure independent audits of financial reports that meet California State Controller requirements (GOV Code Section 26909)? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting	☐	☐	☒
c)	Is the agency insured or in a risk management pool to manage potential liabilities?	☐	☐	☒
d)	Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization's program requirements and financial management?	☐	☐	☒
e)	Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization's program requirements and financial management?	☒	☐	☐
f)	Does the agency have adequate policies (as applicable) relating to personnel/payroll, general and administrative, board member and meetings, and segregating financial and accounting duties among staff and/or board to minimize risk of error or misconduct (see suggested policies list)?	☒	☐	☐
g)	Does the organization need to improve its public transparency via a website (see https://www.yololafco.org/yolo-local-government-website-transparency-scorecards)?	☒	☐	☐

Discussion:

Madison CSD's Board meets the second Wednesday of every month at 6:00 pm at the District Office. All five Board member seats are filled, and elections are managed by the Yolo County Elections office. Board members receive approximately $1,000 annual stipend.

The District is on a 2-year audit cycle but has not been audited since 2019. Yolo County DFS recently assisted in recruiting an auditing firm to complete audits for the three rural CSDs that are behind in their auditing responsibilities.

Madison CSD is staffed by a full-time general manager. The District contracts with Esparto CSD for administrative services including billing, collections and maintaining accounts receivable. The general manager of Cacheville and Knights Landing provides wastewater operations management. The District has temporarily hired Knights Landing CSD's administrator to handle financial transactions through the County Department of Financial Services. Madison CSD's general manager intends on retiring in the next few years.

The District adopted Board of Directors Rules, Regulations and Procedures in 2015 but still needs to adopt General and Administrative, Personnel and Payroll and Financial and Accounting policies. The general manager has stated that the District is going to adopt applicable policies from Esparto CSD after the improvements are completed.

Madison CSD received a 52% website transparency score in 2025. It has had a website since 2019 but still lacks information on Board members, budgets, audits, and public records.

Madison, Knights Landing, and Yolo meet the state definition of disadvantaged communities and face common challenges which limit their ability to address existing and future water challenges. Madison is classified by the SAFER program as a severely disadvantaged community since it falls below 60% of the statewide MHI.

As discussed in this MSR's overview, consolidation of either all four CSDs or only the three smaller districts is a challenge due to geographic distance and concerns related to community identity. However, Madison CSD is only two miles from Esparto CSD which already provides much of the administrative needs of the District and it's anticipated that both CSD boards will discuss potential annexation of the Madison CSD once the water system improvements are completed.

Accountability, Structure and Efficiencies MSR Determination

Madison CSD's Board has been relatively stable, but the District can only fund a general manager. The District outsources all other services. With County assistance, Madison CSD is catching up with its independent audits of financial reports. Madison CSD needs to improve its 2025 website transparency score of 52%. The District also needs to find the time to adopt policies regarding personnel, travel and expense reimbursement, personal use of public resources, and contract bidding. The District intends on adopting policies in alignment with those used by Esparto CSD.

Madison CSD is dependent on assistance from Yolo County and other CSDs and simply does not have the resources or critical mass to continue as an independent district long term. This MSR studied consolidating Madison CSD with other CSDs, but Cacheville and Knights Landing CSDs are too distant geographically. Esparto CSD is close by and large enough to potentially annex Madison CSD and provide services. There are a lot of shared services between the CSDs already including staff and equipment resources. Therefore, this MSR recommends that Madison CSD be annexed by Esparto CSD to sustain its services long term.

Recommendations:

2. Formally discuss consolidation with the Esparto CSD by 2028 after completing the water system improvement project and conducting a Proposition 218 vote.

3. Adopt policies regarding personnel, travel and expense reimbursement, personal use of public resources, and contract bidding.

4. Continue to add website content as needed to improve its 52% score per the latest website transparency scorecard found at https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

7. OTHER ISSUES

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

	Significant Concern	Potential Concern	Not a Concern
a) Is there a lack of high-performance broadband (25/3 Mbps) available in the community? Are low-income subscription rates available?	☐	☐	☒
b) Are there any recommendations from the agency's previous MSR that have not been implemented?	☐	☐	☒

Discussion:

Broadband Access

Under Public Utilities Code § 281, areas with less than 25 Mbps down and 3 Mbps up are classified as "unserved" and thus eligible for broadband infrastructure support. According to the California Interactive Broadband Map hosted by the Public Utility Commission, the town of Madison is completely served by Esparto Broadband via Cable Modem DOCSIS 3.0 wireline infrastructure. Esparto Broadband does not advertise a dedicated, branded low-income assistance plan on its standard residential pricing tiers, which generally start around $54 a month for baseline speeds up to 100 Mbps. For comparison, low-income internet plans from major providers range from about $9.95 to $30 per month. Therefore, broadband is available and somewhat affordable in the town of Madison.

Implementation of Recommendations

The District's implementation of recommendations from the 2021 MSR is reviewed in the table below:

2021 MSR Recommendations	Implementation
1. Include an accounts receivable aging report in the District Board's monthly financial report.	Yes
2. Develop reserve policies to mitigate against potential unforeseen catastrophic losses and to finance needed infrastructure improvements.	Yes
3. 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.	No
4. Develop accounting, financial and general administrative polices to help guide its decision making in a rational and consistent manner.	No
5. Consider consolidation with the Knights Landing CSD (and other CSDs as appropriate) if a shared services contract relationship is determined to be successful.	Yes
6. Consider using a different auditor for the Madison CSD's next audit.	Yes
7. Improve the CSD's website content to improve from its 2020 score of 32%. Please reference https://www.yololafco.org/yolo-local-government-website-transparency-scorecards for additional content needed.	Yes
8. The District should adopt policies regarding personnel, travel and expense reimbursement, personal use of public resources, and contract bidding.	No

Other Issues MSR Determination

Broadband is available and somewhat affordable in the town of Madison. Regarding implementing the recommendations from the last MSR, the District has improved its monthly financial reporting and completed the rate study which informed its renovation of its water system. However, it has not conducted a rate study to fund maintenance of the park. Although it did share services with Knights Landing CSD briefly, that contract has ended and consolidation with that district is no longer being considered. The District should adopt needed policies and continue to improve its website.

MADISON CSD SPHERE OF INFLUENCE STUDY

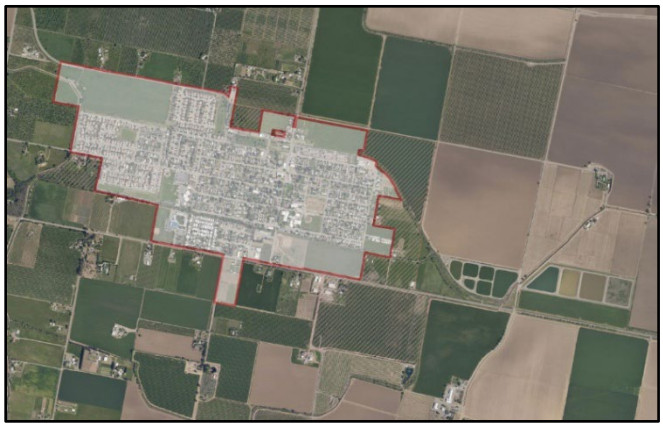
On the basis of the Municipal Service Review:

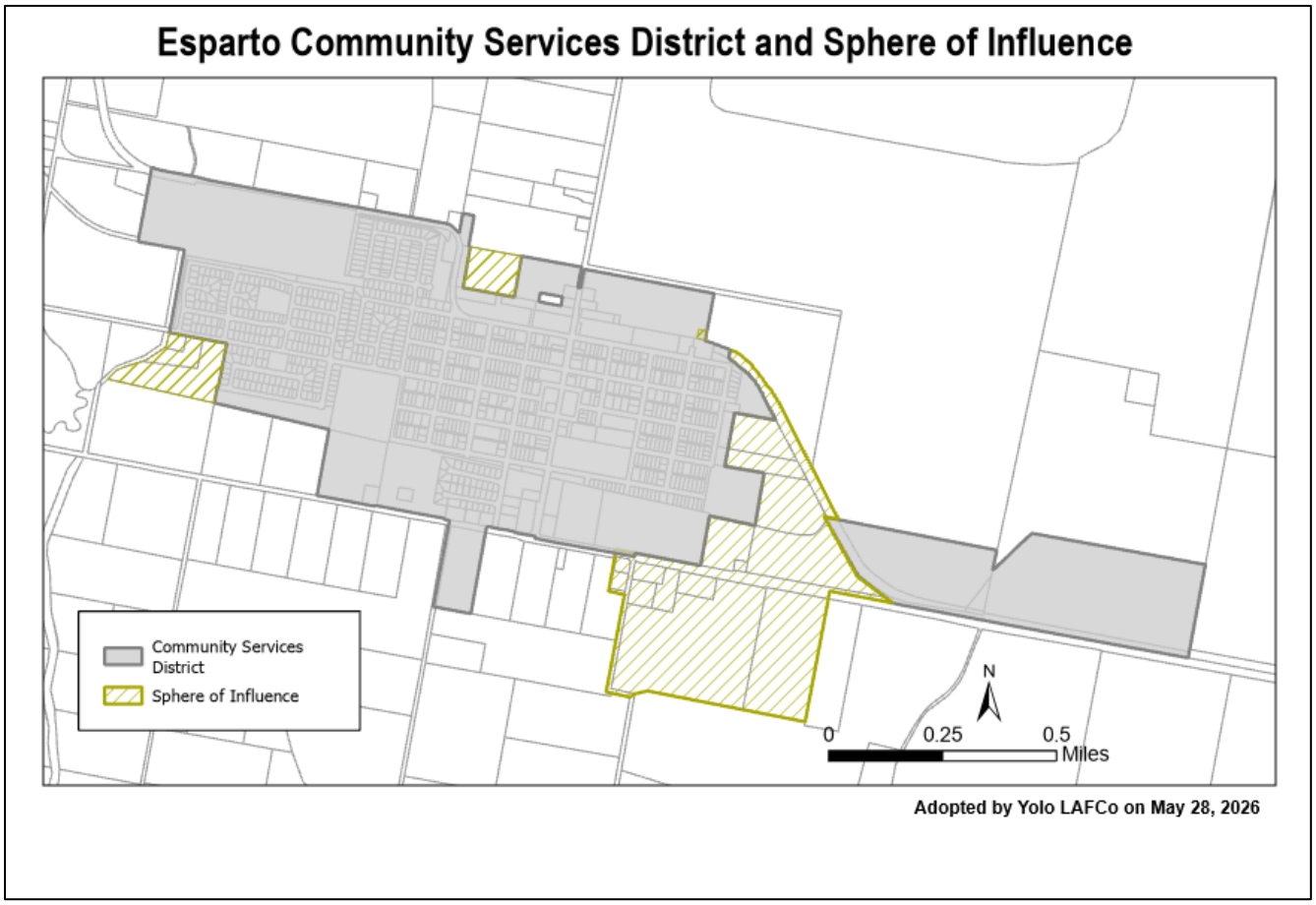
☒ Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency's SOI is recommended and SOI determinations HAVE NOT been made.

☐ 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.

6. ESPARTO CSD MUNICIPAL SERVICE REVIEW

The Esparto Community Services District was originally formed May 12, 1960, as the Esparto Sanitary District. In 1969, it became the Esparto Community Services District and expanded its services to provide water, wastewater, stormwater and street lighting services. In 2016, recreation and parks powers were also authorized when the Madison-Esparto Regional County Service Area (MERCSA) was dissolved and the CSD took over its overlapping services to provide maintenance of greenbelt trails and detention basins associated with four developments in town. The District annexed its wastewater treatment facility in 2026. The town of Esparto is approximately 449 acres in size and is located on Highway 16 between the communities of Madison and Capay.





POTENTIALLY SIGNIFICANT MSR DETERMINATIONS

The MSR determinations checked below are potential areas of concern, as indicated by 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 "Not a Concern" answers, the Commission may find that a MSR update is not warranted.

- ☐ Growth and Population
- ☐ Disadvantaged Unincorporated Communities
- ☐ Facilities and Services
- ☒ Financial Ability
- ☐ Shared Services
- ☐ Accountability
- ☐ Other

LAFCO MUNICIPAL SERVICE REVIEW:

☐ On the basis of this initial evaluation, the required determinations are not significant and staff recommends that an MSR is NOT NECESSARY. The subject agency will be reviewed again in five years per Government Code Section 56425(g).

☒ The subject agency has potentially significant determinations and staff recommends that a comprehensive MSR IS NECESSARY and has been conducted via this checklist.

1. GROWTH AND POPULATION Growth and population projections for the affected area.	**Significant Concern**	**Potential Concern**	**Not a Concern**
a) Will development and/or population projections over the next 5-10 years impact the subject agency's service needs and demands?	☐	☐	☒
b) Do changes in service demand suggest a change in the agency's services?	☐	☐	☒

Discussion:

According to the State Water Resources Control Board's Safe and Affordable Funding for Equity and Resilience (SAFER) dashboard, the total population of Esparto is 3,572. Although there is demand for new housing in Esparto, community growth projections do not represent an unexpected change that would significantly affect agency services.

There are three subdivision projects in Esparto already within the CSD totaling approximately 350 new homes that have been approved but delayed since 2008. The Orciuoli project located at the northwestern corner of the community will include a new well to be installed by the developer on a five-acre parcel that would be dedicated to the Esparto CSD. This would generally improve the system and increase pressure for fire flow to the northwestern part of the community. The required wastewater capacity has already been constructed in anticipation of the new developments. The subdivisions will pay development impact fees to fund any additional infrastructure needed.

Growth and Population MSR Determination

There are three subdivision projects in Esparto already within the CSD totaling approximately 350 new homes that have been approved but delayed since 2008. Esparto CSD has planned for the capacity and ability to serve the needs of expected future development; therefore, no impact is anticipated over the next five to ten years.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

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

	Significant Concern	Potential Concern	Not a Concern
a) If the subject agency provides public services related to sewers, municipal and industrial water, or structural fire protection, 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) that do not already have access to public water, sewer and structural fire protection?	☐	☐	☒
b) If "yes" to a), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community?	☐	☐	☒

Discussion:

The SAFER dashboard lists Esparto as having a median household income (MHI) of $104,076 which is 89% of the statewide MHI. The community receives municipal water and wastewater services from Esparto CSD, and Esparto Fire Protection District (FPD) provides structural fire protection services.

Disadvantaged Unincorporated Communities MSR Determination

Esparto's MHI is above the 80% statewide MHI threshold and therefore it is not a disadvantaged unincorporated community (DUC).

3. 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.

	Significant Concern	Potential Concern	Not a Concern
a) Are there any deficiencies in the **infrastructure**, **equipment**, and **capacity of agency facilities** to meet existing service needs for which the agency does not have a plan in place to resolve (including deficiencies created by new state regulations)?	☐	☐	☒
b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?	☐	☐	☒
c) 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?	☐	☐	☒
d) Is the agency needing to consider climate adaptation in its assessment of infrastructure/service needs (i.e. temperature, drought, flooding, and wildfires)?	☐	☐	☒

Discussion:

Esparto CSD is authorized to provide four municipal services (water, wastewater, street lighting and parks and recreation). Yolo County has recently assumed responsibility for the Esparto Community Park, but the District maintains and operates detention basins and associated landscaping for four developments in town.

Water Service

Esparto CSD owns, operates, and maintains the water system serving the community of Esparto, which includes a total of 1,001 water connections. Capacity is measured in gallons per minute (gpm). According to the District's 2025 Facility Master Plan the system's infrastructure includes:

- Well 5 (385 gpm)
  500,000-gallon storage tank;
- Well 6 (350 gpm)
- Well 1A (140 gpm) (all with a depth of 400 feet)
- Well 7 (150 gpm) (at a depth of 1,150 feet)
- Well 5b- not currently in use due to adequacy issues, but still connected to the system for emergency use;
- Booster pump station; and
- Two (2) hydropneumatic tanks- connected to the distribution system in order to maintain system pressure and reliability

The District has made several improvements to address fire flow, including adding a large booster pump station and a 500,000-gallon storage tank, as well as a new 12" main from the pump station down to Fremont Street. With these updates Esparto CSD staff indicate the system meets both domestic supply needs and fire flow requirements (but just barely), which was confirmed with Esparto FPD. The fire district indicated the system is meeting both residential and commercial fire flow requirements, but the system is near its maximum capacity in certain locations of town.

The Orciuoli residential subdivision project located at the northwestern corner of the community agreed to construct a new well on a five-acre parcel that would be dedicated to the Esparto CSD with development of the project. However, the project is on hold, and the owners have put it up for sale recently. The District is planning on constructing an alternative well at another location so that it can increase water capacity.

Esparto CSD has backup generators for the storage tank and ponds to keep the water system operating without power in the event of a PG&E blackout during high-risk fire events. The Esparto CSD also has solar panels installed to generate electricity.

The SAFER dashboard identifies Esparto CSD as "Not At-Risk of Failing" but the following areas of concern.

- "Constituents of Emerging Concern" refers to new Maximum Contaminant Levels (MCL) for contaminants such as hexavalent chromium, 1,4- Dioxane, and/or PFAS. Small water systems with fewer than 1,000 service connections like Esparto CSD were required to complete initial sampling for hexavalent chromium by April 1, 2025 and will need to meet the new 10 µg/L MCL by October 1, 2028. If any source exceeds the MCL before that deadline, the system must submit a compliance plan within 90 days and issue Tier 2 public notifications. To achieve compliance, these systems are expected to implement appropriate treatment technologies and follow all operational, monitoring, and reporting requirements established by the State Water Board.

- "Absence of Interties" – system is not connected to another water system that could either supply or receive water and reduce the risk of a water outage by allowing water systems to switch systems and even governance structure support, if needed.

- "Total annual income" risk considers if a water system's revenue covers all its expenses including operations, debt/loan payments, infrastructure investments, unforeseen emergency costs, etc.

Water systems may have an emergency or large capital investment within a year that may lead to a negative total income but the indicator does not evaluate reserve funds which may mitigate this risk.

There are no outstanding water quality citations or compliance orders for Esparto CSD.

Wastewater Service

Esparto CSD provides wastewater collection and treatment services for 967 connections in the community of Esparto. According to the 2025 Esparto CSD Facility Master Plan, the wastewater collection system flows by gravity except for a lift station at the Tuli Mem Park to lift backwash water from the pool into the treatment system. The Wastewater Treatment Facility (WWTF) is located on the eastern side of Esparto. The District owns 90 acres of land for treatment ponds or other disposal facilities, containing ten ponds totaling 42.7 acres in size. A pump station is located at the headworks to the treatment ponds and wastewater is pumped into ponds by a lift station equipped with two 500 gpm submersible pumps.

Esparto CSD's current collection and treatment systems have the capacity to meet flow generation of current development, plus an additional 10-15% increase in flow. A flow study was prepared for the Orciuoli Subdivision by Laugenour and Meikle in 2020 that confirmed Esparto CSD's capacity and flows.

The system is in good condition. The two main lines leading to the wastewater treatment plant consisting of aging clay pipes were replaced with 12" diameter plastic lines in the last decade and the wastewater treatment plant has had no violations since May 2014.

Stormwater and Parks/Recreation Service

In 2016, the Madison-Esparto County Service Area (MERCSA) was dissolved and the Esparto CSD took over its overlapping services including parks and detention basins while Yolo County Flood Control and Water Conservation District (YCFC&WCD) took over regional slough maintenance. Yolo County has recently assumed maintenance of the Esparto Community Park and Tuli Mem Park and Aquatic Center which the County expects will be more efficient than paying Esparto CSD for maintenance work. The District maintains and operates detention basins for four developments in town. Maintenance of the detention basins includes mowing the grass, pruning trees along the periphery, and servicing trash cans. The District does not water the basins through the summer to conserve water which keeps costs down.

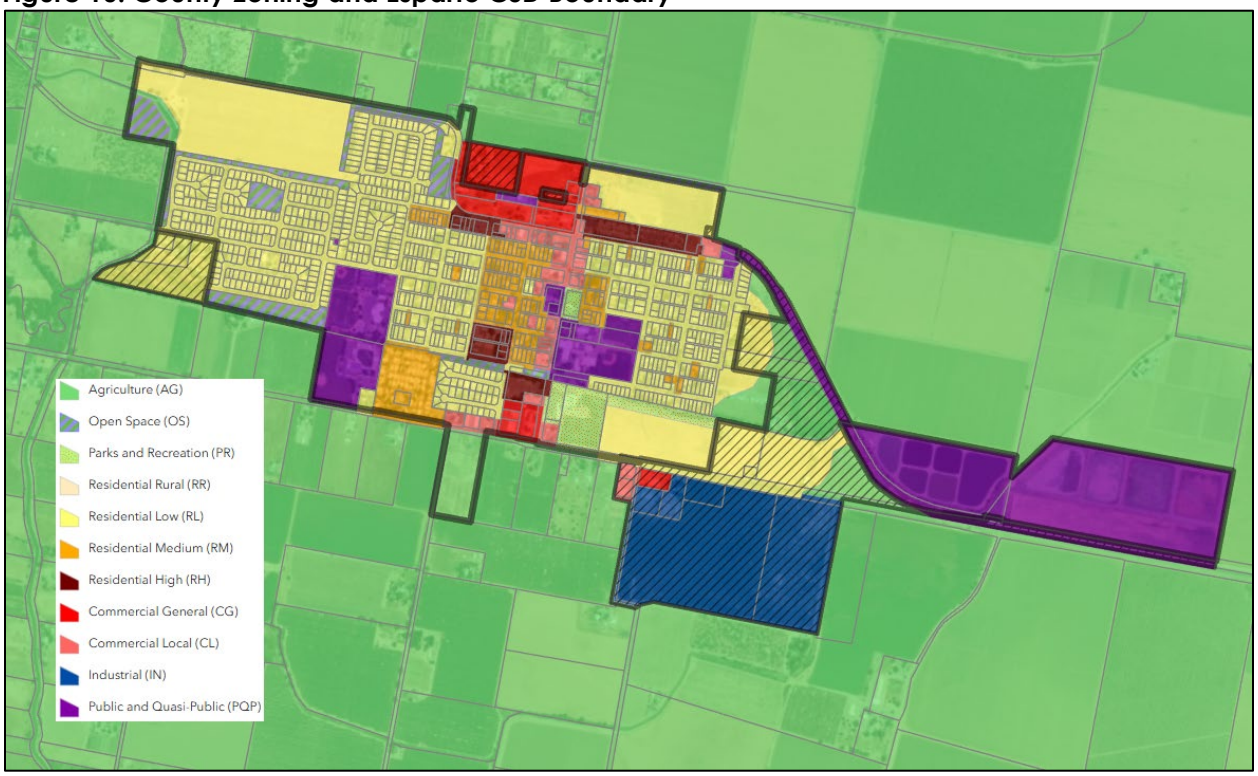
Streetlighting

Esparto CSD contracts Pacific Gas & Electric (PG&E) for street lighting services and maintenance of the system. The District collects a small monthly fee to pay the PG&E bills. The District will call PG&E when a light has burned out, but that is the extent of these Esparto CSD services. LAFCo staff is not aware of any concerns with adequacy, capacity or infrastructure of the street lighting service.

Community Growth

The District's SOI is aligned with the community growth boundary required by the Yolo County General Plan. According to the 2019 Esparto Community Plan, there is development potential for the town of Esparto including 15 acres on the west side developed with a church and three residences and 135 acres on the east side that includes undeveloped residential and industrial land. The District recently annexed its wastewater facilities located east of the community. As illustrated below, all of the land designated for urban uses is either within the current Esparto CSD boundary, which is shown as the black boundary, or its SOI, which is cross-hatched.

Figure 10. County Zoning and Esparto CSD Boundary



There are infrastructure needs for additional capacity, but they are being addressed with new developments. The total capacity of all the wells is an issue, and development of the Orciuoli Subdivision would include funding a new well (Well 8) and a 200,000-gallon water storage tank, along with booster pumps and a pressure regulating system. The District has an alternative well site planned if needed, which would add another 43 gpm of water demand to the system.

Capacity and Adequacy of Public Facilities and Services MSR Determination

The Esparto CSD is able to meet the service needs of existing development within its territory. The District has been able to upgrade infrastructure as needed and it has planned for potential future growth; and depending on how near-term development occurs, it has backup plans as needed. Esparto CSD is adequately planning for future community needs.

4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

		Significant Concern	Potential Concern	Not a Concern
a)	Is the subject agency in an unstable financial position, i.e. does the 5-year trend analysis indicate any issues?	☐	☐	☒
b)	Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?	☐	☐	☒
c)	Is the organization's revenue sufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion? Is the fee inconsistent with the schedules of similar service organizations?	☐	☒	☐
d)	Does the subject agency have a capital improvement plan (CIP)? Has the agency identified and quantified what the possible significant risks and costs of infrastructure or equipment failure? Does the agency have a reserve policy to fund it?	☐	☐	☒
e)	Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear capital financing and debt management policy, if applicable?	☐	☐	☒
f)	Can the subject agency improve its use of generally accepted accounting principles including: summaries of all fund balances, summaries of revenues and expenditures, general status of reserves, and any unfunded obligations (i.e. pension/retiree benefits)? Does the agency have accounting and/or financial policies that guide the agency in how financial transactions are recorded and presented?	☐	☐	☒
g)	Does the agency staff need to review financial data on a regular basis and are discrepancies identified, investigated and corrective action taken in a timely manner? The review may include reconciliations of various accounts, comparing budgets-to-actual, analyzing budget variances, comparing revenue and expense balances to the prior year, etc. If the agency uses Yolo County's financial system and the County Treasury, does the agency review monthly the transactions in the County system to transactions the agency submitted to the County for processing?	☐	☐	☒
h)	Does the agency board need to receive regular financial reports (quarterly or mid-year at a minimum) that provide a clear and complete picture of the agency's assets and liabilities, fully disclosing both positive and negative financial information to the public and financial institutions?	☐	☐	☒

Discussion:

Esparto CSD maintains its accounting data on an accrual basis of accounting for the water and sewer activities and on the modified accrual basis for street lighting, storm drainage and park and recreation activities which are consistent with generally accepted accounting principles. The data presented below is

based on the accrual basis data converted to the modified accrual basis. Accrual accounting reflects the District's long-term financial picture by including non-cash items like depreciation and pension liabilities, while modified accrual accounting focuses on short-term finances and counts only cash-based activities such as capital purchases and loan repayments.

STATEMENT OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCE (Modified Accrual - Unaudited)

	FY2021	FY 2022	FY2023	FY2024	FY2025
OPERATING REVENUE/(EXPENSES)					
WATER ACTIVITY					
Revenue	927,803	923,068	910,006	976,305	977,780
Expenses	(586,818)	(501,139)	(743,452)	(855,557)	(731,185)
Net water activity	340,985	421,929	166,554	120,748	246,595
SEWER ACTIVITY					
Revenue	715,381	733,820	765,174	789,111	838,483
Expenses	(481,441)	(573,814)	(593,280)	(701,173)	(608,333)
Net sewer activity	233,940	160,006	171,894	87,938	230,150
LIGHTING ACTIVITY					
Revenue	27,251	27,210	27,682	27,754	29,118
Expenses	(19,230)	(17,918)	(24,675)	(24,780)	(29,195)
Net lighting activity	8,021	9,292	3,007	2,974	(77)
PARKS ACTIVITY					
Revenue	162,667	184,917	-	-	284,326
Expenses	(155,717)	(185,869)	(193,445)	(251,159)	(254,469)
Net parks activity	6,950	(952)	(193,445)	(251,159)	29,857
DRAINAGE					
Revenue	45,000	44,786	-	-	45,000
Expenses	(36,868)	(42,098)	(52,488)	(40,136)	(44,291)
Net drainage activity	8,132	2,688	(52,488)	(40,136)	709
Total operating Income (Loss)	598,028	592,963	95,522	(79,635)	507,234
NONOPERATING REVENUES (EXPENSES)					
Property taxes	58,380	62,377	112,480	116,370	74,355
Development impact fees	9,253	117,760	-	462	264,183
Interest income	1,507	(48,919)	19,711	112,704	108,561
Other governmental	12,000	15,400	210,449	296,116	29,088
Miscellaneous general revenues	2,097	20,338	45,046	54,200	8,007
Loan forgiveness	88,002	-	-	-	-
Interest expense	(170,445)	(141,855)	(114,350)	(109,550)	(146,029)
Debt isssuance costs	-	(82,162)	-	-	-
Debt proceeds (new debt)		4,160,000	-	-	-
LTD principal payment	(101,000)	(4,201,000)	(120,000)	(125,000)	(125,000)
Capital asset acquisition:	-	-	-	-	-
Equipment	(61,042)	(16,736)	(57,000)	(105,276)	(122,064)
Building and improvements	(40,958)	-	(14,995)	(493,728)	-
Infrastructure	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	(202,206)	(114,797)	81,341	(253,702)	91,101
Net income (Loss)	395,822	478,166	176,863	(333,337)	598,335
FUND BALANCE, BEGINNING	1,559,500	1,955,322	2,433,488	2,610,351	2,277,014
FUND BALANCE, ENDING	$1,955,322	$ 2,433,488	$2,610,351	$2,277,014	$ 2,875,349

Esparto CSD's five-year trend indicates a stable financial position. Service charges account for most of the District's revenue with additional funds from property taxes, special assessments, and development

impact fees. The District has also been receiving funds from the County for parks maintenance, but the County decided to use its own parks staff starting in September 2025.

The District's operating revenues consist of residential and commercial fees for water, sewer and lighting services. There are not any individual customers that comprise 10% or more of total revenues or a small group of customers that comprise 25% of total revenue, which might create a revenue stability risk.

Rates have been established through fiscal year 2025 and increase each year: 2.3% for water service and 3% for sewer service. The rates include a component to establish a catastrophic loss reserve with deposits of $150,000 each year. The District has completed an updated fee study and intends to hold a proposition 218 vote in 2026.

Development impact fees are received when new construction is approved and can vary significantly from year-to-year. Expenditure of these fees is restricted to specific purposes. Property taxes consist of a portion of the 1% general levy and special assessments related to MERCSA for maintaining storm drainage detention ponds and surrounding open space. The property tax and assessment revenue is very stable.

The District's expenditures include salaries and benefits, administration, operating expenditures, debt service and capital outlay. Excluding capital outlay, district management has been able to keep expenditure growth fairly flat over the 5-year period.

Revenue has been able to keep pace with a slight increase in expenditure, so that the District has accumulated an unassigned fund balance of $2.88 million as of June 30, 2025. The District is setting aside $150,000 a year in a catastrophic loss reserve for both the water and wastewater systems and has a capital improvement reserve fund of nearly $2 million.

District staff reviews budget-to-actual reports monthly and presents them to the District Board each meeting. The District reconciles their banking transactions, accounts receivable, and funds held by the County on a monthly basis to the QuickBooks accounting system. The District also undergoes an annual financial audit performed by an independent accountant and the Board receives annual audited financial statements presentation by the external auditors.

The water and sewer rates are sufficient, and the Zone of Benefit for storm water detention specific to four subdivisions and associated greenbelt maintenance also appears sufficient. The special assessment provides $45,000 per year and based on the financial information provided, the District appears to be breaking even on maintenance services.

The District financed improvements to both the water and sewer systems in fiscal years 2008 and 2009 with Certificates of Participation (COPs) issued by United States Department of Agriculture. The loans were refinanced into bonds in 2021 which resulted in $600,000 of combined savings. As of June 2026, the remaining debt is $2,365,000 for water and $1,125,000 for sewer. The annual debt service is paid each year from current revenues and is scheduled to be paid off in 2048.

The District has pension and retiree health insurance (OPEB) liabilities. As of 2025, there is net pension liability of $533,983 and a total OPEB liability of $1.6 million. The District does not have a plan to pay down these liabilities, nor has it opened an irrevocable trust fund to accumulate funds for OPEB. The OPEB liability will continue to increase rapidly without a plan to prefund it.

Financial Ability MSR Determination

Esparto CSD's five-year financial trend reflects a stable and well-managed fiscal position. The District has steadily increased rates and maintained disciplined control over expenditures, allowing it to operate in the black and accumulate an unassigned fund balance of $2.88 million as of June 30, 2025. Its 2021 refinancing of outstanding loans into bonds has reduced the overall debt burden to a manageable level. However, the District should evaluate whether the current assessment for maintaining its four water detention basins is adequate, as landscaping is no longer being watered in order to contain costs.

Additionally, the District lacks a long-term strategy to address its net pension liability of $533,983 and its total OPEB liability of $1.6 million, which will require future planning to ensure continued financial sustainability.

Recommendations:

1. Seek community input regarding the current maintenance of the detention basins and determine whether residents are willing to fund a higher level of service.
2. Develop and implement a funding strategy to address Esparto CSD's retirement obligations and to begin prefunding its OPEB liability.

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	Significant Concern	Potential Concern	Not a Concern
a) Are there any opportunities for the organization to share services or facilities with neighboring, overlapping or other organizations that are not currently being utilized?	☐	☐	☒

Discussion:

Esparto CSD has shown a willingness to assist other agencies and sharing services. The District also provides Madison CSD with bookkeeping and account billing services, and equipment and staff on an "as-needed" basis. It also agreed to absorb the overlapping storm water detention and parks and recreation services from the former Esparto County Service Area in 2016. The District also overlaps with the Esparto FPD and Capay Cemetery District, although there are no shared services with these districts.

Shared Services MSR Determination

Esparto CSD has a history of shared services with other local agencies. It also agreed to absorb the overlapping storm water detention and parks and recreation services from the former Esparto County Service Area in 2016 and is contracted by Madison CSD to provide bookkeeping and account billing services. Esparto CSD also shares equipment and staff on an "as-needed" basis.

6. ACCOUNTABILITY, STRUCTURE AND EFFICIENCIES

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

	Significant Concern	Potential Concern	Not a Concern
a) Are there any recommended changes to the organization's governmental structure that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?	☐	☐	☒
b) Does the agency need to secure independent audits of financial reports that meet California State Controller requirements (GOV Code Section 26909)? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting	☐	☐	☒
c) Is the agency insured or in a risk management pool to manage potential liabilities?	☐	☐	☒

d)	Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization's program requirements and financial management?	☐	☐	☒
e)	Are there any issues with staff turnover or operational efficiencies? Is there a lack of staff member training regarding the organization's program requirements and financial management?	☐	☐	☒
f)	Does the agency have adequate policies (as applicable) relating to personnel/payroll, general and administrative, board member and meetings, and segregating financial and accounting duties among staff and/or board to minimize risk of error or misconduct (see suggested policies list)?	☐	☐	☒
g)	Does the organization need to improve its public transparency via a website (see https://www.yololafco.org/yolo-local-government-website-transparency-scorecards)?	☐	☐	☒

Discussion:

Esparto CSD's Board meetings take place on the second Wednesday of every month at 7:00 pm at the District office. All five Board member seats are filled, and elections are managed by the Yolo County Elections office. According to the General Manager and meeting minutes, the board members are relatively stable and get appropriate training and financial management. Two board members participate in a budget subcommittee. The Esparto CSD takes advantage of California Special District Association (CSDA) information and sends board members to attend conferences.

The District has financial audits conducted by an independent auditor each year. The District's audit policy states that an audit is required each year and that every five years a Request for Proposal is circulated to find a new auditor.

Employees include seven full-time employees: a general manager, an administrator, a billing and customer service associate, two systems operators, and two maintenance workers. Staff are well qualified and there does not appear to be any concerns about employee turnover.

Esparto CSD received a 99% transparency score in 2025. Please see the attachments on the latest Web Transparency Scorecard for needed improvements at https://www.yololafco.org/yolo-local-government-website-transparency-scorecards.

LAFCo staff discussed the potential for the Esparto CSD to potentially annex the Madison CSD once Madison completes its current water system upgrade project. The two CSDs are less than three miles apart, already sharing services, and Madison CSD's general manager, its sole employee, is expecting to retire soon. To facilitate the possibility of annexing Madison CSD, LAFCo will consider updating Esparto CSD's Sphere of Influence to include the Madison CSD territory.

Accountability, Structure and Efficiencies MSR Determination

According to the General Manager and meeting minutes, the board members are stable and receive appropriate training and financial management. Esparto CSD takes advantage of California Special District Association (CSDA) information and sends board members to attend conferences and required training. The District is current with its financial audits conducted by an independent auditor each year. Esparto CSD has made great strides in improving website transparency and received a 99% transparency score in 2025.

LAFCo staff explored the possibility of Esparto CSD annexing Madison CSD following completion of Madison's water system upgrade, noting that the two districts are located less than three miles apart and already share services. With Madison's sole employee and general manager nearing retirement, consolidation may offer operational continuity. To support this potential future action, LAFCo will consider updating Esparto CSD's Sphere of Influence to include Madison CSD's territory.

7. OTHER ISSUES

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

	Significant Concern	Potential Concern	Not a Concern
a) Is there a lack of high-performance broadband (25/3 Mbps) available in the community? Are low-income subscription rates available?	☐	☒	☐
b) Are there any recommendations from the agency's previous MSR that have not been implemented?	☐	☒	☐

Discussion:

Broadband Access

Under Public Utilities Code § 281, areas with less than 25 Mbps down and 3 Mbps up are classified as "unserved" and thus eligible for broadband infrastructure support. According to the California Interactive Broadband Map hosted by the Public Utility Commission, the town of Esparto is completely served by Esparto Broadband via Cable Modem DOCSIS 3.0 wireline infrastructure. Esparto Broadband does not advertise a dedicated, branded low-income assistance plan on its standard residential pricing tiers, which generally start around $54 a month for baseline speeds up to 100 Mbps. For comparison, low-income internet plans from major providers range from about $9.95 to $30 per month. Therefore, broadband is available and somewhat affordable in the town of Esparto.

Implementation of Recommendations

The District's implementation of recommendations from the 2021 MSR is reviewed in the table below:

2021 MSR Recommendations	Implementation
1. 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).	No
2. 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.	Yes
3. Develop and adopt reserve policies for infrastructure improvements/replacement and for unforeseen/catastrophic expenses.	Yes
4. Develop and adopt debt policies.	Yes
5. Develop a plan to fund the Esparto CSD's retirement liability and prefund the OPEB liability.	No
6. 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.yololafco.org/yolo-local-government-website-transparency-scorecards.	Yes
7. Consider annexing the CSD's wastewater treatment ponds so that it no longer needs to pay property taxes.	Yes

Other Issues MSR Determination

Broadband is available and somewhat affordable in the town of Esparto. Most of the 2021 MSR recommendations have been implemented by Esparto CSD although it has not acted on increasing the

assessment for maintaining its storm water detention facilities or developed a plan to fund its retirement and OPEB liabilities, which have been reiterated in this MSR.

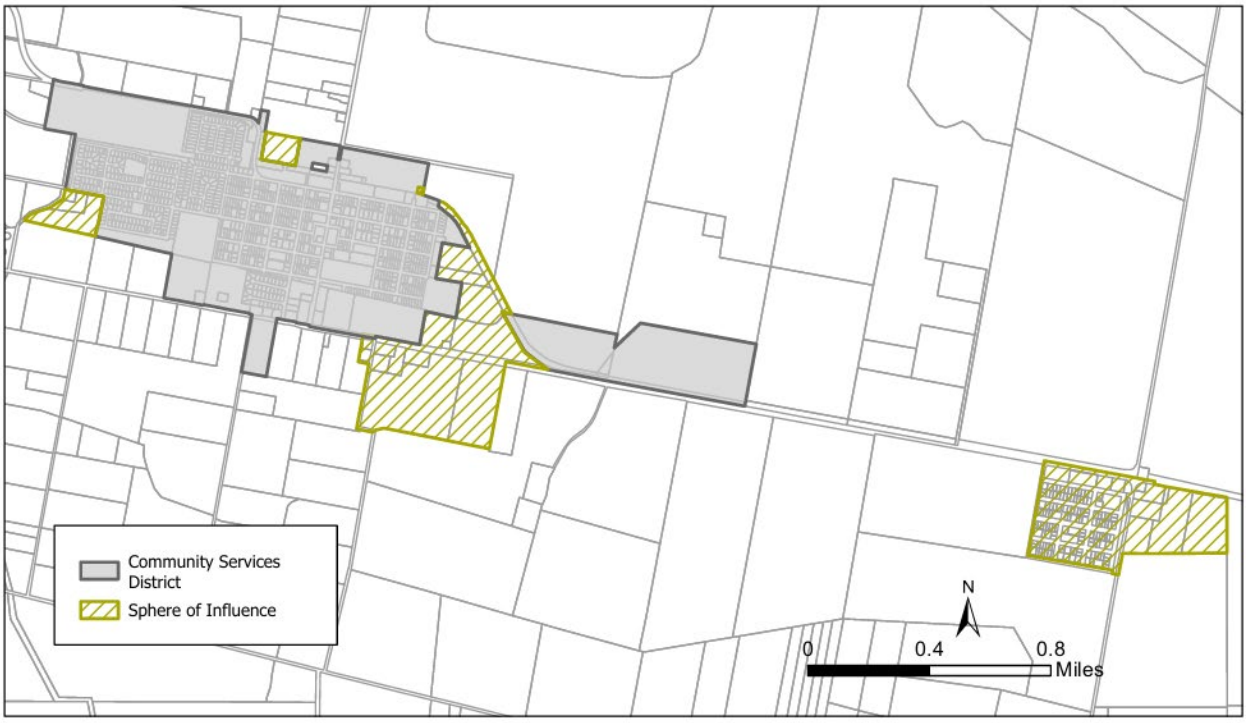
ESPARTO CSD SPHERE OF INFLUENCE STUDY

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.

Esparto CSD Proposed SOI Update



POTENTIALLY SIGNIFICANT SOI DETERMINATIONS

The SOI determinations below are potentially significant, as indicated by 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.

		Significant Issue	Potentially Significant	No Issue
a)	*Would the SOI conflict with planned, orderly, and efficient patterns of urban development? Would the SOI impact the identity of any existing communities (e.g. community boundaries, postal zones, school, or other service boundaries)?*	☐	☐	☒
b)	*Would the SOI result in the loss of prime agricultural land or open space?*	☐	☐	☒
c)	*Would the SOI conflict with any natural or made-made boundaries that would impact where services can reasonably be extended?*	☐	☐	☒
d)	*Is there a conflict with the adopted SACOG Metropolitan Transportation Plan/Sustainable Communities Strategy?*	☐	☐	☒

Discussion:

The proposed update to Esparto CSD's SOI would include Madison CSD's existing service area and SOI to facilitate the eventual annexation of Madison CSD. The SOI would not result in the loss of prime agricultural land or open space, nor conflict with any boundaries that would impact services. The SACOG Metropolitan Transportation Plan/Sustainable Communities Strategy identify all the areas as established communities and no land designated for agriculture or open space by Yolo County is included in the SOI update, therefore, there are no conflicts.

Present and Planned Land Uses SOI Determination:

The SOI update would only include the established community of Madison and would not conflict with any boundaries or plans and would not lead to the loss of agricultural lands or open space.

2. NEED FOR PUBLIC FACILITIES AND SERVICES

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

		Significant Issue	Potentially Significant	No Issue
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?*	☐	☐	☒
b)	*Would the SOI expand services that could be better provided by a city or another agency?*	☐	☐	☒
c)	*Does the SOI represent premature inducement of growth or facilitate conversion of agriculture or open space lands?*	☐	☐	☒
d)	*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?*	☐	☐	☒

e) *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:

Updating Esparto CSD's SOI to include the community of Madison would promote LAFCo's goal of increased efficiency and resource conservation by facilitating the consolidation of a small, disadvantaged district with a larger, better resourced district. Both districts are rural and distant from any other city or agency that could provide water and wastewater services. The SOI update does not include any land outside the community boundary and would not induce growth or convert agricultural land or open space. No commitments to further development are related to the SOI update.

Need for Public Facilities and Services SOI Determination

The proposed SOI update would facilitate the annexation of Madison CSD into the Esparto CSD and would improve services and efficiency. Esparto CSD is already providing shared services to the smaller district. Esparto CSD covers the entire community of Esparto and there are no areas currently included in its SOI that are not likely to be developed. The expansion of the CSD is based on the need to have a plan for potential annexation of Madison CSD and does not include any development commitments.

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.

	Significant Issue	Potentially Significant	No Issue
a) *Are there any issues regarding the agency's capacity to provide adequate services in the proposed SOI territory and ability to extend services?*	☐	☐	☒

Discussion:

Esparto CSD has seven full-time employees: a general manager, an administrator, a billing and customer service associate, two systems operators, and two maintenance workers. Madison CSD has one full-time employee, a general manager who oversees the District's water and wastewater systems. The Esparto CSD general manager indicated that the Madison CSD could effectively be served by hiring one additional operator.

Capacity and Adequacy of Provided Services SOI Determination

Esparto CSD general manager indicated the District could cover Madison's needs by hiring one additional operator but would benefit from combined management and boards. Esparto CSD already provides billing, customer service, and repair services to Madison CSD. The Esparto and Madison systems would remain separate, but both communities would benefit from improved and more efficient operations.

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.

	Significant Issue	Potentially Significant	No Issue
a) *Are there any social or economic communities of interest in the area if the commission determines that they are relevant to the agency (see also MSR checklist question 2b)?*	☐	☐	☒

Social or Economic Communities of Interest SOI Determination

Esparto is not a disadvantaged community, but Madison is. The Madison CSD would benefit from being consolidated with Esparto CSD's more robust capacity. The SOI Update would provide for potential annexation of the Madison CSD accordingly.

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.

	Significant Issue	Potentially Significant	No Issue
a) *If the subject agency provides public services related to sewers, municipal and industrial water or structural fire protection (same as MSR checklist question 2a) does the proposed SOI exclude any disadvantaged unincorporated community (per MSR checklist question 2b) where it either may be feasible to extend services or required to be included under SB 244?*	☐	☐	☒

Disadvantaged Unincorporated Communities SOI Determination

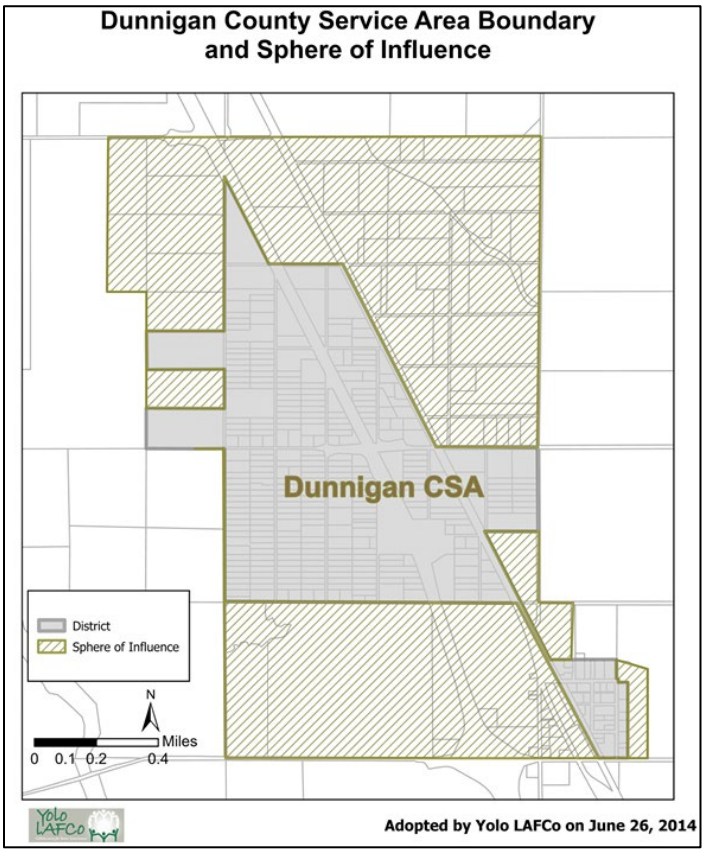
The proposed SOI Update includes the Madison CSD territory, which is considered disadvantaged. Therefore, the proposed SOI does not exclude any disadvantaged unincorporated communities.

7. DUNNIGAN CSA MUNICIPAL SERVICE REVIEW

Dunnigan County Service Area (CSA) #11 was formed on January 8, 1991, as a single function special district responsible for managing a contract with PG&E for street lighting services in the town of Dunnigan. At the time of its formation, the CSA was also given latent power to provide all services allowable for CSAs by California law, which it may activate by seeking approval of the LAFCo.

The LAFCo formation document indicated that the Dunnigan CSA was formed because there was an existing street lighting system the residents wished to improve and maintain, and there was a need for a governmental entity to provide a structure for the service. Although this function could have been provided with a lighting district, it was thought that the community would likely need additional services in the future. The Dunnigan CSA is included in the Rural Water and Sewer Services MSR because Yolo County recently completed a study of the feasibility of developing municipal water and sewer systems in Dunnigan.

The CSA covers over 600 acres of land in northern Yolo County, and its service area comprises most of the oldest settled area of the unincorporated community including the original settlement known as Old Town at Couty Road 6 and approximately 515 acres of rural residential development north of County Road 5 known as the Hardwood Grove. The CSAs Sphere of Influence (SOI) was coterminous with its service boundaries until June 26, 2014, when LAFCo approved an SOI due to advisory committee interest to potentially expand the CSA's streetlighting network.



POTENTIALLY SIGNIFICANT MSR DETERMINATIONS

The MSR determinations checked below are potential areas of concern, as indicated by 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 "Not a Concern" 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
- ☐ Broadband Access
- ☐ Status of Previous MSR Recommendations

LAFCO MUNICIPAL SERVICE REVIEW:

☐ On the basis of this initial evaluation, the required determinations are not significant, and staff recommends that an MSR is NOT NECESSARY. The subject agency will be reviewed again in five years per Government Code Section 56425(g).

☒ The subject agency has potentially significant determinations and staff recommends that a comprehensive MSR IS NECESSARY and has been conducted via this checklist.

1. GROWTH AND POPULATION Growth and population projections for the affected area.	**Significant Concern**	**Potential Concern**	**Not a Concern**
a) Will development and/or population projections over the next 5-10 years impact the subject agency's service needs and demands?	☐	☐	☒
b) Do changes in demand suggest a change in the agency's services?	☐	☐	☒

Discussion:

According to the State DOF population estimates, the population of Dunnigan has declined from a high of 1,416 in 2010 to approximately 785 in 2026. The 2024 Dunnigan Community Plan adopted by the County increased the community growth boundary from 840 acres to 1,260 acres. The community plan also seeks to facilitate development, but other than two new commercial projects approved west of Interstate 5 at County Road 6 and County Road 8, no new development is currently expected for the community. Development in Dunnigan is constrained by a lack of municipal water and sewer services.

Growth and Population MSR Determination:

Significant population growth and development is not anticipated for the Dunnigan community in the next five to ten years. See the Capacity and Adequacy of Public Facilities and Services determination for discussion regarding the feasibility of adding municipal water to the CSA's services.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

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

	Significant Concern	Potential Concern	Not a Concern
a) If the subject agency provides services related to sewers, municipal and industrial water, or structural fire protection, 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) that do not already have access to public water, sewer, and structural fire protection?	☐	☐	☒
b) If "yes" to a), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community? If "no" to a), this question is marked "no" because it is either not needed or not applicable.	☐	☐	☒

Discussion:

According to the State Water Resources Control Board's Safe and Affordable Funding for Equity and Resilience (SAFER) dashboard, the median household income (MHI) for Dunnigan in 2025 is $45,050 or 48% of the statewide MHI and is a Disadvantaged Unincorporated Community (DUC). The part of the community along County Road 8, which includes the Country Faire Estates manufactured home park, receives water and sewer services from California American Water (CalAm), which is a private water company regulated by the California Public Utilities Commission. The rest of the community is on individual well and septic systems. Dunnigan CSA only provides street lighting to the northern portion of the community so cannot provide water and sewer services.

Disadvantaged Unincorporated Communities MSR Determination:

Dunnigan is below the 80% statewide MHI threshold and is therefore a disadvantaged unincorporated community (DUC). It has fire protection services from the Dunnigan Fire Protection District but there is no public water or wastewater service in the area. Therefore, services are not being denied for social or economic reasons.

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.

	Significant Concern	Potential Concern	Not a Concern
a) Are there any deficiencies in the **infrastructure, equipment, and capacity of agency facilities** to meet existing service needs for which the agency does not have a plan in place to resolve (including deficiencies created by new state regulations)?	☐	☐	☒

b)	Are there any issues regarding the agency's capacity and ability to meet the service demand of reasonably foreseeable future needs?	☐	☒	☐
c)	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?	☐	☐	☒
d)	Is the agency needing to consider climate adaptation in its assessment of infrastructure/service needs (i.e. temperature, drought, flooding, and wildfires)?	☐	☐	☒

Discussion:

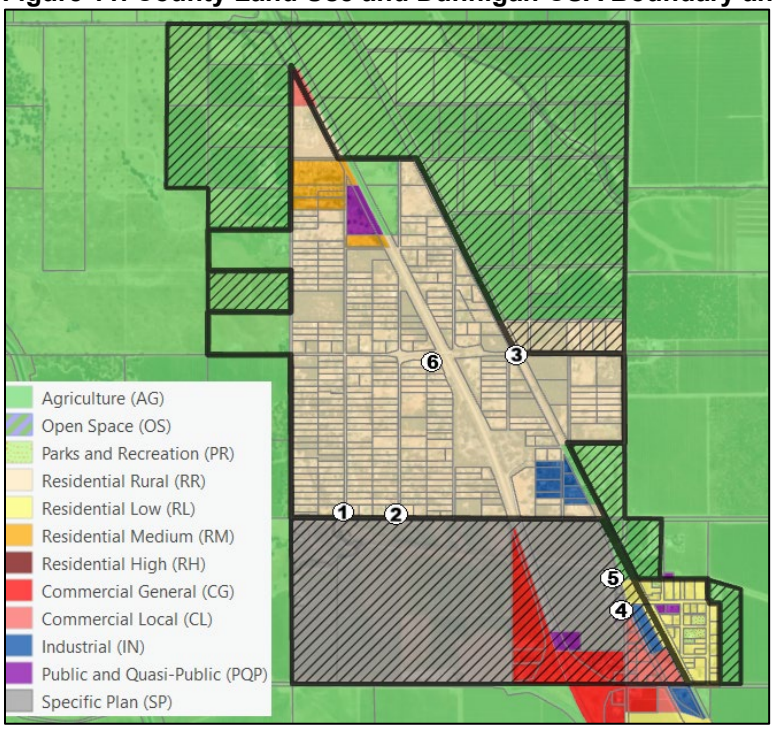
Dunnigan CSA was formed in 1991 to provide streetlight services. The LAFCo formation document also indicated that there was concern about inadequate sewage disposal in the community which the CSA could help resolve in the future, and the Dunnigan area was highlighted by Yolo County's Growth Management Plan as an area for possible growth. For all these reasons, a CSA was formed because it could be expanded to provide additional community services as needed.

Street Lighting Services

Dunnigan CSA collects a special assessment to pay Pacific Gas and Electric (PG&E) service bills. PG&E supplies electricity, installs, maintains, and services the light poles. The CSA does not own or operate any equipment. The light poles utilize LED lighting technology. There are 33 streetlights under Dunnigan CSA's jurisdiction.

Future Service Demand

Figure 11. County Land Use and Dunnigan CSA Boundary and SOI



Yolo County's 2030 Countywide General Plan designates permitted land uses within the community of Dunnigan. There is significant development potential for the Specific Plan areas of the community. As illustrated below, all of the land designated for urban uses is either within the current Dunnigan CSA

boundary, which is shown by a thick line, or its SOI, which is cross-hatched. However, much of the SOI includes agricultural land north of the community.

In a Draft Dunnigan CSA Lighting Plan dated March 2014, the advisory committee identified the following six priorities for additional lighting due to public safety concerns which are also indicated above:

1. Road 5 at Road 88A (road is narrow and dangerous)
2. Road 5 at 88B (road is narrow and dangerous)
3. Road 4 at Highway 99W (dangerous corner with poor visibility)
4. Road 89, south of its split from Highway 99 (fast moving traffic in both directions)
5. North of the post office parking lot, on the west side of Highway 99
6. West of I-5 on the south side of Road 4, between Road 88A and Road 88B

All of the six additional streetlight locations are within the current boundary. LAFCo amended Dunnigan CSA's SOI in 2014 into the agricultural areas mentioned above with the intention of identifying other areas that might need lighting. However, no additional streetlight locations were identified within the expanded SOI, therefore the SOI should be scaled back.

Potential for Water and Wastewater Services

In 2025, the Yolo County Department of Community Services completed the Dunnigan Water/Wastewater Consolidation Feasibility Study (Feasibility Study) to evaluate opportunities to improve water reliability and quality, and to protect groundwater. Most of the community currently depends on individual wells and septic systems. There is a history of poor water quality in the area due to high levels of nitrates, and the community lies within the Dunnigan Hills focus area which has been identified by the Yolo Subbasin Groundwater Agency for depleted groundwater. In recent years, the Yolo County Office of Emergency Services has needed to provide water deliveries to the northern part of Dunnigan due to wells running dry under drought conditions.

The community lies within the service area of a private water company, CalAm, which owns and operates a community drinking water system and wastewater treatment facility that serves the southeastern portion of the community. The company serves 184 connections for a manufactured home community and a large travel center. The Feasibility Study considered future development of the community under 2024 Dunnigan Community Plan and investigated the feasibility of three alternatives: CalAm providing water service, wastewater service, or providing both water and wastewater service.

The Feasibility Study evaluated each alternative based on the monthly cost to households. The monthly cost included the cost of daily operation and maintenance of the system, the "sinking fund" or cost of replacing system components as the reach the end of useful life, and the debt service to pay for the initial construction of the system.

Figure 12. Comparison of Monthly User Fee for each Alternative

Costs	Drinking Water Only	Wastewater Only	Combined Water/Wastewater
Operations	$49	$45	$94
Sinking fund	$11	$11	$22
Debt Service	$42	$58	$100
Total Monthly Payment	$102 (recommended)	$114	$216 (not feasible)

The Feasibility Study evaluation was based on the US Environmental Protection Agency's affordability guidance which defines the maximum reasonable residential contribution toward water and wastewater as 4% of Median Household Income (MHI). As previously discussed in Section 2 of this chapter, the MHI

for Dunnigan is $40,875 which would result in a maximum annual affordability threshold of $1,635 per household or $136 per month. Therefore, the fee rate of $216 per month for the combined water/wastewater system alternative would exceed the maximum rate threshold. For reference, CalAm charges a metered rate of $111.88 to its current residential customers.

The Feasibility Study recommended alternative was to provide drinking water service only as the best combination of financial feasibility, affordability, and long-term system reliability. Also, municipal water was deemed a more critical service than sewer. Advantages identified in the report were immediate water quality and reliability benefits by providing consistent drinking water quality and reduced exposure to groundwater vulnerabilities. Additionally, new wells and pipelines would establish a backbone for future expansion to facilitate future wastewater consolidation.

It should be noted that CalAm's existing water facility is currently identified as "At-Risk of Failing" by the State Water Board's SAFER dashboard due to exceeding the thresholds noted below. The company is currently planning on upgrading its wastewater system but does not appear to be immediately addressing these water system concerns.

Figure 13. Indicators exceeding Risk Threshold for CalAm-Dunnigan (SAFER Program)

SAFER Category	Risk Indicator
Water Quality	• High contaminant levels • Constituents of emerging concern
Accessibility (Risk Factors)	• Absence of interties
Affordability	• High percent of Median Household Income • High household socio-economic burden
Technical-Managerial-Financial Capacity	• Annual Income
Risk of Failing	At Risk of Failing

- "High Contaminant Levels" which means that chemicals such as nitrates or perchlorates, for example, are 80% of the Maximum Contaminant Level (MCL).

- "Constituents of Emerging Concern" refers to new laws for contaminants such as hexavalent chromium, 1,4- Dioxane, and/or PFAS. Small water systems with fewer than 1,000 service connections were required to complete initial sampling for hexavalent chromium by April 1, 2025 and will need to meet the new 10 µg/L MCL by October 1, 2028. If any source exceeds the MCL before that deadline, the system must submit a compliance plan within 90 days and issue Tier 2 public notifications. To achieve compliance, these systems are expected to implement appropriate treatment technologies and follow all operational, monitoring, and reporting requirements established by the State Water Board.

- "Absence of Interties" – system is not connected to another water system that could either supply or receive water and reduce the risk of a water outage by allowing water systems to switch systems and even governance structure support, if needed.

- "High percent of MHI" - water costs of over 1.5% of Monthly Household Income

- "High household socioeconomic burden" - a measure of housing cost burden within the community.

- "Total Annual Net Income" - considers if revenue covers all expenses including operations, debt/loan payments, infrastructure investments, unforeseen emergency costs, etc. Water systems may have an emergency or large capital investment within a year that may lead to a negative total income and reserves allow for a financial cushion.

The 2022 Dunnigan CSA #11 MSR questioned whether the CSA should be dissolved since it only provides streetlight services which could be more efficiently provided by a lighting district. The MSR recommended leaving the CSA in place until the feasibility of adding water and wastewater services was studied. The 2025 Feasibility Study provides information for the community to determine whether it is

willing to pay for municipal water services via the Dunnigan CSA. Yolo County has not yet presented the Feasibility Studies findings to the community.

Capacity and Adequacy MSR Determination:

PG&E provides streetlighting services for Dunnigan CSA #11 and has capacity to provide adequate services. The CSA currently operates only as a financing mechanism to collect funds to pay the PG&E bills. However, the CSA advisory committee identified six additional locations for streetlights due to safety concerns, which should be evaluated to determine if there is community support to pay for increased services.

Yolo County Department of Community Services recently completed a 2025 Dunnigan Water/Wastewater Consolidation Feasibility Study which identified municipal water services as feasible. Water is a critical service and the community has had to rely on water deliveries due to well failures in drought years already. The County should present the Feasibility Study's findings to the community to determine if there is support to fund municipal water services.

Recommendations:

1. Determine if the Dunnigan community is willing to support an increased special assessment (or not) to install streetlights at the six locations identified by the CSA Advisory Committee as safety concerns in 2014.
2. Present the findings of the 2025 Dunnigan Water/Wastewater Consolidation Feasibility Study to the community to determine if there is support to pay for municipal water services. If the community is not willing, the CSA could be relegated to a lighting district.

4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

		Significant Concern	Potential Concern	Not a Concern
a)	Is the subject agency in a stable financial position, i.e. does the 5-year trend analysis indicate any issues?	☐	☐	☒
b)	Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?	☐	☐	☒
c)	Is the organization's revenue sufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion? Is the fee inconsistent with the schedules of similar local agencies	☐	☐	☒
d)	Does the subject agency have a capital improvement plan (CIP)? Has the agency identified and quantified what the possible significant risks and costs of infrastructure or equipment failure? Does the agency have a reserve policy to fund it?	☐	☐	☒
e)	Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear debt management policy, if applicable?	☐	☐	☒
f)	Is the agency insured or in a risk management pool to manage potential liabilities?	☐	☐	☒

g)	Can the subject agency improve its use of generally accepted accounting principles including: summaries of all fund balances, summaries of revenues and expenditures, general status of reserves, and any unfunded obligations (i.e. pension/retiree benefits)? Does the agency have accounting and/or financial policies that guide the agency in how financial transactions are recorded and presented?	☐	☐	☒
h)	Does the agency board need to receive regular financial reports (quarterly or mid-year at a minimum) that provide a clear and complete picture of the agency's assets and liabilities, fully disclosing both positive and negative financial information to the public and financial institutions?	☐	☐	☒

Discussion:

The District's accounting transactions are recorded in Yolo County's financial system, known as INFOR. County DFS staff reviews and enters the financial transactions into INFOR in accordance with generally accepted accounting principles.

DUNNIGAN COUNTY SERVICE AREA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue					
Interest	$ 18	$ (1,262)	$ 991	$ 2,380	$ 2,737
Special assessment	6,517	6,517	6,517	6,517	6,517
Total Revenue	6,535	5,255	7,508	8,897	9,254
Expenditures					
County administration	383	1,244	122	237	1,607
Services and supplies	343	343	343	598	649
Utilities	4,164	4,322	8,117	4,659	6,086
Total Expenditures	4,890	5,909	8,582	5,494	8,342
Net income (loss)	1,645	(654)	(1,074)	3,403	912
Beginning Fund Balance	47,584	49,229	48,575	47,501	50,904
Ending Fund Balances	$ 49,229	$ 48,575	$ 47,501	$ 50,904	$ 51,816
Fund Balances					
Restricted - Unexpended grants	$ 21,262	$ -	$ -	$ -	$ -
Assigned - General reserve					
Unassigned	27,967	48,575	47,501	50,904	51,816
Total Fund Balances	$ 49,229	$ 48,575	$ 47,501	$ 50,904	$ 51,816
Y-T-Y Change in total Fund Balances					
Amount Increase (Decrease)	$ 1,645	$ (654)	$ (1,074)	$ 3,403	$ 912
Percentage Increase (Decrease)	3.46%	-1.33%	-2.21%	7.16%	1.79%

Dunnigan CSA contracts with PG&E to supply electricity for its public lighting system, as well as to install, maintain, and service the light poles across much of the developed area in the community of Dunnigan. The CSA does not own or operate any equipment, although it is financially responsible for all one-time and ongoing costs associated with the street lighting network. Dunnigan CSA collects funds from the

landowners to pay the PG&E bills for the public street lighting service. The CSA is funded by collecting fees for this service which are charged on an annual basis and added to the property tax bill of the 343 parcels within the district. The charge for street lighting services in the Dunnigan CSA for each parcel is $19 per year.

Overall, Dunnigan CSA is collecting sufficient revenue to pay for PG&E services, but County administration and a negative interest adjustment resulted in a slight net loss in 2022 and extra expenses from PG&E lead to a larger loss in 2023. However, the CSA has a relatively large fund balance to absorb cost overages.

Financial Ability MSR Determination:

Dunnigan CSA collects a $19 annual assessment from landowners to pay for streetlighting services by PG&E. Overall, the CSA is collecting sufficient revenue to pay for PG&E services.

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	Significant Concern	Potential Concern	Not a Concern
a) Are there any opportunities for the organization to share services or facilities with neighboring, overlapping, or other organizations that are not currently being utilized?	☐	☐	☒

Shared Services MSR Determination:

PG&E is already providing Dunnigan CSA's streetlighting services. No additional opportunities to either share streetlighting services or facilities exist.

6. ACCOUNTABILITY, STRUCTURE, AND EFFICIENCIES

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

	Significant Concern	Potential Concern	Not a Concern
a) Are there any recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?	☐	☐	☒
b) Does the agency need to secure independent audits of financial reports that meet California State Controller requirements? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting?	☐	☐	☒
c) Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization's program requirements and financial management?	☐	☐	☒
d) Are there any issues with staff capacity and/or turnover? Is there a lack of staff member training regarding the organization's program requirements and financial management?	☐	☐	☒

e) Does the organization need to improve its public transparency via a website (see https://www.yololafco.org/yolo-local-government-website-transparency-scorecards)?	☐	☐	☒

Discussion:

County Service Areas are dependent districts with the Board of Supervisors as the decision-making body with County staff providing services. Therefore, board capacity, policies and audits are not an issue as these are handled by Yolo County. There have been four CSA managers in the past five years, and the program has moved back and forth between the Department of Community Services (DCS) and the County Administrator's Office (CAO), therefore staff turnover and management consistency are an issue. It is currently operated in the CAO's office.

Government Code Section 25212.4 allows the County Board of Supervisors (BOS) to appoint one or more advisory committees to give advice regarding a CSA's services and facilities. The 2022 MSR for the Dunnigan CSA found that five-member advisory committee had two vacancies and three members with expired terms and recommended that the committee was not necessary for a CSA that only operated to pay bills from PG&E. The Dunnigan CSA advisory committee disbanded based on that recommendation.

The 1991 LAFCo formation documents indicate a CSA was originally chosen as the form of governance to handle street lighting services because a municipal sewer and significant community growth were anticipated at the time under the Dunnigan Specific Plan and additional services may be needed. However, the Dunnigan Specific Plan was removed in 2017. The Dunnigan CSA may be an excessive form of government for just street lighting services (which could be more simply handled by a lighting assessment district), but if water services are anticipated, maintaining a CSA agency structure makes sense. It's premature to make government structure decisions for this MSR/SOI until the feasibility of adding infrastructure and municipal services plays out and would be more appropriate for the next MSR/SOI Update cycle in five years.

The CSA received a 95% score for Yolo LAFCO's 2025 Website Transparency Scorecard.

Accountability, Structure, and Efficiencies MSR Determination:

Yolo County is the decision-making body for CSAs and provides staff and handles accountability issues such as policies, required filings, and audits. The Dunnigan CSA is an excessive form of government just to pay PG&E street lighting bills. However, if water and/or wastewater services are anticipated, maintaining a CSA agency structure would be appropriate. Any decisions on governmental structure should be deferred until Yolo County has determined the feasibility of adding infrastructure and municipal services as discussed in the Capacity section.

7. OTHER ISSUES

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

	Significant Concern	Potential Concern	Not a Concern
a) Is there a lack of high-performance broadband (25/3 Mbps) available in the community? Are low-income subscription rates available?	☐	☐	☒
b) Are there any recommendations from the agency's previous MSR that have not been implemented?	☐	☒	☐

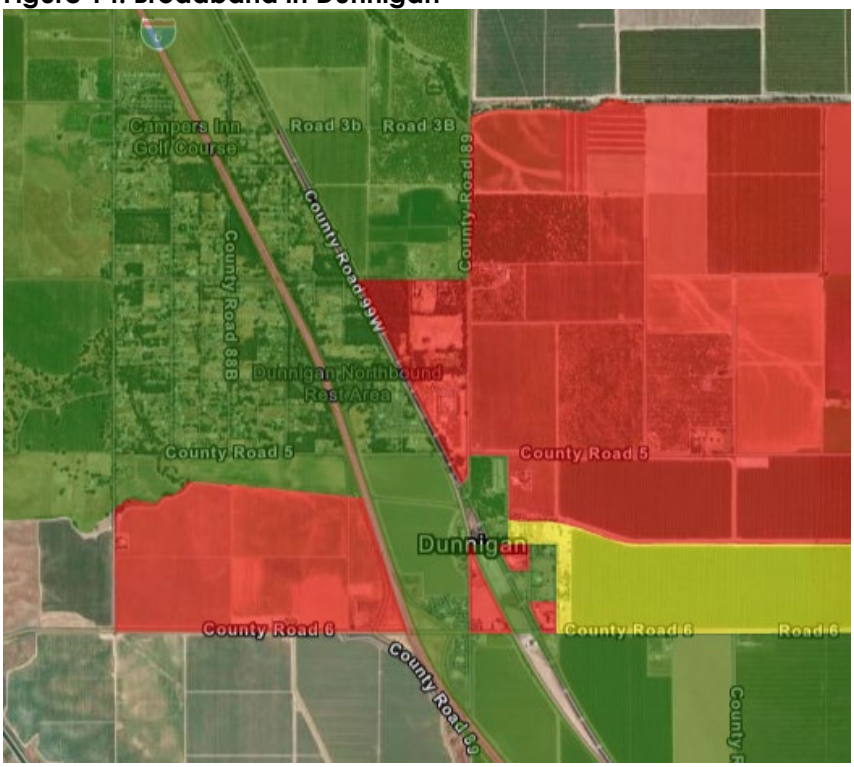
Discussion:

Broadband Access

Under Public Utilities Code § 281, areas with less than 25 Mbps down and 3 Mbps up are classified as "unserved" and thus eligible for broadband infrastructure support. According to the California Interactive

Broadband Map hosted by the Public Utility Commission, the community of Dunnigan is mostly served via fixed wireless infrastructure, as shown in the green areas on the map below, while the red areas are considered unserved. Providers available include Verizon, T-Mobile, and AT&T, which offer low-income subscription rates. Therefore, broadband is mostly available and affordable in Dunnigan.

Figure 14. Broadband in Dunnigan



Implementation of Recommendations

The District's implementation of recommendations from the 2022 MSR is reviewed in the table below:

2022 MSR Recommendations	Implementation
1. Allow the Dunnigan Community Plan Update process currently underway by the Department of Community Services to run its course considering the feasibility of adding water and/or sewer municipal services. If additional services ultimately do not work out such that the CSA would continue to operate only as a pass-through for PG&E street lighting charges, consider the cost/benefit of dissolving the Dunnigan CSA and forming a lighting district in its place.	No
2. Formally disband the Dunnigan CSA Advisory Committee. It is not currently active and is not needed for the CSA's sole existing service as a PG&E pass through district. The advisory committee can be reformed if additional services are added to the CSA in the future.	Yes

Other Issues MSR Determination:

Broadband is generally available and affordable in Dunnigan. Yolo County has not yet resolved whether additional services will be added to the CSA or not.

DUNNIGAN CSA SPHERE OF INFLUENCE STUDY

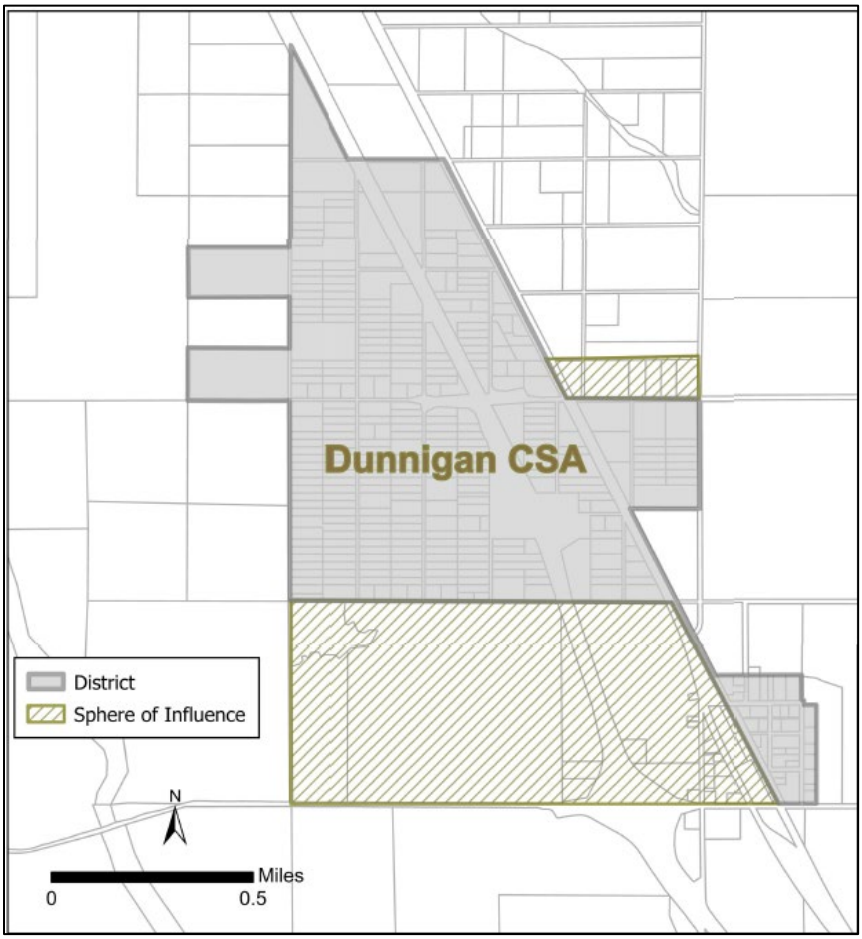
A Sphere of Influence (SOI) is an area delineated on a map and approved by LAFCo that indicates where potential future agency annexations could be proposed. The Dunnigan CSA already has an SOI for potential expansion and based on the MSR there is no need to update it.

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.

Dunnigan CSA #11 Proposed SOI



POTENTIALLY SIGNIFICANT SOI DETERMINATIONS

The SOI determinations below are potentially significant, as indicated by 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.

		Significant Issue	Potentially Significant	No Issue
a)	*Would the SOI conflict with planned, orderly, and efficient patterns of urban development? Would the SOI impact the identity of any existing communities (e.g. community boundaries, postal zones, school, or other service boundaries)?*	☐	☐	☒
b)	*Would the SOI result in the loss of prime agricultural land or open space?*	☐	☐	☒
c)	*Would the SOI conflict with any natural or made-made boundaries that would impact where services can reasonably be extended?*	☐	☐	☒
d)	*Is there a conflict with the adopted SACOG Metropolitan Transportation Plan/Sustainable Communities Strategy?*	☐	☐	☒

Discussion:

The current SOI includes areas outside of the community growth boundary of Dunnigan designated in Yolo County's 2030 Countywide General Plan. These areas are also outside the SACOG Metropolitan Transportation Plan/Sustainable Communities Strategy land use boundary. Although it is only streetlighting that the CSA provides, community lighting is not typically provided to or requested for low-density agricultural areas, The revised SOI includes only community areas where development could occur.

Present and Planned Land Uses SOI Determination:

The SOI update would reduce the SOI to only include areas within the community of Dunnigan and not surrounding areas which are not sparsely inhabited agricultural land that is not designated for future development.

2. NEED FOR PUBLIC FACILITIES AND SERVICES

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

		Significant Issue	Potentially Significant	No Issue
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?*	☐	☐	☒

b)	*Would the SOI expand services that could be better provided by a city or another agency?*	☐	☐	☒
c)	*Does the SOI represent premature inducement of growth or facilitate conversion of agriculture or open space lands?*	☐	☐	☒
d)	*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?*	☒	☐	☐
e)	*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:

The Dunnigan CSA Advisory Committee identified six additional streetlight locations which are all within the current CSA boundaries. The expansion of the SOI in 2014 was intended for potential additional lighting which was never identified and included agricultural lands outside the community's growth boundary. Therefore, expansion identified in the current SOI is unlikely and should be scaled back. Lands outside the community growth boundary are designated by the county only for agricultural uses, open space, or public uses. Although streetlighting alone would be unlikely to induce growth, it is a service that is typically focused on denser community areas. The SOI update only includes community areas where development could occur. Removing the SOI outside the community correctly indicates that these areas are not intended to be developed and there haven't been any recorded requests for lighting at a specific location.

Need for Public Facilities and Services SOI Determination

The Dunnigan CSA Advisory Committee identified six additional streetlight locations which are all within the current CSA boundaries. The expansion of the SOI in 2014 was intended for potential additional lighting that was never identified and included agricultural lands outside the community's growth boundary. Removing the SOI from areas outside of the community properly aligns the SOI with the community where there is the highest demand for the service.

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.

		Significant Issue	Potentially Significant	No Issue
a)	*Are there any issues regarding the agency's capacity to provide adequate services in the proposed SOI territory and ability to extend services?*	☐	☐	☒

Discussion:

Dunnigan CSA collects funds to pay PG&E for streetlighting within the Dunnigan community. The current SOI includes a much larger area that is not included within the community's growth boundary.

Capacity and Adequacy of Provided Services SOI Determination

A need to extend streetlighting services into the SOI has not been identified. Therefore, the SOI update would reduce the SOI to the community growth boundary.

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.

	Significant Issue	Potentially Significant	No Issue
a) *Are there any social or economic communities of interest in the area if the commission determines that they are relevant to the agency (see also MSR checklist question 2b)?*	☐	☐	☒

Social or Economic Communities of Interest SOI Determination

The CSA does not provide critical services such as water, sewer, or fire protection.

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.

	Significant Issue	Potentially Significant	No Issue
a) *If the subject agency provides public services related to sewers, municipal and industrial water or structural fire protection (same as MSR checklist question 2a) does the proposed SOI exclude any disadvantaged unincorporated community (per MSR checklist question 2b) where it either may be feasible to extend services or required to be included under SB 244?*	☐	☐	☒

Disadvantaged Unincorporated Communities SOI Determination

The Dunnigan CSA does not provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection.

8. WILD WINGS CSA #15 MUNICIPAL SERVICE REVIEW

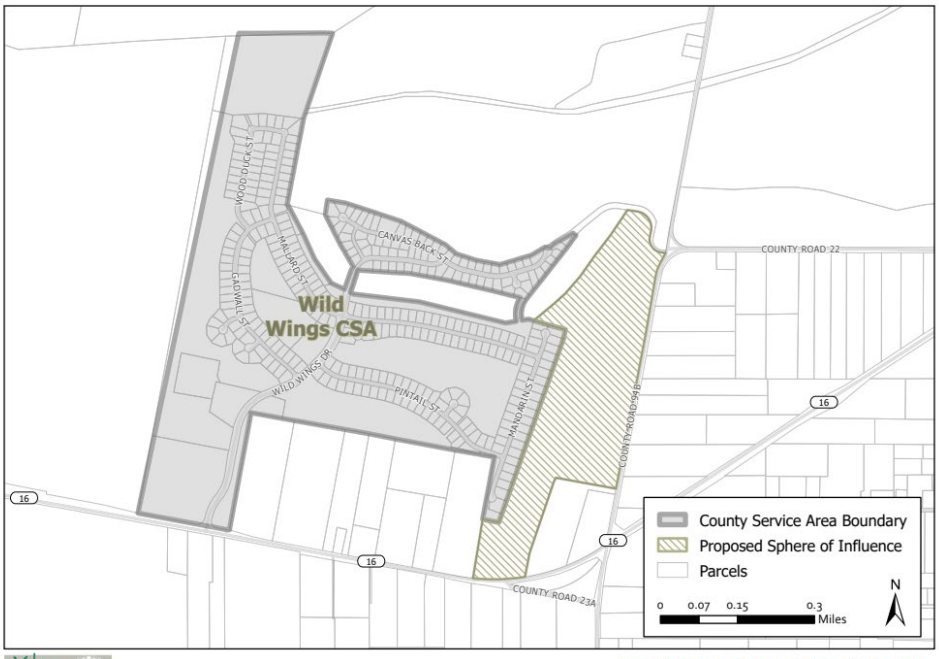
The Wild Wings County Service Area #15 (Wild Wings CSA) was formed May 25, 2004, to provide wastewater disposal and domestic water supply to the Wild Wings community. At the time of its formation, the CSA was also given latent powers to provide the same community services that are currently provided by the Wild Wings Owners Association, which include road maintenance, streetlight maintenance, street sweeping and street cleaning, erosion/storm drainage, solid waste services and refuse removal, tree maintenance, and park and recreation. These services were included as latent powers in case the CSA was required to assume any of them from the Owners Association. In accordance with California Government Code 25213.5, to activate a latent power, the CSA must seek approval from LAFCo.

In 2008 the CSA added park and recreation services, allowing the Wild Wings CSA to purchase and operate the Wild Wings Golf Course. This included the storm drainage control services provided by the golf course as well. As of 2024, the CSA contracts management of the golf course to Yolo Fliers Club and other businesses.

In January 2016 an island parcel within the Wild Wings community subdivision was provided emergency extended water and wastewater services and annexed into the CSA later that year. In August 2019 the Wild Wings CSA was authorized by LAFCo to provide extended water services outside current jurisdictional boundaries to the adjacent Watts-Woodland Airport. The Sphere of Influence (SOI) was expanded in 2022 to include the Airport.

The Wild Wings community subdivision is five miles west of the City of Woodland along Highway 16. There are 338 single-family homes, a clubhouse, and several buildings related to wastewater treatment and water supply. The Wild Wings community has reached full build-out.

Wild Wings County Service Area Boundary and Sphere of Influence



Adopted by Yolo LAFCo on December 1, 2022

POTENTIALLY SIGNIFICANT MSR DETERMINATIONS

The MSR determinations checked below are potential areas of concern, as indicated by 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 "Not a Concern" answers, the Commission may find that a MSR update is not warranted.

- ☐ Growth and Population
- ☐ Disadvantaged Unincorporated Communities
- ☐ Public Facilities and Services
- ☒ Financial Ability
- ☐ Shared Services
- ☐ Accountability, Structure, and Efficiencies
- ☐ Other Issues

LAFCO MUNICIPAL SERVICE REVIEW:

☐ On the basis of this initial evaluation, the required determinations are not significant, and staff recommends that an MSR is NOT NECESSARY. The subject agency will be reviewed again in five years per Government Code Section 56425(g).

☒ The subject agency has potentially significant determinations and staff recommends that a comprehensive MSR IS NECESSARY and has been conducted via this checklist.

1. GROWTH AND POPULATION Growth and population projections for the affected area.	Significant Concern	Potential Concern	Not a Concern
a) Will development and/or population projections over the next 5-10 years impact the subject agency's service needs and demands?	☐	☐	☒
b) Do changes in demand suggest a change in the agency's services?	☐	☐	☒

Growth and Population MSR Determination:
According to the State Water Resources Control Board's Safe and Affordable Funding for Equity and Resilience (SAFER) dashboard, the total population of Wild Wings is 1,115. The Wild Wings development is comprised of 338 lots, and none are vacant. Therefore, the CSA has little opportunity for new development or growth. There are no changes in demand that would suggest a change in the agency's services.

2. DISADVANTAGED UNINCORPORATED COMMUNITIES

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

		Significant Concern	Potential Concern	Not a Concern
a)	If the subject agency provides services related to sewers, municipal and industrial water, or structural fire protection, 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) that do not already have access to public water, sewer, and structural fire protection?	☐	☐	☒
b)	If "yes" to a), it is feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community? If "no" to a), this question is marked "no" because it is either not needed or not applicable.	☐	☐	☒

Discussion:
According to the State Water Resources Control Board's Safe and Affordable Funding for Equity and Resilience (SAFER) dashboard, Wild Wings has an MHI of $240,833, which is 204% of the statewide MHI. The community receives municipal water and sewer service from the Wild Wings CSA and structural fire protection services from Willow Oak Fire Protection District.

Disadvantaged Unincorporated Communities MSR Determination:
The community of Wind Wings is above the 80% statewide MHI threshold and is not a Disadvantaged Unincorporated Community (DUC). Furthermore, the community receives municipal water, sewer, and fire protection services. Therefore, no parts of the community are being denied critical municipal services for social or economic reasons.

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.

		Significant Concern	Potential Concern	Not a Concern
a)	Are there any deficiencies in the **infrastructure, equipment, and capacity of agency facilities** to meet existing service needs for which the agency does not have a plan in place to resolve (including deficiencies created by new state regulations)?	☒	☐	☐
b)	Are there any issues regarding the agency's capacity and ability to meet the service demand of reasonably foreseeable future needs?	☐	☐	☒

c)	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?	☐	☐	☒
d)	Is the agency needing to consider climate adaptation in its assessment of infrastructure/service needs (i.e. temperature, drought, flooding, and wildfires)?	☐	☐	☒

Discussion:

Wild Wings CSA was formed May 25, 2004, to provide wastewater disposal and domestic water supply to the Wild Wings community. In 2008 the CSA added park and recreation services, allowing the Wild Wings CSA to purchase and operate the Wild Wings Golf Course.

Under supervision of Yolo County CSA staff, the current operator under contract with the CSA for maintenance and operation of the water and sewer facility is the California Rural Water Association Specialized Utilities Services Program (SUSP). SUSP has been contracted since 2018, and the contract was renewed in 2024 for three years with the option to be extended for an additional two years. The County contracts with Yolo Flyers Club for golf course operation and maintenance consultant services, Tim Pulley Golf Academy for pro shop services, and California Rebel for greens maintenance consultant services as of 2024.

Water

According to the 2023 Wild Wings CSA Water Regionalization Feasibility Study (Regionalization Study), Wild Wings CSA serves 338 connections with one active well and a backup well:

- Pintail Well (1,200 gpm) primary well
- Canvasback Well (1,400 gpm) emergency backup, golf course irrigation

Capacity is measured in gallons per minute (gpm). Both well sites include storage tanks, pneumatic tanks, pump buildings, and chlorination facilities.

The water system's primary well (Pintail Well) supplies water to the homes and the secondary well (Canvasback Well) irrigates the golf course and serves as an emergency backup well with restrictions. The Canvasback Well cannot be used for domestic use due to a State Department of Public Health compliance order for arsenic. Pintail Well also has high arsenic levels and Wild Wings CSA has added a fee to cover the cost of treating arsenic levels in the water to address water quality issues. An arsenic treatment system to treat water from both wells is expected to be completed later this year. The combined pumping capacity of both wells allows the system to meet fire flow requirements.

Most of the water used for the golf course is recycled water supplemented by water provided by Canvasback Well. However, during recent drought years with insufficient well water levels, non-potable water to irrigate the golf course was purchased from a nearby farmer who filled an onsite storage pond.

Wild Wings CSA is working on addressing water supply and redundancy issues with the construction of an additional well (Wood Duck Well). The County has put the project out to bid multiple times since 2023, but the bids received were higher than available funding. As a result, the County divided the project into two phases. The first phase is to construct the pump station, and the second phase is to connect the well to the water system. The first phase is expected to be completed by the end of 2026, but it is unclear when phase two will occur as it is not currently funded.

The SAFER dashboard identifies Wild Wings CSA as "Not At-Risk of Failing" but identifies several areas of concern. These include the following risk indicators:

- "High Contaminant Levels" - chemicals such as nitrates or perchlorates, for example, are 80% of the Maximum Contaminant Level (MCL).

- "Absence of Interties" – water system is not connected to another water system that could either supply or receive water which would reduce the risk of a water outage by allowing water systems to switch systems.

- "Total Annual Net Income" - considers if revenue covers all expenses including operations, debt/loan payments, infrastructure investments, unforeseen emergency costs, etc. Water systems may have an emergency or large capital investment within a year that may lead to a negative total income.

The geology below Wild Wings is not conducive to groundwater reserves and drought years have tested the resiliency of the system. Therefore, Yolo County conducted the Regionalization Study in 2023 to evaluate a potential connection with existing water systems at either the City of Woodland, Esparto Community Services District (CSD), or Madison CSD. The Regionalization Study found that only the City of Woodland had the existing capacity and gave a preliminary cost estimate of $17 million for Wild Wings to connect to the City's system. Wild Wings CSA plans to conduct a follow-up Reliability Study to provide guidance on necessary improvements to the system to meet residents' demands in the short-term (five years) and long-term (20+ years).

Sewer

The Wild Wings CSA is responsible for providing wastewater collection and disposal for the Wild Wings community. The wastewater treatment facility (WWTF) is sited in a walled facility near the entrance to the Wild Wings development. The sewage treatment facilities consist of the collection system, a force main, two pump stations, and a 101,000 gallons per day (gpd) peak flow tertiary treatment plant. The WWTF currently processes about 55,000 gpd, on average, and up to 161,000 gpd during its highest measured peak flow, at which times the excess sewage is diverted to the emergency storage pond.

The WWTF has an existing 24-hour emergency storage pond which has a capacity of about 313,000 gallons. The pond is lined with 2 feet of compacted clay which is overlain by a High-Density Polyethylene (HDPE) liner. The WWTF is equipped with a standby emergency generator which comes on automatically whenever there is a power outage at the site.

Approximately 21 million gallons of recycled water are currently produced by the WWTF each year. The recycled water is delivered to the Wild Wings Golf Course where it is used to irrigate the turf. Recycled water makes up most of the water used by the golf course, the remaining amount typically in recent years comes from the Canvasback well, due to the increased levels of arsenic.

The Wild Wings WWTF was constructed in 2004 and has had operational issues for years; the project developer failed to install the permit-approved system with necessary redundancy. A feasibility study was completed by the County in November 2018 that outlined six options to increase the WWTF's reliability and meet State standards. The CSA advisory committee recommended building a second smaller plant, but the Wild Wings CSA's current focus has been on the water system.

The WWTF permit with the State Water Board is up for renewal. This occurs about every 10 years for all wastewater facilities. According to the CSA Manager, the State is currently waiting for the second plant to be in place prior to addressing the permit.

Parks and Recreation/ Drainage Control (Golf Course)

Wild Wings Golf Course provides an important community function by operating as the WWTF discharge spray field. The nine-hole golf course was originally owned and operated by a private company called Wild Wings, LLC. However, in 2008 Wild Wings, LLC determined it could no longer afford to operate the golf course and offered to sell it to the CSA for $1. The Yolo County Board of Supervisors voted to move forward with an approach to acquire and operate the Wild Wings Golf Course on October 21, 2008, based on resident feedback received during several public meetings. This vote activated the CSA's parks and recreation function, which was given to the CSA as a latent power at the time of its formation.

On March 10, 2009, the Wild Wings community passed Measure O (which was a special tax on Wild Wings residents for the acquisition, operation, maintenance, and improvement of the Wild Wings Golf Course) and the Yolo County Board of Supervisors originally approved a management agreement with KemperSports for the operation of the course. In 2024, due to concerns about unclean facilities and

damaged greens, Wild Wings CSA contracted instead with the Yolo Fliers Club, Tim Pulley Golf Academy, and California Rebel. Operation and maintenance have improved in the past year with a doubling of the number of annual non-resident users who pay to use the golf course, which has helped increase revenue.

According to the 2002 Storm Drainage Master Plan for the Wild Wings Golf Community (Drainage Plan), stormwater runoff from the subdivision is collected in the golf course lakes for detention and water quality enhancement. Street drainage infrastructure is maintained by the Homeowners Association, and the golf course lakes are maintained by the CSA. The western side of the development flows north into the Moore Canal and the eastern side drains into an offsite detention basin on the western side of the Watts-Woodland Airport. Overflow from this basin runs through a 24-inch culvert under the airport runway and overland around the north end of the runway to a channel adjacent to Couty Road 94B along the eastern edge of the airport and then to the Moore Canal and Cache Creek.

The 2022 MSR/SOI for Wild Wings CSA mentions concerns that the channel along County Road 94B had not been adequately maintained and therefore increased the backup of water on the airstrip during flood events. This is especially critical as Watts Airport has the contract to provide maintenance on emergency helicopters for the Yolo County Sherriff, CAL FIRE, etc. and the flooding can affect the helipad.

At that time, the CSA manager was working on an agreement where the CSA, Watts Airport, and the Yolo Fliers Club would all equally contribute to paying for the channel to be maintained by the Yolo County Flood Control and Water Conservation District (YCFCWCD). The agreement was recently finalized, and the CSA intends to take it to the County Board of Supervisors this year for approval. The CSA's authorization to stormwater drainage controls is part of the golf course's operations and maintenance.

Climate Adaptation

Drought years have affected the CSA's well water levels significantly. The Yolo County Board of Supervisors adopted a Local Drought Emergency resolution (Resolution No. 21-98) and a resolution urging a 25% voluntary reduction in water use within the Wild Wings CSA in response to the drought emergency (Resolution No. 21-99) in 2021. Wild Wings residents met or exceeded the water reduction levels at the time, but this is an ongoing concern. The County has also implemented a two-tier water rate charge in which any usage above 250,000 gallons is charged at a higher rate. A recent proposition 218 vote sought to decrease the tier threshold to 180,000 gallons but the vote failed.

Capacity and Adequacy MSR Determination:

The Wild Wings CSA is facing significant capacity and adequacy issues regarding its water and wastewater services. Recent droughts significantly impacted water supply and although the last few years have eased conditions, the CSA is still in the process of constructing an additional well and completing an arsenic removal system. Although the Wood Duck well is expected to be completed in fall 2026, it does not yet have the funding to connect it to the potable water system which is a significant concern. Wild Wings CSA plans to conduct a water reliability study to provide a timeline for additional improvements to the system to meet the demands of the residents. Regarding wastewater, the community is planning on constructing second smaller plant to build redundancy and is considering funding options. The CSA is prioritizing the new well and then will focus on resolving wastewater treatment redundancy. Past issues regarding operations and maintenance of the golf course have been addressed under a new agreement with the adjacent Yolo Fliers Club.

4. FINANCIAL ABILITY

Financial ability of agencies to provide services.

	Significant Concern	Potential Concern	Not a Concern
a) Is the subject agency in a stable financial position, i.e. does the 5-year trend analysis indicate any issues?	☐	☐	☒

b)	Is there an issue with the organization's revenue sources being reliable? For example, is a large percentage of revenue coming from grants or one-time/short-term sources?	☐	☒	☐
c)	Is the organization's revenue sufficient to fund an adequate level of service, necessary infrastructure maintenance, replacement and/or any needed expansion? Is the fee inconsistent with the schedules of similar local agencies	☐	☒	☐
d)	Does the subject agency have a capital improvement plan (CIP)? Has the agency identified and quantified what the possible significant risks and costs of infrastructure or equipment failure? Does the agency have a reserve policy to fund it?	☐	☐	☒
e)	Does the agency have any debt, and if so, is the organization's debt at an unmanageable level? Does the agency need a clear debt management policy, if applicable?	☐	☐	☒
f)	Can the subject agency improve its use of generally accepted accounting principles including: summaries of all fund balances, summaries of revenues and expenditures, general status of reserves, and any unfunded obligations (i.e. pension/retiree benefits)? Does the agency have accounting and/or financial policies that guide the agency in how financial transactions are recorded and presented?	☐	☐	☒
g)	Does the agency board need to receive regular financial reports (quarterly or mid-year at a minimum) that provide a clear and complete picture of the agency's assets and liabilities, fully disclosing both positive and negative financial information to the public and financial institutions?	☐	☐	☒
h)	Is the agency insured or in a risk management pool to manage potential liabilities?	☐	☐	☒

Discussion:

The District's accounting transactions are recorded in Yolo County's financial system, known as INFOR. County DFS staff reviews and enters the financial transactions into INFOR in accordance with generally accepted accounting principles.

The Wild Wings CSA has separate funds accounting for each of its three services: water, sewer, and the golf course. Five-year trends are shown for each service individually.

Due to Wild Wings CSA's isolated location, it is unable to take advantage of significant economies of scale (i.e., it has 339 connections to spread its significant water and WWTF costs). Therefore, parcels must bear relatively higher fees as compared to the El Macero and North Davis Meadows CSAs which share infrastructure with the City of Davis.

The last fee increase was approved through a Proposition 218 vote in 2018. The increase was mainly for the sewer system to repay a loan from the water system which was needed to cover expenses due to deferred maintenance and lack of redundancy in the wastewater treatment plant. The loan was paid off in FY 2023.

A 2024 fee study identified the need for a rate update to address higher operating costs due to inflation, and the need to fund a second wastewater treatment plant. This would have increased water and sewer rates but lowered the golf course charges. It would also have lowered the tier for a high water use consumption rate from 250,000 to 180,000 gallons; however, the Proposition 218 vote for the rate change failed. Wild Wings CSA has hired a consultant to complete another fee study with a new Proposition 218 vote expected in 2027.

Water Service

Wild Wings CSA Water
Statement of Revenue, Expenditures, and Changes in Fund Balance

	2021	2022	2023	2024	2025
Revenue					
Charges for services	$ 233,032	$ 239,618	$ 228,180	$ 226,825	$ 226,846
Special assessments	451,475	458,936	457,124	476,835	483,220
Interest	(4,831)	(54,933)	39,993	93,945	84,796
Intergovernmental grant	-	244,298	146,375	1,461,164	452,347
Other County funding	-	30,000	-	-	-
Other revenue	7,425	4,725	85,030	71,753	75,011
Total Revenue	687,101	922,644	956,702	2,330,522	1,322,220
Expenditures					
County support	27,018	68,513	46,059	125,528	40,514
Contracted management	-	-	-	-	-
Operating costs	297,662	907,330	660,120	177,621	250,705
Utilities	39,181	89,911	213,599	132,076	171,713
Other expenditures	2,336	6,436	-	-	-
Debt service (principal and interest)	-	-	-	-	-
Capital Assets:					
Buildings and improvements	336,861	254,770	613,696	1,690,681	1,039,787
Equipment		16,395	-	-	-
Total Expenditures	703,058	1,343,355	1,533,474	2,125,906	1,502,719
Net income (loss)	(15,957)	(420,711)	(576,772)	204,616	(180,499)
Beginning Fund Balance	2,799,706	2,783,749	2,363,038	1,786,266	1,990,882
Ending Fund Balances	$ 2,783,749	$ 2,363,038	$ 1,786,266	$ 1,990,882	$ 1,810,383

The trend for the water system is skewed by grant funding for capital improvements over the past few years. Overall, the fund balance has been on a downward trend decreasing from approximately $2.78 million in FY 2021 to $1.81 million in FY2025. The County received a Small Community Drought Relief program grant from the Department of Water Resources (DWR) which has been applied for work on the arsenic treatment system which began construction at the end of 2023. Wild Wings also used grant funds to drill a third well although it doesn't have the funds to connect to the potable water system yet. The 2024 fee study found that inflation is raising the costs of staff and materials for water treatment and water rates will need to be increased but a Proposition 218 vote failed to approve the rate change.

The golf course pays 41.4% of all water costs for the community, based on the percentage of water used in comparison to the overall amount of water pumped from the wells. It is currently charged a potable water rate although it uses recycled and raw water, which serves to reduce homeowner water fees.

Sewer Service

WILD WINGS CSA - SEWER
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

	2021	2022	2023	2024	2025
Revenue					
Charges for services	$ 27,639	$ 26,704	$ 26,704	$ 26,704	$ 26,704
Special assessments	1,050,659	1,065,897	1,104,726	1,071,609	1,071,609
Interest	5,023	(21,118)	12,747	41,260	64,771
Other revenue		100,000	-	8,510	8,896
Total Revenue	1,083,321	1,171,483	1,144,177	1,148,083	1,171,980
Expenditures					
County support	6,849	14,626	16,870	37,537	34,264
Operating costs	592,065	507,256	687,452	641,336	879,387
Utilities	44,668	70,882	128,442	125,927	180,398
Other expenditures	-	23,783	30,000	-	-
Debt service (principal and interest)	7,425	4,725	87,055	-	-
Capital Assets:					
Buildings and improvements	3,565	-	-	-	-
Equipment		-	-	-	-
Total Expenditures	654,572	621,272	949,819	804,800	1,094,049
Net income (loss)	428,749	550,211	194,358	343,283	77,931
Beginning Fund Balance	(103,125)	325,624	875,835	1,070,193	1,413,476
Ending Fund Balances	$ 325,624	$ 875,835	$ 1,070,193	$ 1,413,476	$ 1,491,407

Wild Wings CSA's revenue for its sewer system is adequate, and the sewer fund balance has increased substantially over the past five years. As discussed in the Capacity Section, the CSA is planning on constructing an additional smaller treatment plant to improve system resilience. A Proposition 218 vote which included funding for the new wastewater plant was conducted in 2024 but failed to pass. The sewer assessment to complete the additional plant should be considered with the next Proposition 218 vote.

Golf Course Service

WILD WINGS CSA - GOLF COURSE
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

	2021	2022	2023	2024	2025
Revenue					
Charges for services	$ 562,445	$ 489,947	$ 173,591	$ 294,189	$ 513,388
Special assessments	574,600	574,600	597,584	621,487	636,400
Interest	2,018	(13,942)	15,128	10,636	1,007
Other County funding				59,688	
Other revenue			251,856	-	
Total Revenue	1,139,063	1,050,605	1,038,159	986,000	1,150,795
Expenditures					
Salaries and benefits				79,240	75,877
County support	16,571	26,551	49,489	128,524	68,903
Contracted management	75,000	75,000	78,880	72,750	75,700
Operating costs	650,654	656,856	661,552	421,480	434,082
Utilities	260,798	251,856	251,856	273,511	367,138
Other expenditures	-	-	-	-	-
Debt service (principal and interest)	21,668	23,474	3,611	91,629	91,629
Capital Assets:					
Buildings and improvements	92,004	56,745	-	-	-
Equipment	55,894	-	50,270	(50,270)	-
Total Expenditures	1,172,589	1,090,482	1,095,658	1,016,864	1,113,329
Net income (loss)	(33,526)	(39,877)	(57,499)	(30,864)	37,466
Beginning Fund Balance	246,191	212,665	172,788	115,289	84,425
Ending Fund Balances	$ 212,665	$ 172,788	$ 115,289	$ 84,425	$ 121,891

The five-year trend for the Wild Wings golf course shows a depletion of its fund balance. However, FY 2024 shows a turnaround due to an increase in property taxes and the change in management to the Yolo Fliers Club, which has improved the finances by doubling the number of annual non-resident users who pay to use the course. Expenses could potentially be reduced further if the golf course was charged a recycled water rate instead of a more expensive potable rate, but that would pass on higher costs to homeowners.

Financial Ability MSR Determination:

Financial stability appears to vary among the three services provided by Wild Wings CSA. The water system is currently undergoing investment to improve resiliency with construction of a new well and arsenic removal system. Even with the improvements funded by a grant, this service has lost approximately a third of its fund balance. The 2024 rate study noted increasing expenses due to inflation, but the associated rate increase vote failed. Sewer service has an increasing fund balance but still needs to pay for a secondary wastewater treatment plant for redundancy and to meet its state permitting requirements.

The Wild Wings golf course appears to have turned a corner toward financial stability. The CSA Manager is currently working to fund needed water and wastewater services and establish a sound reserve for capital improvements. Much of the water system resiliency improvements have been funded through state grants secured by the CSA Manager. Golf course operations are now contracted out to the Yolo Flier's Club, and it appears better maintenance has increased the number of non-resident users who pay to use the golf course. The advisory committee is actively involved and receives financial updates at each quarterly meeting.

Recommendation:

1. Secure additional funding (such as grants, loans or rate increase) to connect the new well and complete wastewater treatment facility improvements.

5. SHARED SERVICES AND FACILITIES

Status of, and opportunities for, shared facilities.

	Significant Concern	Potential Concern	Not a Concern
a) Are there any opportunities for the organization to share services or facilities with neighboring, overlapping, or other organizations that are not currently being utilized?	☐	☐	☒

Shared Services MSR Determination:

CSAs are already managed in a consolidated fashion by Yolo County. The golf course is under contract to be managed by the Yolo Flyer's Club. No additional shared services or facilities are readily available, though the District is reviewing the possibility of connecting to the City of Woodland's water system.

6. ACCOUNTABILITY, STRUCTURE, AND EFFICIENCIES

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

	Significant Concern	Potential Concern	Not a Concern
a) Are there any recommended changes to the organization's governmental structure or operations that will increase accountability and efficiency (i.e. overlapping boundaries that confuse the public, service inefficiencies, and/or higher costs/rates)?	☐	☐	☒
b) Does the agency need to secure independent audits of financial reports that meet California State Controller requirements? Are the same auditors used for more than six years? Are audit results not reviewed in an open meeting?	☐	☐	☒
c) Are there any issues with filling board vacancies and maintaining board members? Is there a lack of board member training regarding the organization's program requirements and financial management?	☐	☐	☒
d) Are there any issues with staff capacity and/or turnover? Is there a lack of staff member training regarding the organization's program requirements and financial management?	☐	☐	☒
e) Does the organization need to improve its public transparency via a website (see https://www.yololafco.org/yolo-local-government-website-transparency-scorecards)?	☐	☐	☒

Discussion:

In 2021, the County explored the possibility of creating a Wild Wings Community Services District (CSD) as an independent agency to operate the CSA's water, sewer, and park/recreational services, instead of being governed by the Board of Supervisors (BOS). However, based on resident surveys and recommendations, the BOS decided not to pursue formation of a CSD.

Wild Wings CSA is governed by the County BOS and is treated as a special district under the LAFCo Law. The BOS is advised by a five-member advisory committee composed of local Wild Wings residents. The advisory committee currently has four members and has a recreation/golf subcommittee on golf course activities.

The CSA is currently staffed and managed by the County Administrator's Office. The CSA is billed for the staff time of the CSA administrative support team, County finance staff, and County legal counsel, when such services are utilized. It is part of the County's auditing process. Wild Wings CSA received an 87% transparency score in 2025.

Accountability, Structure, and Efficiencies MSR Determination:

There are no recommended changes to the organization's governmental structure that will increase accountability and efficiency even though Wild Wings parcels must bear higher fees than other districts. In 2021, Yolo County explored the possibility of creating a Wild Wings Community Services District (CSD) as an independent agency to operate the CSA's water, sewer, and park/recreational services instead of the County. Ultimately, the BOS decided not to pursue formation of a CSD. LAFCo concurs that the Wild Wings community is not large enough to operate effectively as an independent CSD. LAFCo does not see organizational or structural options to reduce costs other than managing its services as efficiently as possible.

Board and staff capacity, policies, and audits are not an issue as these are handled by Yolo County. Turnover of the CSA Manager and where the manager is located within the County hierarchy has been an issue for years and would benefit from consistency. Wild Wings CSA is billed for the staff time of the CSA administrative support team, County finance staff, and County legal counsel, when such services are utilized. The CSA received an 87% score in the 2025 Yolo Local Government Website Transparency Scorecard and will continue to be scored each year.

7. OTHER ISSUES

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

	Significant Concern	Potential Concern	Not a Concern
a) Is there a lack of high-performance broadband (25/3 Mbps) available in the community? Are low-income subscription rates available?	☐	☐	☒
b) Are there any recommendations from the agency's previous MSR that have not been implemented?	☐	☒	☐

Discussion:

Broadband Access

Under Public Utilities Code § 281, areas with less than 25 Mbps down and 3 Mbps up are classified as "unserved" and thus eligible for broadband infrastructure support. According to the California Interactive Broadband Map hosted by the Public Utility Commission, the community of Wild Wings is completely served either by ADSL2, ADSL2+ wireline infrastructure from AT&T capable of speeds up to 25 Mbps down and 5 Mbps up, or by various fixed wireless providers up to 300 Mbps down and 30 Mbps up speeds. Major carriers are available which offer low-income internet plans ranging from about $9.95 to $30 per month. Therefore, broadband is available and affordable in the Wild Wings community.

Implementation of Recommendations

2022 MSR Recommendations	Implementation
1. Continue to focus Yolo County staff time and resources on resolving the significant long-term municipal water and sewer service sustainability issues for the Wild Wings CSA as noted in the MSR.	No
2. Continue studying the feasibility of connecting to other municipal water systems in the surrounding area to improve water supply security/redundancy	Yes
3. The Wild Wings CSA WWTP discharge permit from SWRCB is up for renewal. The CSA needs to select and move forward with an option quickly to increase the WWTP's reliability and meet State standards.	No
4. If the golf course continues to struggle to find an adequate operator and/or have financial issues, the CSA should consider leasing out the golf course operations to an outside provider, so it is no longer a CSA day to day management responsibility.	Yes
5. The Wild Wings CSA needs to provide a new flood control and drainage service and fund to be added (and LAFCo should consider adding flood control and drainage to the CSA's powers). Separating this new service and fee into its own fund would be more transparent.	Yes
6. If any future requests for water or sewer service extensions outside Wild Wings CSA boundaries are submitted, the CSA should carefully consider its capacity to serve additional connections.	Yes
7. The County should provide additional accounting and administrative staff support to the CSA Manager so this time can be better utilized to address CSAs significant infrastructure issues.	Yes

Other Issues MSR Determination:

The Wild Wings CSA area has affordable broadband options available. Progress has been made toward many of the 2022 MSR recommendations for the Wild Wings CSA. The CSA has drainage authority as part of its golf course responsibilities. The CSA manager receives help as needed from a CAO analyst and feels that there is currently enough support but that would change if additional CSAs were created. Water and wastewater infrastructure redundancy is not yet sufficiently funded and will need more time to complete. New recommendations to address these needs are included in this MSR.

WILD WINGS CSA SPHERE OF INFLUENCE STUDY

A Sphere of Influence (SOI) is an area delineated on a map and approved by LAFCo that indicates where potential future agency annexations could be proposed. The Wild Wings CSA SOI includes the adjacent Watts-Woodland Airport. No further updates are needed.

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.