



TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION

210 N. Church Street, Suite B, Visalia 93291 Phone: (559) 623-0450 FAX: (559) 733-6720

LAFCO MEETING AGENDA
July 11, 2012 @ 2:00 P.M.
BOARD OF SUPERVISORS CHAMBERS
COUNTY ADMINISTRATION BUILDING
2800 West Burrel Avenue
Visalia, CA. 93291

COMMISSIONERS:

*Juliet Allen, Chair
Cameron Hamilton, V. Chair
Steve Worthley
Rudy Mendoza
Allen Ishida*

ALTERNATES:

*Vacant
Amy Shuklian
Mike Ennis*

EXECUTIVE OFFICER:

Ben Giuliani

I. Call to Order

II. Approval of Minutes from June 6, 2012 (Pages 1-4)

III. Public Comment Period

At this time, members of the public may comment on any item not appearing on the agenda and that is within the scope of matters considered by the Commission. Under state law, matters presented under this item cannot be discussed or acted upon by the LAFCO Commission at this time. So that all interested parties have an opportunity to speak, any person addressing the Commission may be limited at the discretion of the chair. At all times, please use the microphone and state your name and address for the record.

IV. Consent Calendar

There are no items.

V. Continued Action Items

There are no items.

VI. New Action Items

1. LAFCO Case 1491, formation of the Alpaugh Services District (CSD) and dissolution of the Tulare County Waterworks District #1 (Pages 5-60)
[Public Hearing]..... Recommended Action: Adoption

The proposed project is a reorganization consisting of the formation of the Alpaugh Services District (CSD) and dissolution of the Tulare County Waterworks District #1. The community of Alpaugh is located in the southwest corner of the County of Tulare, California. The Tulare County Waterworks District #1 encompasses the townsite of Alpaugh. The proposed Alpaugh CSD generally borders the Homeland Canal to the west, the Avenue 80 and 72 alignments to the north, the Road 56 alignment to the east and the Avenue 48 and 40 alignments to the south for a total area of about 9,028 acres.

2. LAFCO Case 1490, Dinuba CSD Sphere of Influence Update (Pages 61-82)

NOTE: Persons wishing to speak on any of the agenda items who have made a political contribution of more than \$250 to any commissioner in the last twelve months must indicate this when speaking.

[Public Hearing].....Recommended Action: Adoption

The City of Dinuba is located within northern Tulare County, approximately 15 miles north of Visalia. A Municipal Service Review was approved and SOI Update was initiated on June 6th, 2012. LAFCO has reviewed and considered the information contained in the EIR prepared for the 2006-2026 General Plan and certified by the City and in the City's CEQA documentation SCH# 2006091107.

VII. Executive Officer's Report

1. Grand Jury Report - "Special Districts Lack of Oversight" (Pages 83-85)

As part of their FY 11/12 report, the Tulare County Grand Jury released recommendations (enclosed) regarding a perceived lack of oversight of special districts in the County. The Executive Officer will address this report at the Commission meeting.

2. CALAFCO Board Nominations and Achievement Award Nominations (No Page)

Nominations are open for three of the four CALAFCO Board seats from the Central Region. This includes the County, Special District and City seats. The deadline for nominations is September 4, 2012. If a Commission member is interested, the nomination can be brought back on the August 8th agenda. CALAFCO Achievement awards nominations are due by August 17, 2012. Any agency, organization or individual may nominate people or agencies for awards. More information is available at <http://www.calafco.org/>.

3. Legislative Update (No Page)

The Executive Officer will provide a status update of proposed legislation that will, or potentially could, impact LAFCO's legislative authority and/or administrative responsibility.

4. Upcoming Projects (No Page)

The Executive Officer will provide a summary and tentative schedule of upcoming LAFCO cases and projects.

VIII. Correspondence

None

IX. Other Business

1. Commissioner Report (No Page)

At this time, any Commissioner may inform the Commission, Staff, or the public of pertinent LAFCO issues not appearing on the agenda.

2. Request from LAFCO for items to be set for future agendas

X. Closed Sessions

There are no items.

NOTE: Persons wishing to speak on any of the agenda items who have made a political contribution of more than \$250 to any commissioner in the last twelve months must indicate this when speaking.

XI. Setting Time and Place of Next Meeting

August 8, 2012 @ 2:00 P.M. in the Board of Supervisors Chambers in the County Administration Building

XII. Adjournment

<i>Item No.</i>	<i>Agenda Summary</i>
II.	<i>Please see enclosed June 6th, 2012 meeting minutes.</i>
VI. 1.	<i>Please see enclosed Staff Report for formation of the Alpaugh Services District (CSD) and dissolution of the Tulare County Waterworks District #1.</i>
VI.2	<i>Please see enclosed Staff Report for the Dinuba SOI Update.</i>
VII. 1.	<i>Please see enclosed Grand Jury report regarding special district oversight.</i>
VII.2.	<i>There are no enclosures for this item.</i>
VII.3.	<i>There are no enclosures for this item.</i>
VII.4.	<i>There are no enclosures for this item.</i>
IX.1.	<i>There are no enclosures for this item</i>

NOTE: Persons wishing to speak on any of the agenda items who have made a political contribution of more than \$250 to any commissioner in the last twelve months must indicate this when speaking.

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TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION
Minutes of the Meeting
June 6, 2012

Members Present: Cameron Hamilton, Steve Worthley, Allen Ishida, Rudy Mendoza

Members Absent: Julie Allen

Alternates Present:

Alternates Absent: Amy Shuklian, Mike Ennis

Staff Present: Ben Giuliani, Cynthia Echavarria, Jessica Moncada

Counsel Present: Arlene Silva

I. Call to Order

Vice-Chair Hamilton called the Tulare County Local Agency Formation Commission meeting to order at 2:03 p.m. on June 6, 2012

II. Approval of the May 2, 2012 Minutes:

Upon motion by Commissioner Mendoza and seconded by Commissioner Worthley, the Commission unanimously approved the May 2, 2012 minutes.

III. Public Comment Period

Vice-Chair Hamilton opened the Public Comment Period

No comments were received; Vice-Chair Hamilton closed the Public Comment Period

IV. Consent Calendar Items

There were no Consent Calendar items.

V. Continued Action Items

1. Adoption of the City of Dinuba Municipal Service Review

Executive Officer Ben Giuliani provided information on the Adoption of the City of Dinuba Municipal Review. Mr. Giuliani stated that at the April 2012 LAFCO meeting, the County of Tulare requested a 60-day continuance to allow the opportunity for the Dinuba City Counsel and the Board of Supervisors to consider a proposed amendment to the existing memorandum of understanding. They approved the amended MOU on May 15th.

Vice-Chair Hamilton asked if anyone from the public would like to comment.

Steve Brandt from Quad Knopf representing Dinuba stated that Quad Knopf assisted Dinuba in working on the Municipal Service Review and wanted to thank Executive Officer Ben Giuliani on how the Municipal Service Review for the City of Dinuba has turned out. He requested the Commission's approval of the Municipal Service review.

Seeing no more public comments, Vice-Chair Hamilton closed the public comment period. Upon motion made by Commissioner Worthley and seconded by Commissioner Ishida the Commission unanimously approved the Adoption of the City of Dinuba Municipal Service Review.

2. Initiate Sphere of Influence Update to City of Dinuba

Executive Officer Ben Giuliani stated that this is the initiation of the Sphere of Influence Update for the City of Dinuba. Since the MSR has been adopted the SOI Update can be initiated.

Upon motion made by Commissioner Ishida and seconded by Commissioner Mendoza the Commission unanimously approved the Initiation the Sphere of Influence Update for the City of Dinuba.

VI. New Action Items

1. 2012/2013 Final Budget and Working Program.

Staff Analyst Cynthia Echavarria provided information on the 2012/13 Final Budget and Work Program. Mrs. Echavarria stated that pursuant to Government Code, the commission must adopt the final budget and work program for the following fiscal year by June 15th. The commissions proposed to apply \$50,000 to offset the contribution from the County and eight cities, changing the net cost to \$50,000, reducing government agency contribution to \$180,257. No other changes have been made. All expenditures and revenues are itemized on the documents that were provided.

Vice-Chair Hamilton asked if anyone from the public would like to comment. Seeing none, Vice-Chair Hamilton closed the public comment period.

Commissioner Mendoza stated after reviewing over the budget, he was concerned about member agency dues increasing this year. He inquired about how the budget could potentially be decreased.

EO Giuliani explained that after years of drawing funding from the reserve account, the Commission could no longer offset agency dues as much as was done in the past.

Discussion ensued amongst the Commissioners and Executive Officer regarding the budget and opportunities for savings in the future.

Upon motion made by Commissioner Worthley and seconded by Commissioner Ishida the Commission unanimously approved the 2012/ 2013 Final Budget and Work Program.

2. Alternate Public Member Selection

EO Giuliani provided information on the Alternate Public Member Selection. EO Giuliani stated that there was one application that was forwarded to the Selection Committee which is composed of Commissioner Worthley and Commissioner Mendoza. It is up to the Selection Committee on what action is next to take regarding the once Public Alternate Member applicant.

Upon motion made by Commissioner Mendoza and seconded by Commissioner Worthley the Commission unanimously approved Dennis A. Mederos as the new Alternate Public Member.

3. LAFCO Executive Officer Compensation

Vice-Chair Hamilton called the Tulare County Local Agency Formation Commission meeting into closed session at 2:50 p.m.

Vice-Chair Hamilton called the Tulare County Local Agency Formation Commission meeting to order from closed session at 3:00 p.m. on June 6, 2012

E.O Giuliani explained that this is an action item for the Executive Officer Compensation.

Commissioner Hamilton stated the Ad Hoc committee composed of Commissioner Ishida and Commissioner Worthley discussed EO Giuliani's performance evaluation.

Commissioner Worthley stated the Ad Hoc committee recommends a step increase LAFCO's Executive Officer which was previously frozen the last two years.

Upon motion made by Commissioner Ishida and seconded by Commissioner Worthley the Commission unanimously approved the LAFCO Executive Officer Compensation.

VII. Executive Officer's Report

1. San Joaquin Valley Greenprint

Staff Analyst Cynthia Echavarria provided information on the San Joaquin Valley Greenprint. Ms. Echavarria stated The Greenprint is an 8 county technical and stakeholder project to document how natural resources support the region's economy, health and quality of life, and to identify strategies to guide stewardship of land, water and living resources. The Fresno Council of Governments, which manages the Blueprint, is also responsible for managing the Greenprint project. The Greenprint project covers the entire area within the eight counties that participate in the San Joaquin Valley Regional Policy Council. Because the foothills and federal lands have an influence on the Valley they will be included. Although the counties of Amador, Calaveras, Tuolumne and Mariposa are not represented on the San Joaquin Valley Regional Policy Council, they too have foothills and federal lands that should be considered. Therefore, their leaders and citizens will also be invited to participate. Since the agreement, Fresno COG has formed a "Steering Committee" to provide staff with guidance in the management of the Greenprint. The committee at this time is comprised of individuals representing a variety of interests that have a stake in the project. The committee has met nearly a dozen times to further define the need and purpose of the Greenprint and to develop the specific project tasks and deliverables. This preliminary work was completed late last year and the contract between Fresno COG and UC Davis, incorporating these tasks and deliverables, has been approved. The Green print is seen as a way to fill in the missing part of the Blueprint. The Blueprint is a voluntary framework to guide future urban growth. One of the Blueprint's benefits is that it encourages more efficient development that conserves open space, farmland and environmental resources. But, the Blueprint does not address the significant resource management opportunities and challenges in parts of the eight-county region that remain green and open. How we care for and manage these land, water and living resources will influence the economy and quality of life in the entire region just as much as how and where cities grow. The steering committee recognized that a different kind of planning process is needed to address rural land management challenges and opportunities; a process that extends our understanding of the land, water and living resources in the region and assures that those resources continue to benefit the region economically and environmentally for future generations. Ms. Echavarria stated the purpose is to provide a San Joaquin Valley wide perspective on open space/natural resource issues. The first phase will take about 12 months and will concentrate on fact-finding and information sharing. The second phase will take another 15-18 months. It will evaluate options and recommend strategies for resource conservation and management. The target for completion is mid 2014

Commissioner Ishida asked what the goal is of this study.

Ms. Echavarria stated that it is similar to the Blueprint's goal except it is for rural resources. Ms. Echavarria also stated that there is a flyer that is included in the staff report that explains the goals of the green print.

2. Legislative Update

EO Giuliani provided information on the legislative update. Mr. Giuliani stated that AB 2238 Perea Bill added another unfunded mandate to LAFCO regarding reorganization studies and municipal service reviews. Mr. Giuliani stated the language has been changed back to the original language.

EO Giuliani stated that there has been a recent Attorney General opinion released regarding what you can do in classifying county Islands.

3. Upcoming Projects

EO Giuliani stated that LAFCO will have the Dinuba Sphere of Influence update for the July LAFCO meeting and also still anticipate getting the Alpaugh CSD formation for the July LAFCO meeting as well. There is a possibility that it may not make the July meeting because LAFCO has not received the application yet. If it does not make the July LAFCO meeting, we may have to move up the August LAFCO meeting or call a special meeting to hear the Alpaugh case because of a critical deadline that needs to be met in order to get the formation out to make the November election.

VIII. Correspondence

None

IX. Other Business

1. Commissioner Report - At this time, any Commissioner may inform the Commission, Staff, or the public of pertinent LAFCO issues not appearing on the agenda.

None

2. Request from LAFCO for items to be set for future agendas

None

X. Closed Sessions

Item NO. VI. 3 Personnel (Gov. Code Section 54957)

It is the intention of the Board to meet in closed session to: Consider public employment performance evaluation for the position of LAFCO executive officer. The Commission met in closed session prior to Action Item #3.

XI. Setting Time and Place of Next Meeting

July 11, 2012 @ 2:00 P.M. in the Board of Supervisors Chambers in the County Administration Building.

XII. Adjournment

**TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION
EXECUTIVE OFFICER'S REPORT**

July 11, 2012

**LAFCO Case Number 1491
Formation of Alpaugh CSD and Dissolution of Tulare County WWD #1**

PROPOSAL: Formation of the Alpaugh Community Services District and
Dissolution of the Tulare County Waterworks District #1

PROPONENT: The County of Tulare by resolution of its Board

SIZE: CSD Alternative 1: 6,653ac., Alt. 2: 9,041ac., Alt. 3: 9,107ac.
Tulare County WWD #1: 161 acres

LOCATION: The project site is located in the southwest portion of Tulare County
(*Figure 1*) including the town of Alpaugh and surrounding areas to the east of
the Homeland Canal.

**ASSESSOR'S
PARCEL NOS:** Alt. 1: 662 parcels, Alt. 2: 732 parcels, Alt. 3: 735 parcels
Tulare County WWD #1: 354 parcels
[Appendix H]

NOTICE: Notice has been provided in accordance with Government Code
Section 56660 and 56661.

GENERAL ANALYSIS:

1. Land Use:

A. Site Information

	Existing	Proposed
Zoning Designation	AE-40, AE-80 surrounding Alpaugh R-A , C-1, C-2 in the townsite	No Change
General Plan Designation	Agriculture outside the townsite Rural Residential with some Commercial in the townsite	No Change
Uses	The area includes the townsite with mainly residential uses and the surrounding area with mainly agricultural uses.	No Change

B. Surrounding Land Uses and Zoning and General Plan Designations

There are urban land uses and zoning within the townsite. The surrounding area is within the County's Rural Valley Lands Plan with primarily agricultural and open space uses.

C. Topography, Natural Features and Drainage:

The site is topographically flat and contains no natural features. The Homeland Canal borders the proposed CSD to the west.

D. Conformity with General Plans and Spheres of Influence:

The County has an adopted Urban Area Boundary that is coterminous with the townsite of Alpaugh. Since this proposal would not result in urban growth, it is in conformity with the County's General Plan. A Sphere of Influence for the proposed new CSD will be developed at a later date.

2. Impact on Prime Agricultural Land, Open Space and Agriculture:

This proposal would result in a change of governance and would have no impact on prime agricultural land, open space and agriculture.

Williamson Act and Open Space Land Conversion (GC §56377):

The site does contain land that is under Williamson Act contract. However, the creation of the CSD will not result in the premature conversion of agricultural land or cancelation of Williamson Act contracts.

3. Population:

The population of the formation area (Alt. 2 & 3) is estimated to be 1,311 people based off of corresponding 2010 U.S. Census block data. The County Elections Division has indicated that there 195 registered voters in the formation area (Alt. 2). The population of the dissolution area is estimated to be 892 people based off of corresponding 2010 U.S. Census block data. Therefore, pursuant to GC §56046, the reorganization area is inhabited.

4. Services and Controls - Need, Cost, Adequacy and Availability:

The proposed CSD would provide domestic water service to the townsite of Alpaugh and surrounding area in place of the Tulare County Waterworks District #1 and Alpaugh Joint Powers Authority. This should result in a more efficient governance structure and delivery of service. The proposed CSD encompasses the entire area that is currently served by the domestic water system. The proposed formation complies with Tulare County LAFCO Policy C-1.6 (Standards for the Formation of Special Districts).

CSDs are formed pursuant to the Community Services District Law (Sec. 61000 et seq. of the Government Code). CSDs are created most often in unincorporated areas but can, with the consent of a city council, include incorporated lands as well. The law authorizes CSDs to provide a range of local services. The actual services to be provided by a specific District are identified in the formation process. Thereafter, that District can provide additional types of services only by obtaining approval from LAFCO and the voters within the District. The proposed Alpaugh CSD's lone active power would be the provision of domestic water. All other powers authorized to a CSD are latent powers so that the Alpaugh CSD would be required to obtain approval from Tulare County LAFCO for the activation of any powers beyond domestic water service.

5. Boundaries and Lines of Assessment:

The boundaries of the proposal area are definite and certain and conform to the lines of assessment and ownership.

A map sufficient for filing with the State Board of Equalization has not been received from the proponent. A map and legal description will need to be received from the proponent prior to recording a Certificate of Completion.

If the reorganization is approved, the applicant must provide a check for the BOE filing fee. The BOE filing fee is based off of acreage. The fee amount for this reorganization would be \$3,500. (The BOE filing must be completed by Commission staff by December 1, 2012 for the new/adjusted tax rate areas to be effective on the FY 13/14 tax roll.)

There were two boundary options approved by the Tulare County Board of Supervisors (BOS) [Figure 1]. Alternative 1 is the minimum boundary extent that would include all of the existing domestic water infrastructure and parcels served by the Alpaugh JPA. Alternate 2 is a more rounded logical boundary that takes into account road alignments, land ownership and other natural boundaries. Alternative 3 was not approved by the Tulare BOS. However, Alternative 3 takes into account existing tax rate areas (TRAs). Using Alternative 3 would assist the County Auditor in keeping TRA adjustments as minimal as possible. There would be no additional environmental impact by approving Alternative 3.

Figure 2 shows government ownership of land in the Alpaugh area. Figure 3 shows the proposed CSD in relation to the irrigation districts and water districts which provide irrigation services in the area.

6. Assessed Value, Tax Rates and Indebtedness:

Upon completion of this reorganization, tax rate areas will be adjusted.
Estimated assessed values are as follows:

	Alt. 1	Alt. 2	Alt. 3	WWD #1
Land	\$14,252,279	\$15,941,343	\$16,086,614	\$3,808,451
Improvements	\$17,850,697	\$18,018,435	\$18,160,269	\$5,059,356
Pers. Prop.	\$1,385,817	\$1,387,206	\$1,387,206	\$57,645
TOTAL	\$33,488,793	\$35,346,984	\$35,634,089	\$8,925,452

7. Environmental Impacts:

The County of Tulare is the lead agency for the formation of Alpaugh CSD. The applicant, the Tulare County Board of Supervisors, has adopted a Notice of Exemption (NOE) where it was concluded that the proposed formation of the Alpaugh Community Services District constitutes a proposal for which it can be seen with certainty that there is no possibility that the proposed activity may have a significant effect on the environment, and thus, the proposal is exempt from the California Environmental Quality Act (CEQA) pursuant to the General Rule Exemption authorized by 14 California Code Regulations Section 15061, subdivision (b)(3). The Commission intends to adopt the NOE by reference unless evidence of significant environmental effects is submitted to the Commission on or before the public hearing.

Tulare County LAFCO acting as Lead Agency pursuant to CEQA Guidelines finds that the dissolution of Tulare County Waterworks District #1 is Categorically Exempt from the provisions of the (CEQA) under Section 15320, "Changes in Organization of Local Agencies". There is no possibility that the dissolution may have a significant effect on the environment because there is no land use changes associated with the dissolution. If the Commission approves the dissolution and determines that the project is exempt from CEQA, staff will prepare and file a notice of exemption with the County of Tulare, as required by CEQA Regulation section 15062.

8. Landowner and Registered Voter Consent:

Written consent has not been provided by all registered voters and landowners. The proposed formation of the Alpaugh CSD and dissolution of the TCWWD #1 are not subject to a protest hearing but they are subject to protest. This reorganization is subject to protest because if 50% or more of the registered voters within the proposed formation and dissolution areas are against this proposed action, then there would be no need for an election. To date, there have been no written protests submitted against either the proposed dissolution or formation. (See Appendix G for discussion of conducting authority procedures regarding protest provisions.)

9. Regional Housing Needs:

This proposal has no effect on regional housing needs.

10. Discussion:

Financing:

The proposed Alpaugh CSD would be the successor district to the Tulare County Waterworks District #1 and assume all of the TC WWD #1's revenues, assets, liabilities and debt. The TC WWD #1 is financed primarily by a property assessment and also receives revenue from its share of the 1% ad valorem property tax and interest income. To be financially viable, the CSD would also need to assume the revenues of the Alpaugh Joint Powers Authority (JPA). Attached are historical budget information collected from State Controller reports for both TC WWD #1 and Alpaugh JPA [Appendix A & B]. Also attached are FY 11/12 budgets as provided by the TC WWD #1 and Alpaugh JPA [Appendix C & D].

The JPA was formed in 2003 by the TC WWD #1 and the Alpaugh Irrigation District to provide domestic water for the Alpaugh townsite and the surrounding area [Appendix E – JPA agreement]. The JPA is not a special district and is not subject to LAFCO authority so the member agencies to the JPA have to take the actions necessary for the termination and dispensation of the assets and liabilities of the JPA. Section 7.02 in the JPA agreement specifies that each district would get back their original contributions unless they specify otherwise. For the proposed CSD to be fully functional, the JPA should be terminated and all of its assets and liabilities should be assigned to the new CSD. Appendix F includes the list infrastructure items provided by the Alpaugh ID to the JPA.

The existing members to the JPA (TCWWD #1 and Alpaugh ID) could terminate (Section 7.01) the authority and assign its assets and liabilities on the condition of the successful formation of the new CSD. Otherwise, the new CSD as the successor district of the TCWWD #1 would become the successor member to the JPA (Section 8.09). The JPA could then be terminated by the new CSD and Alpaugh ID.

The TC WWD #1 currently has an annual assessment in place within its district boundaries of \$120 per parcel. To those receiving service outside the TC WWD #1, a \$10 monthly fee is applied to the water bill in lieu of the assessment. The project proponent is requesting that the assessment be extended to all parcels in the new CSD. This should result in more efficient revenue collection after the formation of the CSD. The assessment would be placed as an additional question on the ballot for registered voters living within the proposed CSD boundaries and outside of the townsite of Alpaugh where the assessment is already in place. The approval or disapproval of this assessment will have no effect on the financial viability of the proposed CSD. If the extension of the assessment fails, the CSD could continue to apply the monthly fee.

Gann Limit:

GC §56811 requires that as a condition of approval for the formation of a new special district, the commission must determine a provisional appropriations ("Gann") limit. The appropriations limit is based on anticipated tax revenue and estimated changes in the cost of living and population in the next full fiscal year. The County Auditor's office has determined that the Gann limit should be set at (figure to be provided at Commission meeting).

Election:

If the proposed reorganization is approved and has less than 50% registered voter protest, it is the Commission's responsibility to inform the Tulare County Board of Supervisors and the Registrar of Voters ("elections official") and request that the BOS direct the Registrar of Voters to conduct the election. The BOS has 45 days within receipt of the Commission's notice to direct the Registrar of Voters to conduct the election [GC §57000(d)(e)]. GC §57132 specifies that the election would be set at the next established election date occurring at least 88 days after the date upon which the resolution calling the election was adopted. This means that the BOS would need to direct the Registrar of Voters to set the proposed reorganization election by August 10th to make the next general election ballot on November 6th.

The Commission is responsible for submitting the question to be posed to the electorate pursuant to GC §57133. Examples questions of different types of changes of organization are covered under that section. GC §57134 specifies that if a reorganization has been ordered subject to any terms or conditions that "subject to the terms and conditions specified in the order" must be added to the question. For this reorganization, the following is proposed:

"Shall the order adopted on July 11, 2012, by the Tulare County Local Agency Formation Commission ordering a reorganization consisting of the dissolution of the Tulare County Waterworks District #1 and the formation of the Alpaugh Community Services District be confirmed subject to the terms and conditions specified in the order?"

Pursuant to GC §57145(a), the legislative body or any authorized member(s) of the legislative body of any affected agency (this includes the Tulare County BOS) or individual voters or association of citizens may file a written argument for or against the question to be submitted to the voters. If the Commission approves this reorganization, the Commission may consider recommending to the BOS that a written argument in favor of the change of organization be provided to the Registrar of Voters.

A board of directors may be elected on the same ballot as the formation of the CSD [GC §61022(c)]. The board members may be elected at large or by/from

divisions [GC §61021]. Due to the small size of the electorate, it is recommended that the proposed Alpaugh CSD board be elected at large.

Post-Election:

Within 30 days of the canvass of the election, if the reorganization passes, the Commission must record a Certificate of Completion [GC §57176]. Within 45 days of the effective date (recorded Certificate of Completion), the new CSD board must meet to elect officers [GC §61043(a)]. Pursuant to Elections Code §10505(c), the new CSD board shall meet "as soon as practicable" to decide which three members will have 4 year terms and which two members will have 2 year terms.

Recommended Actions

It is recommended that this proposal be approved and that the Commission take the following actions:

1. Determine the formation of the Alpaugh Community Services District and dissolution of the Tulare County Waterworks District #1 to be exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) and 15320.
2. Find that the proposed reorganization complies with the policies and priorities of the Cortese-Knox-Hertzberg Act, GC §56377.
3. Pursuant to LAFCO Policy and Procedure Section C-1.6, find that:
 - a. There is a demonstrated need for services or controls that can be provided by a special district.
 - b. There is no alternative that would provide for the required services in a more reasonable manner.
 - c. There will be sufficient revenue to adequately finance the required services or controls.
 - d. The proposal does not represent a conflict with the reasonable and logical expansion of adjacent governmental agencies.
 - e. The boundary configurations will not create or result in areas difficult to serve.
 - f. The boundaries of the proposed formation must be definite and certain and must conform to lines of assessment whenever possible.
 - g. The boundaries must not conflict with boundaries of other public agencies possessing the same powers unless properly justified.

4. Approve the reorganization, to be known as LAFCO Case No. 1491, Alpaugh CSD formation and Tulare County WWD #1 dissolution, subject to the following conditions:
 - A.) The dissolution of the Tulare County Waterworks District #1 is contingent upon a successful election for the formation of the Alpaugh CSD. Following a successful election, a Certificate of Completion will be filed for the reorganization consisting of the dissolution of TC WWD #1 and formation of Alpaugh CSD.
 - B) The provisional appropriations ("Gann") limit of the Alpaugh CSD has been determined to be \$###.
 - C) The existing member agencies (TC WWD #1 and Alpaugh Irrigation District) of the Alpaugh JPA shall take action to conditionally (upon Certification of the new CSD) terminate the JPA and assign its assets and liabilities to the new CSD or the Alpaugh CSD, as the successor district to TC WWD #1, and Alpaugh ID shall take action to terminate the JPA and assign the JPA's assets and liabilities to the new CSD. The member agency resolutions terminating and assigning the assets and liabilities of the JPA must be provided to the Commission.
 - D) The applicant must provide a map and legal description completed to the Board of Equalization (BOE) specifications for the approved boundary of the Alpaugh CSD prior to the recording of the Certificate of Completion.
 - E) The applicant must provide the required filing fee for the Statement of Boundary Change that is to be submitted to the BOE.
5. The Commission orders the conditional dissolution of TC WWD #1 without election and orders the formation of Alpaugh CSD subject to the confirmation of the registered voters within the approved boundaries, as shown in Alternative 3 in Exhibit A, in accordance with section 570771(a)(1) of the Government Code.
6. The Commission request that the Tulare County Board of Supervisors direct the Tulare County Registrar of Voters to conduct an election for the formation of the Alpaugh CSD and five board members for the CSD to be placed on the November 6, 2012 general election ballot pursuant to Government Code sections 57000(e), 57132 and 61022(c).
 - A) The proposed question to be submitted at election pursuant to GC section 57133 is the following: "Shall the order adopted on July 11, 2012 by the Local Agency Formation Commission of Tulare County ordering the formation of the Alpaugh Community Services District be confirmed subject to the terms and conditions specified in the order?"

- B) The County may place on the ballot the extension of the existing \$120/year parcel assessment in the TC WWD #1 to all parcels within the new CSD. The approval or disapproval of this assessment will have no affect on the financial viability of the District. An approved assessment would be effective on the condition of the successful formation of the CSD.

7. Adopt the determinations as listed in the attached resolution.

Figures, Exhibits & Appendices:

Figure 1	Site Location and CSD Alternatives Map
Figure 2	Government Ownership Map
Figure 3	Irrigation District Map
Appendix A	TC WWD #1 Budget History FY00/01 to 09/10
Appendix B	Alpaugh JPA Budget History FY03/04 to 09/10
Appendix C	TC WWD #1 FY11/12 Budget
Appendix D	Alpaugh JPA FY11/12 Budget
Appendix E	Alpaugh JPA Founding Agreement
Appendix F	Alpaugh ID Contributions to JPA
Appendix G	Protest Procedures
Appendix H	APN Lists

BEFORE THE LOCAL AGENCY FORMATION COMMISSION
OF THE
COUNTY OF TULARE, STATE OF CALIFORNIA

In the Matter of the Proposed Reorganization)

Consisting of the Dissolution of the Tulare)

County Waterworks District #1 and the) **RESOLUTION NO. 12-013**

Formation of the Alpaugh Community)

Services District, LAFCO Case No. 1491)

WHEREAS, application has been made to this Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.) for approval of a proposal for the formation of the Alpaugh Community Services District as shown in Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, the proposed Alpaugh Community Services District would be the successor district to the Tulare County Waterworks District #1 whose dissolution is hereby initiated by the Commission; and

WHEREAS, this Commission has read and considered the Resolution of Application and application materials, the report of the County Surveyor, and the report and recommendations of the Executive Officer, all of which documents and materials are incorporated by reference herein; and

WHEREAS, on July 11, 2012 this Commission heard, received, and considered testimony, comments, recommendations and reports from all persons present and desiring to be heard concerning this matter.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED as follows:

1. The information, material and facts set forth in the application, the report of the County Surveyor, and the report of the Executive Officer (including any corrections) have been received and considered in accordance with Government Code Section 56668. Said documents contained in the record affecting this matter are incorporated by reference herein.

2. The Commission hereby finds that said reorganization including the dissolution of Tulare County Waterworks District# 1 and formation of Alpaugh CSC will not have a significant effect on the environment, and is Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15320, "Changes in Organization of Local Agencies" and General Rule Exemption authorized by 14 California Code Regulations Section 15061, subdivision (b)(3).

3. The Commission has reviewed and considered, in accordance with Government Code Section 56668, the information, materials and facts presented by the following persons who appeared at the public hearing and commented on the proposal:

4. All notices required by law have been given and all proceedings heretofore and now taken in this matter have been and now are in all respects as required by law.

5. Based upon the evidence and information on the record before it, the Commission makes the following findings of fact:

- a. The project proponent, the County Board of Supervisors, has approved two optional boundaries for the proposed Alpaugh CSD. Option 1 consisting of 6,653 acres of primarily agricultural land and the townsite of Alpaugh and Option 2 consisting of 9,041 acres of primarily agricultural land and the townsite of Alpaugh.
- b. The proposed dissolution of the Tulare County Waterworks District #1 consists of 161 acres of land consisting of the townsite of Alpaugh.
- c. More than 100 registered voters reside in the affected territory and not all of the property owners have provided consent to the reorganization.
- d. The dissolution of the Waterworks District may be ordered without an election if there is not a majority protest.
- e. The formation of the Alpaugh CSD is subject to confirmation by election of registered voters within the approved boundaries if there is not a majority protest.
- f. The Tulare County Waterworks District #1 and the Alpaugh Irrigation District are the member agencies to the Alpaugh Joint Powers Authority.
 - i. The Alpaugh Joint Powers Authority currently provides domestic water services to the townsite of Alpaugh and to the surrounding area which are included within the proposed Alpaugh CSD boundaries.
 - ii. The Alpaugh JPA is not a special district and is subject to a joint exercise of powers agreement dated March 5, 2003 between the two member agencies.
 - iii. The joint powers agreement states: "it is the intent of the districts that the formation of the JPA is a predecessor to the creation of a single district for providing domestic water and other services within the boundaries of the districts".

6. Based upon the evidence and information on the record before it and the

findings of fact made above, the Commission makes the following determinations:

- a. The boundaries of the proposed reorganization are definite and certain and conform to lines of assessment.
- b. The formation of the Alpaugh CSD in place of the Tulare County Waterworks District #1 and the Alpaugh JPA will provide a more efficient means of governance and provision of domestic water services to the Alpaugh area.
- c. The Alpaugh CSD will be the successor district to the Tulare County Waterworks District #1.
- d. For the Alpaugh CSD to be viable, the existing Alpaugh JPA must be terminated and its assets and liabilities must be transferred to the Alpaugh CSD.
- e. The Alpaugh CSD will be funded by a combination of property taxes, assessments and fees that are currently received by the Tulare County WWD #1 and the Alpaugh JPA.
- f. The addition of about 240 acres of land to the south and removal of about 174 acres of land in the north, as shown in Option 3 of Exhibit A, would make the proposed boundaries more in line with existing tax rate areas. This modification of boundaries would have no effect on existing domestic water service or the environmental determination for this project.
- g. Majority protests have not been submitted for either the dissolution of the Tulare County WWD #1 or the formation of the Alpaugh CSD.
- h. The provision of domestic water will initially be the lone active service of the Alpaugh CSD. The other services permitted to CSDs as listed in GC section 61100 will be latent powers. The activation of latent powers by the CSD would require additional Commission approval pursuant to GC sections 61106 and 56824.10.
- i. This proposal is in compliance with the policies and priorities of Section 56377 of the Cortese-Knox-Hertzberg Act.

7. The Commission hereby orders the conditional dissolution of the Tulare County Waterworks District #1 without election and orders the formation of the Alpaugh CSD subject to the confirmation of the registered voters within the approved boundaries, as shown in Option 3 in Exhibit A, in accordance with Section 57077(a)(1) of the Government Code.

8. The Commission hereby requests that the Tulare County Board of Supervisors direct the Tulare County Registrar of Voters to conduct an election for the formation of the Alpaugh CSD and five board members for the CSD to be placed on the November 6, 2012 general election ballot pursuant to Government Code sections 57000(e), 57132 and 61022(c).

- a. The proposed question to be submitted at election pursuant to GC section 57133 is the following: "Shall the order adopted on July 11, 2012 by the Local Agency Formation Commission of Tulare County ordering the formation of the Alpaugh Community Services District be confirmed subject to the terms and conditions specified in the order?"

9. The proposed reorganization of the territory described in Exhibit "A" attached hereto, is hereby approved, subject to the following conditions:

- a. The dissolution of the Tulare County Waterworks District #1 is contingent upon a successful election for the formation of the Alpaugh CSD. Following a successful election, a Certificate of Completion will be filed for the reorganization consisting of the dissolution of the TCWWD #1 and formation of the Alpaugh CSD.
- b. The provisional appropriations ("Gann") limit of the Alpaugh CSD has been determined to be \$####.

- c. The existing member agencies (Tulare County Waterworks District #1 and Alpaugh Irrigation District) of the Alpaugh JPA shall take action to conditionally (upon Certification of the new CSD) terminate the JPA and assign its assets and liabilities to the new CSD or the Alpaugh CSD, as the successor district to the Tulare County WWD #1, and the Alpaugh Irrigation District shall take action to terminate the JPA and assign its assets and liabilities to the new CSD. The member agency resolutions terminating and transferring the assets and liabilities of the JPA must be provided to the Commission.
- d. The applicant must provide a map and legal description completed to the Board of Equalization specifications for the approved boundary of the Alpaugh CSD prior to the recording of the Certificate of Completion.
- e. The applicant must provide the required filing fee for the Statement of Boundary Change to be submitted to the Board of Equalization.

10. The following short form designation shall be used throughout these proceedings:

LAFCO Case No. 1491, Alpaugh CSD Formation and Tulare County WWD #1 Dissolution

11. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution as required by law.

12. The Executive Officer is hereby authorized and directed to sign the Notice of Exemption on behalf of the Commission and file said notice with the Tulare County Clerk pursuant to Section 21152 (a) of the Public Resources Code.

The forgoing resolution was adopted upon motion of Commissioner X, seconded by Commissioner X, at a regular meeting held on this 11th day of July 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

PRESENT:

ABSENT:

Ben Giuliani, Executive Officer

FIGURE 1

KINGS COUNTY

SR-43

Road 40

Avenue 62

Road 34

Road 38

Road 42

Road 46

Road 50

Road 30

Avenue 54

Road 22

Avenue 46

Alpaugh CSD

- Tulare County WWD #1
- CSD Alternative 2
- CSD Alternative 1
- Angiola WD
- Parcels

0 0.5 1 Miles



Created by Tulare County LAFCO

CSD Alternative 3

- Parcels remove from Alt 2
- Parcels add to Alt 2

FIGURE 2

Government Ownership

- Alpaugh CSD (Alt 3)
- Allensworth CSD
- Parcels
- Federal
- State
- District

0 0.5 1 Miles



Kings County

Alpaugh

Atwell
Island WD

Pixley NWR

Alpaugh ID

Angiola WD

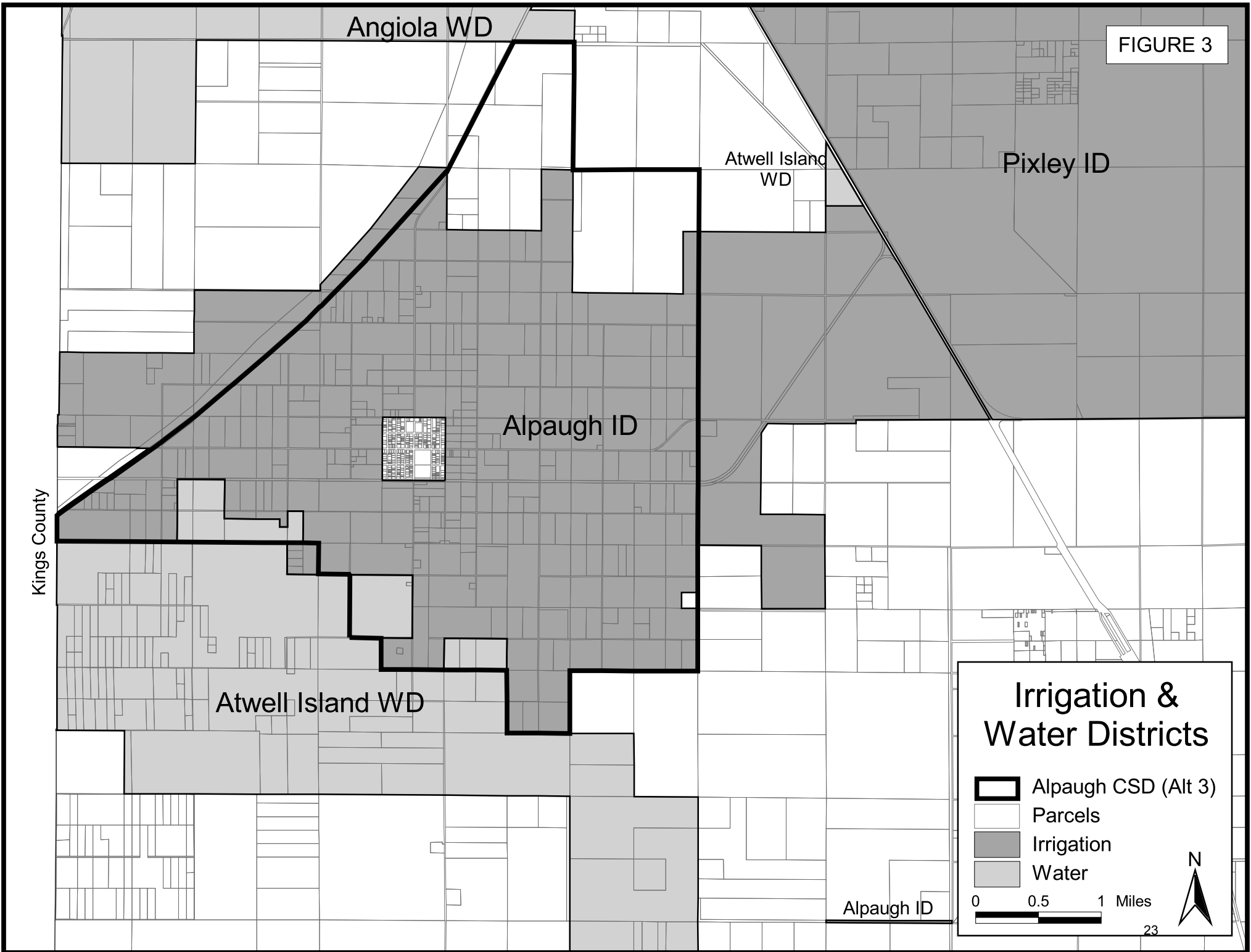
Col. Allensworth
State Park

BLM

Angiola WD

Allensworth

FIGURE 3



Appendix A

TULARE COUNTY WWD #1

	FY 00/01	FY 01/02	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10
Operating Revenues										
Water Sales										
Residential										
Business										
Industrial										
Irrigation										
Sales for Resale										
All Other Sales										
Water Services				\$39,575	\$39,815					
TOTAL OPERATING REVENUE	\$0	\$0	\$0	\$39,575	\$39,815	\$0	\$0	\$0	\$0	\$0
Operating Expenses										
Source of Supply										
Pumping										
Water Treatment										
Administration and General	\$20,075	\$17,860	\$44,189	\$97,597	\$50,029	\$101,878	\$69,254	\$39,243	\$103,172	\$39,784
Customer Accounts										
Transmission and Distribution										
Depreciation and Amortization	\$1,373	\$2,028		\$2,028		\$2,028				
Other Operating Expenses										
TOTAL OPERATING EXPENSES	\$21,448	\$19,888	\$44,189	\$99,625	\$50,029	\$103,906	\$69,254	\$39,243	\$103,172	\$39,784
OPERATING INCOME (LOSS)	(\$21,448)	(\$19,888)	(\$44,189)	(\$60,050)	(\$10,214)	(\$103,906)	(\$69,254)	(\$39,243)	(\$103,172)	(\$39,784)
Non-Operating Revenues										
Interest Income	\$938	\$1,253	\$1,853	\$2,119	\$2,636	\$3,343	\$4,011	\$4,724	\$2,709	\$1,541
Rents, Leases and Franchises										
Taxes and Assessments										
Current Secured and Unsecured (1%)	\$3,774	\$3,845	\$4,037	\$4,249	\$8,277	\$816	\$5,411	\$6,031	\$6,837	\$5,399
Voter Approved Taxes										
Property Assessments						\$39,824	\$39,577	\$39,876	\$39,686	\$29,497
Special Assessments										
Prior Year and Penalties										\$298
Intergovernmental										
Federal										
State	\$79	\$77	\$76	\$41,412	\$11,335	\$47,044	\$24,662	\$72	\$39	\$77
Other Governmental Agencies										
Other Non-Operating Revenues	\$21,582	\$39,475	\$119,371	\$33,392	\$22,456			\$170		\$920
TOTAL NON-OPERATING REVENUES	\$26,373	\$44,650	\$125,337	\$81,172	\$44,704	\$91,027	\$73,661	\$50,873	\$49,271	\$37,732
Non-Operating Expenses										
Interest Expense										
Other Non-Operating Expense										
TOTAL NON-OPERATING EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NON-OPERATING INCOME (LOSS)	\$26,373	\$44,650	\$125,337	\$81,172	\$44,704	\$91,027	\$73,661	\$50,873	\$49,271	\$37,732
NET INCOME (LOSS)	\$4,925	\$24,762	\$81,148	\$21,122	\$34,490	(\$12,879)	\$4,407	\$11,630	(\$53,901)	(\$2,052)

Appendix B

ALPAUGH JPA

Operating Revenues

Water Sales

Residential

Business

Industrial

Irrigation

Sales for Resale

All Other Sales

Water Services

TOTAL OPERATING REVENUE

	FY 00/01	FY 01/02	FY 02/03	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08	FY 08/09	FY 09/10
				\$184,583	\$204,255	\$208,114	\$212,128	\$208,605	\$299,374	\$282,829
								\$13,299		
				\$57,977	\$46,519	\$66,500	\$42,115	\$5,584		
									\$14,999	
				\$242,560	\$250,774	\$274,614	\$254,243	\$227,488	\$314,373	\$282,829

Operating Expenses

Source of Supply

Pumping

Water Treatment

Administration and General

Customer Accounts

Transmission and Distribution

Depreciation and Amortization

Other Operating Expenses

TOTAL OPERATING EXPENSES

OPERATING INCOME (LOSS)

				\$86,192	\$147,208	\$126,548	\$84,120	\$86,062	\$59,001	\$32,923
				\$57,938	\$90,826	\$84,836	\$109,095	\$78,104	\$148,061	\$143,426
				\$9,308			\$36,512	\$15,353	\$5,590	
				\$11,549		\$13,421				\$97,004
				\$164,987	\$238,034	\$224,805	\$229,727	\$213,770	\$274,632	\$273,353
				\$77,573	\$12,740	\$49,809	\$24,516	\$13,718	\$39,741	\$9,476

Non-Operating Revenues

Interest Income

Rents, Leases and Franchises

Taxes and Assessments

Current Secured and Unsecured (1%)

Voter Approved Taxes

Property Assessments

Special Assessments

Prior Year and Penalties

Intergovernmental

Federal

State

Other Governmental Agencies

Other Non-Operating Revenues

TOTAL NON-OPERATING REVENUES

						\$5,159	\$1,738			
						\$3,196,546	\$661,470			
							\$11,115			
				\$0	\$0	\$3,201,705	\$674,323	\$0	\$0	\$0

Non-Operating Expenses

Interest Expense

Other Non-Operating Expense

TOTAL NON-OPERATING EXPENSES

NON-OPERATING INCOME (LOSS)

				\$19,996	\$278	\$22,875	\$22,875	\$20,278		
						\$4,127	\$4,127			
				\$0	\$19,996	\$278	\$27,002	\$27,002	\$20,278	\$0
				\$0	(\$19,996)	\$3,201,427	\$647,321	(\$27,002)	(\$20,278)	\$0

NET INCOME (LOSS)

				\$77,573	(\$7,256)	\$3,251,236	\$671,837	(\$13,284)	\$19,463	\$9,476
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APPENDIX C

**APPROVED BUDGET - SPECIAL DISTRICTS
FINAL BUDGET FOR FISCAL YEAR 2011-2012**

PAGE 1 OF 4

DISTRICT NAME Tulare County Water Works District # 1

FUND NO 775

(USE WHOLE DOLLARS ONLY-NO CENTS)

		ACCOUNT NUMBER	AMOUNT WHOLE DOLLARS	
AVAILABLE RESOURCES				
CASH				
1.	Cash Balance - July 1, 2011		\$ 70,231.00	
	Less Cash Reserves: (Specify)			
2.	<u>WATER PROJECT</u>			
3.	<u></u>			
4.	<u></u>			
5.	Total Beginning Cash Available (Line 1 minus Lines 2 thru 4)		\$ 70,231.00	
ESTIMATED REVENUES (See your monthly B805TC report for a listing of your revenue accounts)				
6.	Property Taxes-Current Secured	1010	5,800.00	
7.	Property Taxes-Current Unsecured	1050	200.00	
8.	Property Taxes-Prior Secured	1110	100.00	
9.	Property Taxes-Prior Unsecured	1150	1.00	
10.	Supp. Property Taxes-Current Secured	1260	50.00	
11.	Supp. Property Taxes-Prior	1270	5.00	
12.	Other Taxes	1410		
13.	Interest	4010	1,500.00	
14.	Use of money and property	4000		
15.	Facility Rent	4050		
16.	Equipment Rent	4055		
17.	Concessions	4060		
18.	Aid From Other Governmental Agencies	5000		
19.	St Homeowners Property Tax Relief	5380	65.00	
20.	St Aid-Supp. Subvention-SD	5390		
21.	Charges for Current Services	6000		
22.	Charges for Cur Serv-Water & Sewer	6660		
23.	Burial Fee	6725		
24.	Miscellaneous Revenues	7000	450.00	
25.	Other Sales-Taxable	7110		
26.	Other Revenue	7320		
27.	Operating Transfer In	8200 ***		
		5400		
28.	Total Estimated Revenues (Lines 6 thru 27)	Total \$ 6700	8,171.00 39,840.00	-
29.	Total Available Resources (Line 5 plus Line 28)	Total \$	118,242.00	-

*** Use 8200 to budget cash being moved from another fund.
Use 8100 to budget cash being moved to another fund.

APPENDIX C

**APPROVED BUDGET - SPECIAL DISTRICTS
FINAL BUDGET FOR FISCAL YEAR 2011-2012**

PAGE 2 OF 4

DISTRICT NAME Tulare County Water Works District # 1

FUND NO _____

775

(USE WHOLE DOLLARS ONLY-NO CENTS)

		ACCOUNT NUMBER	AMOUNT WHOLE DOLLARS
APPROPRIATIONS			
EST EXPENDITURES		(See your monthly B801TC report for a listing of your expenditure accts.)	
30.	Salaries and Employee Benefits	1000 *	3,500.00
31.	Regular Salaries	1011	
32.	Overtime	1012	
33.	Benefits (i.e. Health Insurance, life Insurance, Unemployment Insurance)	1014	
34.	Extra Help	1015	
35.	Director's Fees	1018	
36.	Retirement-SD Portion	1021	
37.	Social Security	1022	
38.	Workers' Comp Ins	1025	
39.			
40.	Total Salaries and Employee Benefits (Lines 30 thru 39)	Total \$	3,500.00
41.	Services and Supplies	2000 *	45,000.00
42.	Agricultural	2010	
43.	Clothing and Personal Supplies	2020	
44.	Telecommunications (phone bill)	2030	
45.	Cost of Supplies Reissued	2040	
46.	Food	2050	
47.	Household Expense	2060	
48.	Insurance	2070	
49.	Maintenance-Equipment	2090	
50.	Maintenance-Bldg & Improvements	2100	
51.	Memberships	2120	
52.	Office Expense	2140	
53.	Professional and Specialized Expense	2150	
54.	Publications and Legal Notices	2170	
55.	Rent & Leases-Equipment	2175	
56.	Rent & Leases-Bldg & Improvements	2180	
57.	Small Tools and Instruments	2190	
58.	District Special Expense	2200	
59.	Training	2210	
60.	Transportation and Travel	2220	
61.	Utilities	2240	
62.	Contingency		
63.			
64.			
65.			
66.			
67.			
68.			
69.			
70.	Total Services and Supplies (Lines 41 thru 69)	Total \$	45,000.00

* **Special Districts that keep their own books must use account numbers 1000, 2000, 3000, etc.; Special Districts whose books are maintained by the Tulare County Auditor use line item account numbers.**

APPENDIX C

**APPROVED BUDGET - SPECIAL DISTRICTS
FINAL BUDGET FOR FISCAL YEAR 2011-2012**

PAGE 3 OF 4

DISTRICT NAME Tulare County Water Works District # 1

FUND NO 775

(USE WHOLE DOLLARS ONLY-NO CENTS)

		ACCOUNT NUMBER	AMOUNT WHOLE DOLLARS
APPROPRIATIONS			
EST EXPENDITURES		(See your monthly B801TC report for a listing of your expenditure accts.)	
71.	Other Charges	3000 *	_____
72.	Contributions to Other Agencies	3020	_____
73.	Repayment-Long Term Debt (Bonds)	3030	_____
74.	Interest-Long Term Debt (Bonds)	3033	_____
75.	Repayment-Long Term Debt (Other)	3035	_____
76.	Interest-Long Term Debt (Other)	3045	_____
77.	Taxes and Assessments	3080	_____
78.	Other Charges	3090	_____

79.	Total Other Charges (Lines 71 thru 78)	Total \$	<u>0</u>
Fixed Assets (Specify) **			
80.	Land	4000 **	_____
81.	Repurchase of Grave Site	4005	_____
82.	Building and Improvements	5000 **	_____
83.	Equipment	7000 **	_____
84.			_____
85.			_____
86.	Operating Transfer Out	8100 ***	_____
87.			_____
88.			_____
89.			_____
90.			_____
91.			_____
92.			_____
<p>Special Districts whose books are maintained by the Tulare County Auditor need not call to obtain an account number for each asset purchased. You may use account 7000 for all. You are required to maintain a detail control at your district.</p>			
93.	Total Fixed Assets (Lines 80 thru 92)	Total \$	<u>0</u>

* Special Districts that keep their own books must use account numbers 1000, 2000, 3000, etc.; Special Districts whose books are maintained by the Tulare County Auditor use line item account numbers.

** Special Districts that keep their own books must use account numbers 4000, 5000, 7000.

*** Use 8200 to budget cash being moved from another fund.
Use 8100 to budget cash being moved to another fund.

APPENDIX C

**APPROVED BUDGET - SPECIAL DISTRICTS
FINAL BUDGET FOR FISCAL YEAR 2011-2012**

PAGE 4 OF 4

DISTRICT NAME Tulare County Water Works District # 1

FUND NO 775

(USE WHOLE DOLLARS ONLY-NO CENTS)

ACCOUNT	AMOUNT	0
<u>NUMBER</u>	<u>WHOLE DOLLARS</u>	<u>0</u>

APPROPRIATIONS

CONTINGENCIES **(See your monthly B801TC report for a listing of your expenditure accts.)**

94.	Appropriation for Contingencies	8508 ****	_____
95.			_____
96.			_____
97.			_____
98.	Total Contingencies (Lines 94 thru 97)	Total \$	<u>69,742.00</u>

**** Contingencies cannot exceed 15% to total expenditures.

99.	Total Appropriations (Lines 40,70,79,93,98)	Total \$	<u>118,242.00</u>
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100.	Diff. Between Resources and Appropriations (Line 29 minus Line 99 should be zero)	\$	<u>0.00</u>
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Board Approval Date _____

Board President Signature _____

Contact Person Carol Seaman

Telephone Number Cell 381-3219 Home 584-5680

**ALPAUGH JOINT POWERS AUTHORITY
OPERATING BUDGET, FISCAL YEAR FY 2011-12**

BUDGET CATEGORY	FY10-11	FY 10-11	Change	%	FY 11-12
WAGES / SALARIES / BENEFITS	ACTUAL	Budgeted	actual:budget	inc/dec	BUDGET
Salaries & Wages	\$48,886	\$84,800	-\$35,914	-73%	\$58,000
Employee Benefits (Sick, Vacation, Holiday)	\$2,156	\$0	\$2,156		\$2,000
Hiring Expenses/Unemployment Insurance	\$2,617	\$250	\$2,367	90%	\$3,000
Taxes	\$51,429	\$16,000	\$35,429	69%	\$17,000
Engineering Services	\$0	\$4,000	-\$4,000		\$1,000
Legal	\$8,724	\$20,000	-\$11,276	-129%	\$20,000
Bookkeeping	\$3,279	\$8,250	-\$4,971	-152%	\$2,000
Accounting/Auditor	\$8,000	\$15,000	-\$7,000	-88%	\$8,000
Contracted Services (Operator)	\$7,710	\$9,000	-\$1,290	-17%	\$9,000
Contracted Services (Other, included uniforms in FY10)	\$8,860	\$0	\$8,860	100%	\$7,000
Director Fees	\$0	\$0	\$0		\$0
Travel & Training Expense	\$1,356	\$450	\$906	67%	\$1,500
Annual Sub-Total	\$143,017	\$157,750	-\$14,733		\$128,500
OFFICE and GENERAL OPERATIONS					
Fees & Permits	\$2,100	\$2,080	\$20	1%	\$2,200
Postage	\$2,966	\$2,650	\$316	11%	\$3,000
Insurance (Liability/ Directors & Officers)	\$4,393	\$11,300	-\$6,907	-157%	\$5,000
Bank Fees & Returned Checks	\$197	\$1,050	-\$853	-433%	\$300
Dues & Subscriptions	\$1,661	\$800	\$861	52%	\$1,661
Advertising	\$0	\$200	-\$200		\$200
Office Expense: Rent	\$7,052	\$6,000	\$1,052	15%	\$7,536
Office Expense: Internet	\$1,497	\$1,750	-\$253	-17%	\$1,500
Office Expense: General, Office Supplies	\$6,424	\$2,000	\$4,424	69%	\$6,000
Office Expense: Printing & Copying	\$552	\$0	\$552		\$0
Interpreter/Translation	\$24	\$1,000	-\$976	-4067%	\$500
Annual Sub-Total	\$26,866	\$28,830	-\$1,964		\$27,897
DEBT PAYMENTS					

BUDGET CATEGORY	FY10-11	FY 10-11	Change	%	FY 11-12
Loan Repay USDA (see Measure R below)	\$25,800	\$25,800	\$0	0%	\$25,800
Customer Deposit Refunds	\$0	\$200	-\$200		\$0
Annual Sub-Total	\$25,800	\$26,000			\$25,800
PROJECT/GRANT FUNDS EXPENDED					
Prop 50	\$27,309	\$26,000	\$1,309	5%	\$221,691
Prop 84	\$61,992	\$0	\$61,992	100%	\$388,008
Annual Sub-Total	\$89,301	\$26,000			\$609,699
OPERATION & MAINTENANCE					
Equipment & Tools	\$100	\$7,000	-\$6,900	-6900%	\$3,000
Property Insurance	\$6,834	\$0	\$6,834	100%	\$7,000
Maintenance & Supplies	\$2,334	\$8,000	-\$5,666	-243%	\$2,500
Chlorination	\$18,446	\$36,000	-\$17,554	-95%	\$20,290
Vehicle (payments)	\$3,739	\$2,473	\$1,266	34%	\$3,120
Diesel	\$901	\$750	\$151	17%	\$1,200
Fuel	\$3,322	\$2,000	\$1,322	40%	\$3,500
Vehicle Expenses, repair & maintenance	\$3,935	\$2,000	\$1,935	49%	\$2,000
Telephone: land lines (office & well site)	\$1,953	\$2,900	-\$947	-48%	\$2,000
Telephone: (5) cellular for staff	\$2,222	\$1,500	\$722	32%	\$2,500
Water Testing (lab fees & materials)	\$3,190	\$600	\$2,590	81%	\$3,500
Annual Sub-Total	\$46,976	\$63,223	-\$16,247	-35%	\$50,610
UTILITY COSTS					
Utilities (Electrical, Wells 1 and 10)	\$37,929	\$35,800	\$2,129	6%	\$41,722
Annual Sub-Total	\$37,929	\$35,800	\$2,129	6%	\$41,722
RESERVE FUND CASH ACCOUNTS					
Capacity Reserves	\$6,000	\$6,000	\$0	0%	\$6,000
Operating/Maintenance Reserves	\$17,160	\$17,160	\$0	0%	\$17,160
Emergency Repair Reserves		\$200	-\$200		?
Capital Improvement Reserves		\$0	\$0		?
Annual Sub-Total	\$23,160	\$23,360	-\$200	-1%	\$23,160

BUDGET CATEGORY	FY10-11	FY 10-11	Change	%	FY 11-12
AL OF ABOVE ANNUAL EXPENSES, GRANT-RELATED					\$609,699
TOTAL OF ABOVE ANNUAL EXPENSES, NON-GRANT	\$393,049	\$360,963			\$297,689
REVENUE					
Water User Fees	\$261,058	\$310,000	-\$48,942	-19%	\$271,558
Measure R: funds for USDA debt payment	\$19,404	\$19,404	\$0	0%	\$19,404
USDA Debt Payment Transfer	\$6,402	\$6,402	\$0	0%	\$6,402
Capacity Fees Paid		\$0	\$0		
Penalty Fees (late, shutoff, notices, reconnect)		\$1,000	-\$1,000		\$1,000
Backhoe & Boring Services (callout for service)		\$0	\$0		\$0
Administrative Application Fees		\$0	\$0		\$0
Customer Deposits, Refundable		\$200	-\$200		\$0
Tulare County 736 Fund	\$53	\$0	\$53		\$53
Prop 84	\$61,992		\$61,992		\$388,008
Prop 50	\$27,309		\$27,309	100%	\$221,691
Water Sales to AID, as needed*			\$0		\$0
SUB TOTAL OF REVENUE, GRANT -RELATED					\$609,699
SUB TOTAL OF REVENUE, NON-GRANT	\$367,218	\$337,006	\$39,212	11%	\$298,417
TOTAL PROFIT/LOSS (ACTUAL, FY10-11)		-\$25,831	TOTAL PROFIT/LOSS		\$728

JOINT EXERCISE OF POWERS AGREEMENT

THIS AGREEMENT, dated as of March 5, 2003 by and between the Tulare County Waterworks District #1 ("**Waterworks District**"), a waterworks district duly organized and existing pursuant to the laws of the State of California and the Alpaugh Irrigation District, an irrigation district duly organized and existing under the laws of the State of California (the "**Irrigation District**").

WITNESSETH:

WHEREAS, this Agreement is entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the Government Code relating to the joint exercise of powers between the Tulare County Waterworks District #1 and the Alpaugh Irrigation District; and

WHEREAS, the Tulare County Waterworks District is a waterworks district established pursuant to Water Code section 55000 et seq.; and

WHEREAS, the Alpaugh Irrigation District is an irrigation district established pursuant to Water Code section 20500 et seq.; and

WHEREAS, each of the districts have the power and authority to acquire, develop, operate and maintain a domestic water system for the residents of their respective districts; and

WHEREAS, pursuant to Title 1, Division 7, Chapter 5 of the Government Code, commonly known as the Joint Exercise of Powers Act, two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, the parties desire, by means of this Agreement, to establish an organization and procedure for such exercise of power and authority, and to provide for the organization's power and procedures; and

WHEREAS, it is the intent of the districts that the formation of the Joint Powers Authority is a predecessor to the creation of a single district for providing domestic water and other services within the boundaries of the districts.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises herein contained, the Tulare County Waterworks District #1 and the Alpaugh Irrigation District do hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the words and terms defined in this Article I shall, for the purpose hereof, have the meanings herein specified.

"Act" means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code.

"Agreement" means this Agreement by and between Tulare County Waterworks District #1 and the Alpaugh Irrigation District, together with any duly authorized and executed amendments thereto.

"Authority" means the Alpaugh Joint Powers Authority established pursuant to this Agreement and any amendments thereto.

"Board" means the Board of Directors referred to in Section 2.03 of this Agreement, which shall be the governing body of the Authority.

"Directors" means the representatives appointed to the Board pursuant to Section 2.03 herein.

"Executive Director" means the Executive Director of the Authority appointed pursuant to Section 3.01.

"Members" or "Member" means the Alpaugh Irrigation District and the Tulare County Waterworks District #1.

ARTICLE II

GENERAL PROVISIONS

Section 2.01. Purpose. This Agreement is made pursuant to the Act to provide for the joint exercise of powers common to Waterworks District and the Irrigation District, and such other powers as permitted under the Act, and as agreed by each of the parties hereto. The purpose of this Agreement is to provide for the operation and maintenance of the domestic water system supplying water to the residents of each of the districts and such other functions authorized under the Act.

Section 2.02. Creation of Authority. Pursuant to the Act and this Agreement, there is hereby created a public entity to be known as the "Alpaugh Joint Powers Authority" ("Authority"). The Authority shall be a public entity separate and apart from the Members. The Authority shall administer the Agreement. Pursuant to Section 3.04 hereof, the Executive Director shall serve as administrator of the Authority, under the direction and order of the Board.

Section 2.03. Board of Directors. The Authority shall be governed by a Board of Directors consisting of six (6) members, unless and until changed by amendment of this Agreement. The Board shall be made up of the following: three (3) directors designated by the Waterworks District, three (3) directors designated by the Irrigation District. Each Board of Director of the Authority shall be a water customer of the Authority and reside within the boundaries of the Members, but is not required to be a member of the Board of Directors of either Member. In the event that any Board of Director of the Authority is no longer qualified to serve as a Director, for any of the reasons as set forth in Government Code section 1770, as may be amended from time to time, the Member who appointed the individual shall designate a replacement within sixty (60) days of the vacancy. All Board of Directors of the Authority serve at the pleasure of the Member who appointed, and may be replaced at any time by the Member who appointed them.

The Board shall be called the "Board of Directors of the Alpaugh Joint Powers Authority." All voting and decision-making powers of the Authority shall reside in the Board.

Section 2.04. Meetings of the Board.

(a) Regular Meetings. The Board shall provide for its regular meetings; provided, however, that at least one (1) regular meeting shall be held each year at the principal office of the Authority. The date, hour and place of the holding of regular meetings shall be fixed by resolution of the Board and a copy of such resolution shall be filed with each of the Members. If a regular meeting is scheduled on a legal holiday or the Board determines that it is necessary to change the time of the regular meeting for any reason, the Board may, at a previous meeting, by order entered into the minutes, by a majority vote, direct that the date and/or time of the regular meeting shall be held on a different date and time in the same month of the regular meeting. All Board Members not in attendance at the time the regular meeting was changed shall receive written notice of the change at least ten (10) days prior to the rescheduled regular meeting.

(b) Special Meetings. Special meetings of the Board may be called at any time by the Chairperson and Vice-Chairperson (jointly, not as individuals) of the Board of Directors, or by a majority of the members of the Authority, in accordance with the provisions of Section 54956 of the California Government Code and may be held at the principal office of any Member of the Authority as provided in the Notice.

(c) Call, Notice and Conduct of Meetings. All meetings of the Board, including without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (Section 54950 et seq., of the California Government Code).

Section 2.05. Minutes. The Secretary shall cause to be kept minutes of the meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director and to the Members.

Section 2.06. Voting. Each Director shall have one vote.

Section 2.07. Quorum; Required Votes; Approvals. Directors holding a majority of the votes shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time.¹ The affirmative votes of at least a majority of the Directors present at any meeting at which a quorum is present shall be required to take any action by the Board, except as set forth in this Agreement.

Section 2.08. Bylaws. The Board may adopt, from time to time, such bylaws, rules and regulations for the conduct of its meetings as are necessary for the purposes hereof.

Section 2.09. Term. This Agreement shall become effective upon the date last executed by either party, and shall revoke any prior agreements between the parties.

ARTICLE III

OFFICERS AND EMPLOYEES AND ADMINISTRATORS

Section 3.01. Officers. The officers of the Authority shall be a Chairperson, Vice-Chairperson, Executive Director, Secretary and Treasurer. The Board shall elect the Chairperson and Vice-Chairperson from among the Directors. The Chairperson and Vice-Chairperson shall not be appointed by the same Member. The Board shall appoint a Secretary and Treasurer, each or either of who may but need not be a Director. The Board shall appoint an Executive Director. The Executive Director may but need not be a Director. The offices of Executive Director, Secretary and Treasurer may be held simultaneously by the same individual.

Section 3.02. Chairperson. The Chairperson is empowered to sign all contracts on behalf of the Authority and shall perform such other duties as may be imposed by the Board. The Chairperson shall preside over the meetings of the Board.

Section 3.03. Vice-Chairperson. The Vice-Chairperson shall act, sign contracts, and perform all of the Chairperson's duties in the absence of the Chairperson and shall perform such other duties as may be imposed by the Board.

Section 3.04. Executive Director. The Executive Director shall be the chief executive officer of the Authority and responsible for the day-to-day management and operation of the Authority. Pursuant to Section 6505.1 of the Act, the Executive Director shall have charge of, handle of and access to any property of the Authority. The Executive Director shall serve at the pleasure and under the direction and order of the Board. The Executive Director is empowered to sign all contracts on behalf of the Authority and shall perform such other duties as may be imposed by the Board. The Executive Director shall be responsible for the hiring, firing,

¹ Since the Board of Directors consists of six members, this means that for a quorum there needs to be four Board members present.

* promoting and disciplining of all of the Authority's employees, except the Secretary, Treasurer, Legal Counsel and other professional staff and consultants retained by the Board. In the absence of the Secretary, the Executive Director shall perform all of the Secretary's duties. In the absence of the Treasurer, the Executive Director shall perform all of the Treasurer's duties.

Section 3.05. Secretary. The Secretary shall countersign all contracts signed by the Chairperson, Vice-Chairperson or Executive Director on behalf of the Authority, perform such other duties as may be imposed by the Board and cause a copy of this Agreement to be filed with the Secretary of State of the State of California pursuant to the Act. Jointly with the Executive Director, the Secretary shall have charge of, handle of and have access to all public records of the Authority.

Section 3.06. Treasurer. The Treasurer shall be the depository and have custody of all the money of the Authority. The Treasurer shall exercise the duties and obligations set forth in Section 6505 and 6505.5 of the Act and shall assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of the Authority. Jointly with the Executive Director, the Treasurer shall have charge of, handle of and have access to all accounts, funds, and money of the Authority and all records of the Authority relating thereto.

Section 3.07. Bonding of the Executive Director, Secretary, Treasurer and Other Persons. From time to time, the Board may designate persons, in addition to the Executive Director, Secretary and Treasurer, having charge of, handling of or having access to any records, funds or accounts and any other authorized financing activity of the Authority. The parties hereby agree that the Board may, from time to time, designate the respective amount of the official bonds of the Executive Director, Secretary and the Treasurer and such other persons pursuant to Section 6505.1 of the Act.

Section 3.08. Legal Advisor. The Board shall have the power to appoint a legal advisor or advisors to the Authority (including but not limited to a general counsel and bond counsel) who shall perform such duties as may be prescribed by the Board. General counsel to the Authority may also serve as bond counsel and/or disclosure counsel to the Authority. Any legal advisor appointed by the Board may also serve as legal counsel to any Member provided that the Board waive any conflict of interest.

Section 3.09. Other Employees. The Board shall have the power to appoint and employ any other employees, consultants and independent contractors that may be necessary for the purposes of this Agreement.

Section 3.10. Assistant Officers. The Board may appoint such assistant to act in the place of the Executive Director, Secretary, Treasurer or other officers of the Authority (other than any Director) and may, by resolution, provide for the appointment of additional officers of the Authority who may or may not be Directors, as the Board may from time to time determine appropriate.

Section 3.11. Compensation. The Board may, by resolution and applicable law, establish reasonable compensation and/or reimbursement of costs for its officers and employees; provided, however, that under no circumstances shall the Members be liable for such compensation or reimbursement without such Member's written consent.

ARTICLE IV

POWERS

Section 4.01. General Powers. The Authority shall exercise in the manner herein provided the powers common to each of the Members, or as otherwise permitted under the Act and as necessary to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 4.04 hereof.

As provided in the Act, the Authority shall be a public entity separate from the Members. The Authority shall have the power to acquire and to finance the operation and maintenance of a domestic water service presently owned and operated by each of the districts and to accomplish any and such further acts as permitted by the Act.

Section 4.02. Specific Powers. The Authority is hereby authorized, in its own name, to do all acts necessary and required for the exercise of the foregoing powers, including, but not limited to, any or all of the following:

- (a) to make and enter into contracts;
- (b) to employ agents or employees;
- (c) to acquire, construct, manage, maintain or operate the domestic water system, including the common powers of the Members;
- (d) to sue and be sued in its own name;
- (f) to issue Bonds (including certificates of participation) and otherwise to incur debts, liabilities or obligations, provided that no such bond, debt, liability, or obligation shall constitute a debt, liability, or obligation of the Members;
- (g) to apply for, accept, receive, and disburse grants, loans and other aids from any agency of the United States of America or of the State of California;
- (h) to invest any money in the treasury pursuant to Section 6505.5 of the Act that is not required for the immediate necessities of the Authority, as the Authority determines is advisable, in the same manner and upon the same conditions as local agencies, pursuant to Section 53601 of the California Government Code;

(i) to apply for letters of credit or other forms of financial guarantees in order to secure the repayment of Bonds and enter into agreements in connection therewith;

(j) to carry out and enforce all the provisions of this Agreement;

(k) to make and enter into Financing Agreements.

Section 4.03. Restrictions on Exercise of Powers. The powers of the Authority shall be exercised in the manner provided for the exercise of the powers of the Members. The following powers of the Authority may be exercised only with at least four (4) affirmative votes of the Board of Directors:

(a) All resolutions and orders for the payment of money;

(b) All ordinances;

(c) All increases in the fees and charges for water service;

(d) All financings, including bonds, certificates of participation, lease agreement, and any other form of indebtedness, subject to the requirement of Section 4.04, requiring the approval of the Members;

(e) The hiring, firing, demotion or disciplining of the Executive Director, Secretary, Treasurer, Legal Counsel and other professional staff and consultants;

(f) The approval of, and any modifications to, the budget.

Section 4.04. Restrictions of Financings. Prior to approving any financings, the Authority shall timely provide a copy of the proposed preliminary official statement or, if no preliminary official statement is available, such other information satisfactory to the Members related to such financing to all Members in order to ensure opportunity to review, comment and notify the Authority within thirty (30) days of receipt thereof, that such Member approves of the proposed financing by the Authority. All Members must so approve or the Authority cannot enter into the proposed financing.

The Authority shall obtain an indemnity agreement to be provided by any borrower contracting with the Authority which may be satisfied by a third party indemnification flowing through the borrower.

Section 4.05. Dispute Resolution. In the event of a dispute, the party asserting the dispute shall inform the other party in writing of the details of the claimed dispute and the parties shall within ten (10) days meet and confer and attempt to amicably resolve said dispute. In the event the dispute cannot be so resolved, the dispute shall be submitted to arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The prevailing party

shall be entitled to recover its reasonable attorneys' fees and costs incurred in said action, including enforcement and collection of any judgment in any such action.

Section 4.06. Obligations of Authority. Pursuant to Section 6508.1 of the Government Code, neither the Authority nor the Governing Board shall have the power or authority to bind the Members, or any of them, to any debt, liability, and obligation, and no debt, liability or obligation of the Authority or Governing Board shall constitute a debt, liability or obligation of the Members, or either of them. No act or omission of the Authority or the Governing Board shall be attributable to the Members, or either of them.

Section 4.07. Liability. The tort liability of the Authority and all of members of the Governing Board, and the executive director and employees of the Authority, shall be controlled by the provisions of Division 3.6 of the Government Code. The provisions of Division 3.6 of the Government Code relating to indemnification of public employees and the defense of action arising out of any act or omission occurring in the scope of employment shall apply to all members of the Governing Board, officers, and employees with respect to the Authority.

Section 4.08. Insurance. The Authority shall maintain comprehensive liability insurance and whatever other insurance it deems necessary and appropriate to cover liability for injury caused by negligent or wrongful acts or omissions occurring in the performance of this Agreement. The form, coverage and amounts of such insurance shall be as deemed appropriate by the Authority and acceptable to each of the Members.

ARTICLE V

METHODS OF PROCEDURE; CREDIT TO MEMBERS

Section 5.01. Assumption of Responsibilities by the Authority. As soon as practicable, following approval of this Agreement by the Members, the Members shall give notice (in the manner required by Section 2.04) of the organizational meeting of the Board. At said meeting, the Board shall provide for its regular meetings as required by Section 2.04 and elect a Chairperson, a Vice-Chairperson, and appoint the Executive Director, Secretary and Treasurer.

Section 5.02. Delegation of Powers. The Members hereby delegate to the Authority the power and duty to acquire, by lease, lease-purchase, installment sale agreements, or otherwise make loans to finance the domestic water system, and provide working capital as may be necessary or convenient for the operation of the Authority.

Section 5.03. Credit to Members. All accounts or funds created and established pursuant to any instrument or agreement to which the Authority is a party, and any interest earned or accrued thereon shall issue to the benefit of the Members in the respective proportions for which such funds or accounts were created or as may be agreed otherwise by the Members in writing.

Section 5.04. Contribution of Each Member. Each Member shall contribute its water distribution system for domestic water to the Authority upon execution of the Agreement. Water distribution system shall include any wells, pumps, pipelines and other appurtenances to the distribution, as well as the current account for all billings. The Irrigation District shall contribute a new well and all other improvements funded by grant funds received from the United States Department of Agriculture Rural Development. The domestic well, including the easement for the domestic well, shall be dedicated to the Authority for the purpose of supplying domestic water to the customers of the Authority. The Waterworks District shall contribute a new well (including the parcel the well is located on), the replacement of the water distribution lines, any storage tanks and treatment facilities and pump station, and all other improvements financed by the United States Department of Agriculture, Rural Development to the Waterworks District in the form of grants and/or loans. Each Member shall contribute to the Authority any funds it receives or improvements installed from the funds pursuant Senate Bill 621, approved by the Legislature in 2002, and signed by the Governor on or about September 30, 2002. Irrigation District shall also contribute equipment, as necessary to the Authority, including, but not limited to, one pick-up truck, water chlorination testing system, bacteria sample testing kits, miscellaneous tools like shovels, picks, rakes, etc. and other miscellaneous equipment. The backhoe shall remain the property of the Irrigation District, but shall be made available to the Authority on an as need basis, pursuant to the terms of the Agreement between the Authority and the Irrigation District.

Section 5.05 Special Tax of Waterworks District. In the year of 2000, the electorate of the Waterworks District voted to place a \$120 parcel tax on each property in the Waterworks District, for the purpose of funding the replacement of the water distribution system, the drilling of a well, a treatment system, pump system, and other necessary improvements to the water system. The funding shall be received from the United States Department of Agriculture, Rural Development in the form of a grant and a loan. Pursuant to Section 5.04 of this Agreement, the loan and grant proceeds and/or the improvements funded shall be transferred to the Authority to make the necessary improvements to the water system inside the boundaries of the Waterworks District. Upon completion of the water improvements, the improvements shall be held in the name of the Authority. The Board of Directors of the Waterworks District shall have control of the special tax, which shall be used for the payment on the loan portion of any loan with the United States Department of Agriculture, Rural Development. If the proceeds received from the special tax exceed the annual payment for the loan with USDA, then the Board of Directors of the Waterworks District shall have sole discretion in the use of the funds, in accordance with the special tax adopted by the electorate. In no event shall any of the proceeds from the special tax be used for the operation and maintenance of the water system.

Section 5.06 Well Number 45. The water customers of the Authority are currently being supplied with domestic water from Well Number 45 owned by the Irrigation District, and will continue to need to be supplied water from Well Number 45 until the two wells set forth in Section 5.04 are drilled and connected to the water system. The Irrigation District shall lease Well Number 45 to the Authority for \$1 a year, until both of the water wells are drilled and supplying water to the community. Initially, Well Number 45 will be the sole source of water for the community. Upon the completion of the first well, Well Number 45 shall serve

as backup to the new well, and when the second well is completed the lease with the Irrigation District for Well Number 45 shall be terminated. The Authority and Irrigation District shall each purchase and install a water meter to place on Well Number 45 to measure the amount of water that is being used for domestic purposes and irrigation purposes. The Authority and the Irrigation District shall retain ownership of the meter installed by them, and when no longer needed on Well Number 45, may remove the meter.

During the period when Well Number 45 is being used for domestic purposes, the Authority shall be responsible for operation and maintenance of Well Number 45, subject to Irrigation District approval of the Authority's operating procedures. After construction of the new domestic well, and when Well Number 45 is being used as a backup for the domestic system and primarily for agricultural purposes, the Irrigation District shall be solely responsible for operation and maintenance of Well Number 45, subject to the Authority's approval of the Irrigation District's operating procedures. In the event that Well Number 45 must be commissioned into domestic service from its status as a backup well, the Authority shall again be responsible for operation and maintenance of Well Number 45, subject to approval of its procedures by the Irrigation District.

In the event that a pump or motor needs to be repaired or replaced while Well Number 45 is the sole source of water for the community, the Irrigation District and the Authority shall share equally in the cost of repair or provide a replacement pump or motor to operate the well. Once the Irrigation District drills its well as set forth in Section 5.04, Well Number 45 shall serve as a backup to the new well, and the Irrigation District may decide to use Well Number 45 for irrigation purposes, when not needed by the Authority. In the event that a pump or motor needs to be repaired or replaced while Well Number 45 is serving as a backup to the new well, the Irrigation District shall pay eighty percent (80%) of the costs of repairing or providing a replacement pump or motor to operate the well, and the Authority shall provide the difference of twenty percent (20%). The electricity bill for the operation of the Well Number 45 shall be paid on a prorata basis between the Authority and the Irrigation District, based on the amount of water that is used for domestic purposes and irrigation purposes.

Section 5.07 Transfer of Liabilities. Neither Member shall transfer any liabilities or debts to the Authority. In recent years, the Irrigation District has been responsible for the operation and maintenance of the water system pursuant to a Joint Powers Agreement between the Members. In operating and maintaining the water system, in recent years the Irrigation District has incurred substantial debts for electricity and power expenses, as well as professional expenses (hereinafter referred to as the "Bankruptcy Debts"). This caused the Irrigation District to file for relief in the bankruptcy court on or about July 9, 2002. The Irrigation District hereby agrees not to transfer any of the Bankruptcy Debts to the Authority. In consideration of the Irrigation District not transferring any of the Bankruptcy Debts to the Authority, the Authority agrees that it shall have no interest in or claim on any property tax monies received by either Member until the payment of the Bankruptcy Debts. The Irrigation District anticipates using the property tax monies the Irrigation District receives from the County of Tulare to repay Bankruptcy Debts it incurred in operating the water system. Upon the payment of the Bankruptcy Debts, the Waterworks District may, in its sole discretion, decide to contribute a portion or all of its property tax funds to the Authority. In the event that the

Waterworks District contributes property tax funds to the Authority, the Irrigation District shall contribute an equal amount from its property tax funds.

Section 5.08 Transfer of Accounts. All of the water accounts of all of the domestic water customers located in either Waterworks District or the Irrigation District shall be transferred to the Authority on or before June 30, 2003. This includes any contracts between the Irrigation District and customers for payments on accounts payable and contracts for the payment on delinquent accounts. Upon the transfer of the water system to the Authority, the Authority shall use the fees and charges collected from the water customers to pay any costs that the Authority incurred in the previous sixty (60) days for electricity, natural gas, testing, repairs and other general maintenance of the water system. On date of the transfer, the Irrigation District shall provide the Authority with all invoices or other billings of costs incurred to operate the domestic water system in the previous month, which have not been paid as of the date of transferred. If any bills or invoices are received within sixty (60) days of the transfer of the domestic water system by the Irrigation District, the Irrigation District shall immediately deliver the bill or invoice to the Authority. The Authority will be responsible for making all payments in a timely manner.

ARTICLE VI

CONTRIBUTIONS; ACCOUNTS AND REPORTS; FUNDS

Section 6.01. Contributions. The Members may in appropriate circumstances and strictly at the Members option only: (a) make contributions from their treasuries for the purposes set forth herein; (b) make payments of public funds to defray the cost of such purposes, (c) make advances of public funds for such purposes, such advances to be repaid as provided herein, or (d) use its personnel, equipment or property in lieu of other contributions or advances. The provisions of Section 6513 of the Act are hereby incorporated into this Agreement.

Section 6.02. Accounts and Reports. To the extent not covered by the duties assigned to a trustee chosen by the Authority, the Treasurer shall establish and maintain such funds and accounts as may be required, by good accounting practices or by any provisions of any trust indenture or trust agreement entered into with respect to the proceeds of any Bonds issued by the Authority. The books and records of the Authority in the hands of a trustee or the Treasurer shall be open to inspection at all reasonable times by representatives of the Members. The Treasurer, within one hundred twenty (120) days after the close of each Fiscal Year, shall give a complete written report of all financial activities for such Fiscal Year to the Members to the extent such activities are not covered by the report of such trustee. The trustee appointed under any trust indenture or trust agreement shall establish suitable funds, furnish financial reports and provide suitable accounting procedures to carry out the provisions of said trust indenture or trust agreement. Said trustee may be given such duties in said trust indenture or trust agreement as may be desirable to carry out this Agreement.

Section 6.03. Funds. Subject to the applicable provisions of any instrument or agreement which the Authority may enter into, which may provide for a trustee to receive, have

custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have the custody of, and disburse Authority funds as nearly as practicable in accordance with generally accepted accounting practices, shall make the disbursements required by this Agreement or to carry out any of the provisions or purposes of this Agreement.

Section 6.04. Annual Budget and Administrative Expenses. The Board shall adopt a budget for administrative expenses, which shall include all expenses not included in any financing issue of the Authority, annually prior to July 1 of each year.

ARTICLE VII

TERMINATION

Section 7.01. Termination. Termination is effective when all Members adopt a resolution authorizing the termination of the Authority, and the filing of notice thereof with the Authority.

Section 7.02. Disposition of Assets. Upon termination of this Agreement, all property of the Authority, both real and personal, shall be divided among the Members in such manner as shall be agreed upon by the Members. Notwithstanding the above sentence, each Member shall receive the well, pumps, pipelines and any improvements and equipment contributed by them as set forth in Section 5.04 herein.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.01. Notices. Notices hereunder shall be in writing and shall be sufficient if delivered to the notice address of each party hereto for legal notices or as otherwise provided by a party thereto in writing to each of the other parties hereto.

Tulare County Waterworks District No. 1
5446 Road 38
P.O. Box 1
Alpaugh, CA 93201
Attn: President
FAX: (559) 949-5446

Alpaugh Irrigation District
5458 Road 38
P.O. Box 129
Alpaugh, CA 93201
Attn: President
FAX: (559) 949-8001

Section 8.02. Section Headings. All section headings in this Agreement are for convenience of reference only and are not to be construed as modifying or governing the language in the section referred to or to define or limit the scope of any provision of this Agreement.

Section 8.03. Principal Office. For the convenience of the Members of the Authority, the principal office is hereby established as the offices located at 5446 Tule Road, Alpaugh, California.

Section 8.04. Consent. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

Section 8.05. Law Governing. This Agreement is made in the State of California under the Constitution and laws of the State of California and of the United States, and is to be so construed.

Section 8.06. Amendments. This Agreement may be amended at any time, or from time to time, except as limited by contract with the owners of any Bonds or Certificates issued by the Authority or payments to be made by the Authority or a Local Agency or by applicable regulations or laws of any jurisdiction having authority, by one or more supplemental agreements executed by all of the parties to this Agreement either as required in order to carry out any of the provisions of this Agreement or for any other purpose, including without limitation, addition of new members (including any legal entities or taxing areas heretofore or hereafter cleared) in pursuance of the purposes of this Agreement.

Section 8.07. Enforcement by Authority. The Authority is hereby authorized to take any or all legal or equitable actions, including, but not limited to, injunction and specific performance, necessary or permitted by law to enforce this Agreement.

Section 8.08. Severability. Should any part, term or provision of this Agreement be decided by any court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Section 8.09. Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the Members, respectively. Otherwise, neither Member may assign any right or obligation hereunder without the written consent of the other.

Section 8.10. Counterparts. This Agreement may be signed in counterparts and shall be binding upon the Members as if signed together.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized on the day and year set opposite the name of each of the parties.

Dated: March 25, 2003

By Floyd Field
Floyd Field, President of the Board of Directors
Tulare County Waterworks District No. 1 (Alpaugh)

ATTEST:

By Carolyn Seaman
Carolyn Seaman, Secretary to the Board of Directors
Tulare County Waterworks District No. 1 (Alpaugh)

Dated: March 10th, 2003

By Steve Martin
Steve Martin, President of the Board of Director
Alpaugh Irrigation District

ATTEST:

By Pat Bontager
Secretary to the Board of Directors
Alpaugh Irrigation District

FIRST AMENDMENT TO JOINT EXERCISE OF POWERS AGREEMENT

THIS FIRST AMENDMENT TO JOINT EXERCISE OF POWERS AGREEMENT DATED AS OF JUNE 4, 2003, BY AND BETWEEN THE TULARE COUNTY WATERWORKS DISTRICT NO. #1 ("WATERWORKS DISTRICT"), AND THE ALPAUGH IRRIGATION DISTRICT ("IRRIGATION DISTRICT").

WITNESSETH:

WHEREAS, Waterworks District and Irrigation District have entered into a Joint Exercise of Powers Agreement dated March 5, 2003, by which was created the Alpaugh Joint Powers Authority; and

WHEREAS, it has now been determined that it is necessary and appropriate to amend said Joint Exercise of Powers Agreement to require two signatures on all checks issued by the Authority; and

WHEREAS, Section 8.06 of said Agreement provides for amendments thereto;

NOW, THEREFORE, Waterworks District and Irrigation District do hereby agree to amend said Joint Exercise of Powers Agreement as follows:

1. Section 6.03 is hereby amended to read, in its entirety, as follows:


Section 6.03. Funds. Subject to the applicable provisions of any instrument or agreement which the Authority may enter into, which may provide for a Trustee to receive, have custody of and disperse Authority funds, the Treasurer of the Authority shall receive, have the custody of, and disperse Authority funds as nearly as practicable in accordance with generally accepted accounting practices; shall make the disbursements required by this Agreement or to carry out any of the provisions or purposes of this Agreement; provided that all checks issued by the Authority shall be signed by the Treasurer and one other person who shall be the holder of one of the following offices:

- (a) Chairperson;
- (b) Vice-Chairperson;
- (c) Executive Director; or
- (d) Secretary

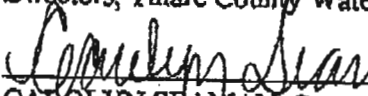
2. All other terms and conditions of said Joint Exercise of Powers Agreement dated March 5, 2003, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized in the day and year set opposite the name of each of the parties.

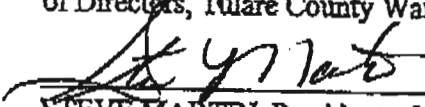
Dated: June 4, 2003


FLOYD FIELD, President of the Board of
Directors, Tulare County Waterworks District No. 1

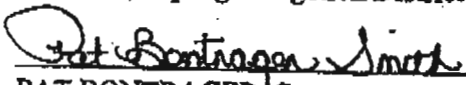
Attest:


CAROLYN SHAMAN, Secretary to the Board
of Directors, Tulare County Waterworks District No. 1

Dated: June 4, 2003


STEVE MARTIN, President of the Board of
Directors, Alpaugh Irrigation District

Attest:


PAT BONTRAGER, Secretary of the Board of
Directors, Alpaugh Irrigation District

Alpaugh Irrigation District

5458 ROAD 38 - P. O. BOX 129 - ALPAUGH, CA 93201
Phone: (559) 949-8323 – Fax: (559) 949-8001

Kevin D. Couch, *General Manager/Secretary*

DIRECTORS

Steve Martin, *President*
Kenneth Gibbs, *Vice President*
Virgil Cotter, *Director*
Douglas Jackson, *Director*
Ranveig Magden, *Director*

June 11, 2012

Alpaugh Joint Powers Authority
Attn: John E. Burchard
P.O. Box 262
Alpaugh, CA 93201

Dear Mr. Burchard,

In effort of removing the ongoing confusion regarding the Alpaugh Irrigation District (AID) "contributions" towards the original Alpaugh Joint Powers Authority (AJPA) operations, AID is supplying AJPA with a list of facilities and equipment that was donated. These items include:

1. Well #10 (including miscellaneous controls);
2. Easement for Well #10 (assigned interest);
3. All underground domestic water lines that were used to provide domestic water deliveries on March 5, 2003;
4. One vehicle (pickup);
5. Miscellaneous hand tools;
6. Miscellaneous testing equipment/supplies that were on-hand on March 5, 2003; and
7. Miscellaneous domestic system repair parts that were on-hand on March 5, 2003.

The above listed contributions were made in accordance with Section 5.04 of the Joint Exercise of Powers Agreement, dated March 5, 2003, between AID and Tulare County Waterworks District #1. I hope this clarifies the contributions made by AID to AJPA. Feel free to contact me if you have any other questions.

Sincerely,


Steve Martin
President

Appendix G – Protest Procedures

Discussion

The conducting authority procedures are covered in GC 57000 through 57204. "Conducting Authority" procedures includes procedures covering protests and elections.

GC 57000(a) states the following:

After adoption of a resolution making determinations by the commission pursuant to Part 3 (commencing with Section 56650), protest proceedings for a change of organization or reorganization not described in Section 57077 shall be taken pursuant to this part.

GC 57077(c)(1) applies to this case as a reorganization consisting of a dissolution and formation. This case also does not qualify for a waiver of election. GC 57077(c) states the following:

(c) If a reorganization consists of one or more dissolutions, incorporations, formations, disincorporations, mergers, establishments of subsidiary districts, consolidations, or any combination of those proposals, the commission shall do either of the following:

(1) Order the reorganization subject to confirmation of the voters, or in the case of landowner-voter districts, subject to confirmation by the landowners, unless otherwise authorized pursuant to Section 56854.

(2) Order the reorganization without election if it is a reorganization that meets the requirements of Section 56853.5, 56853.6, 56854, 57081, 57102, 57107, or 57111; otherwise, the commission shall take the action specified in paragraph (1).

CSD formation law allows for the submittal of protests before an election is called. GC 61014(e) states the following:

(e) Notwithstanding Section 57075, the local agency formation commission shall take one of the following actions:

(1) If a majority protest exists in accordance with Section 57078, the commission shall terminate proceedings.

(2) If no majority protest exists, the commission shall do either of the following:

(A) Order the formation subject to the approval by the voters.

(B) Order the formation subject to the approval by the voters of a special tax or the approval by the property owners of a special benefit assessment, pursuant to subdivision (c).

While GC 57077(c)(1) specifies that a reorganization goes straight to election, CSD law cites GC 57078 and gives the opportunity to terminate the proceedings if there is majority protest. GC 57078 states the following:

In the case of any reorganization or change of organization, a majority protest shall be deemed to exist and the proposed change of organization or

reorganization shall be terminated if the commission finds that written protests filed and not withdrawn prior to the conclusion of the hearing represent any of the following:

(a) In the case of uninhabited territory, landowners owning 50 percent or more of the assessed value of the land within the territory.

(b) In the case of inhabited territory, 50 percent or more of the voters residing in the territory.

(c) In the case of a landowner-voter district, 50 percent or more of the voting power of the voters entitled to vote as a result of owning land within the district.

GC 56100(b) states that LAFCO law prevails when in conflict with principal acts and gives LAFCOs the flexibility to specify the procedural requirements that apply:

Notwithstanding any other provision of law, proceedings for the formation of a district shall be conducted as authorized by the principal act of the district proposed to be formed, except that the commission shall serve as the conducting authority and the procedural requirements of this division shall apply and shall prevail in the event of conflict with the procedural requirements of the principal act of the district. In the event of such a conflict, the commission shall specify the procedural requirements that apply, consistent with the requirements of this section.

While it is evident that a protest hearing is not applicable to this case pursuant to GC 57000(a) and 57077(c), it does make logical sense that if there was a majority protest, as specified in GC 57078, that a proceeding can be terminated before expending the time and cost of conducting an election. To synthesize the procedures listed in CKH to what is in CSD law, the notice for the public hearing for this reorganization included a notice that written protests can be filed by the conclusion of the July 11th public hearing. If there is not a majority of written protests (as specified in 57078(b)), then 57077(c)(1) would apply and the reorganization would be sent to election. If there is a majority of written protests, then the proposal would be terminated pursuant to GC 57078.

APPENDIX H

Alpaugh CSD - Alternative 1

311070006	311100031	311120025	311150021	311174013	311183008	311193015	311204005	311214005
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APPENDIX H

Alpaugh CSD - Alternative 1 (Ctd.)

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Alpaugh CSD - Alternative 2

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APPENDIX H

Alpaugh CSD - Alternative 2 (ctd.)

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APPENDIX H

Alpaugh CSD - Alternative 3

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APPENDIX H

Alpaugh CSD - Alternative 3 (ctd.)

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TC WWD #1

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APPENDIX H

TC WWD #1 (ctd.)

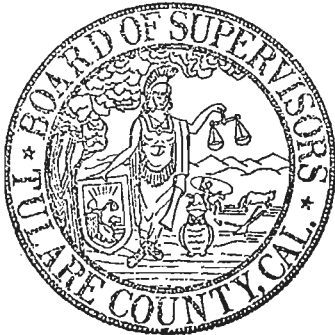
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BEFORE THE BOARD OF SUPERVISORS COUNTY OF TULARE, STATE OF CALIFORNIA

IN THE MATTER OF RESOLUTION OF)
APPLICATION FOR THE FORMATION OF) Resolution No. 2012-0342
ALPAUGH COMMUNITY SERVICES)
DISTRICT)

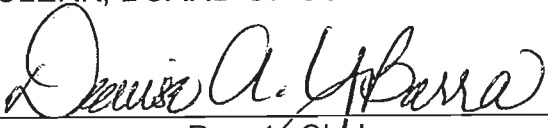
UPON MOTION OF SUPERVISOR VANDER POEL, SECONDED BY
SUPERVISOR COX, THE FOLLOWING WAS ADOPTED BY THE BOARD OF
SUPERVISORS, AT AN OFFICIAL MEETING HELD MAY 22, 2012, BY THE
FOLLOWING VOTE:

AYES: SUPERVISORS ISHIDA, VANDER POEL, COX, WORTHLEY AND ENNIS
NOES: NONE
ABSTAIN: NONE
ABSENT: NONE



ATTEST: JEAN M. ROUSSEAU
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY:


Deputy Clerk

1. Held a Public Hearing and Approved the Resolution of Application for the Alpaugh Community Services District.
2. Approved the California Environmental Quality Act Notice of Exemption.
3. Authorized the Chairman to Sign the California Environmental Quality Act Notice of Exemption.
4. Directed staff to Secure Funding for the Local Agency Formation Commission Application.
5. Requested Local Agency Formation Commission to dissolve the Tulare County Water Works District #1 upon voter approval of the new Alpaugh Community Services District.

CAO
TCAG

DAY
5/22/12

BEFORE THE BOARD OF SUPERVISORS COUNTY OF TULARE, STATE OF CALIFORNIA

IN THE MATTER OF RESOLUTION OF)
APPLICATION FOR THE FORMATION)
OF THE ALPAUGH COMMUNITY)
SERVICES DISTRICT)

Resolution No. 2012-0343

WHEREAS, the County of Tulare desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Division 3, commencing with Section 56000 of the California Government Code, for the dissolution of Tulare County Waterworks District #1 and for the formation of the Alpaugh Community Services District; and

WHEREAS, the territory proposed to be is inhabited, and a description of the external boundary of the territory is set forth in Exhibit A attached hereto and by this reference incorporated herein; and

WHEREAS, the assets and liabilities of the Tulare County Water Works District #1 shall be transferred to the proposed Alpaugh Community Services District, once approved.

WHEREAS, this proposal is consistent with the sphere of influence for the affected district; and

WHEREAS the reasons for the proposal are as follows: the Alpaugh Joint Powers Authority flawed governance structure does not provide the residents with an efficiently run domestic water supply system. The proposal will provide the same domestic water supply to all existing customers, but with a body elected at large that would be more representative of the Alpaugh electorate and would provide the community with improved service delivery and efficiencies; and

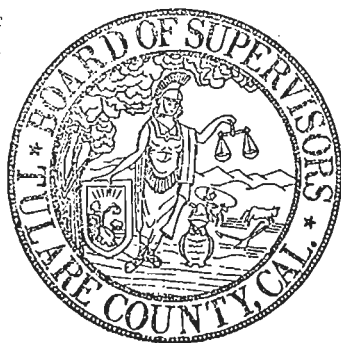
WHEREAS a California Environmental Quality Act Notice of Exemption has been prepared by the County's Environmental Assessment Officer and the proposal does not constitute, nor will it cause, a change in the physical environment, and, equally important, it is not foreseeable at this time that the proposal will result in any change thereto, significant or otherwise, on the ground; and

WHEREAS the proposed Alpaugh Community Services District will be funded with a combination of property tax, assessment, and fees collected for the services the District provides;

NOW, THEREFORE, BE IT RESOLVED A public hearing was held and this Resolution of Application is hereby adopted and approved. The Local Agency Formation Commission of Tulare County is hereby requested to take proceedings for the territory described in Exhibit A, according to the terms and conditions stated above and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

THE FOREGOING RESOLUTION WAS ADOPTED upon motion of Supervisor Vander Poel, seconded by Supervisor Cox, at a regular meeting on this 22nd day of May, 2012, by the following vote:

AYES: Supervisors Ishida, Vander Poel, Cox, Worthley and Ennis
NOES: None
ABSTAIN: None
ABSENT: None

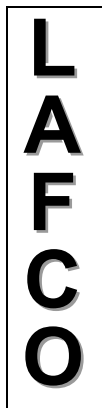


ATTEST: JEAN M. ROUSSEAU
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: *Darius A. Ybana*
Deputy Clerk

CAO
Auditor

DAY
5/22/12



TULARE COUNTY LOCAL AGENCY FORMATION COMMISSION

210 N. Church St., Suite B, Visalia, CA 93291 Phone: (559) 623-0450 FAX: (559) 737-4246

COMMISSIONERS:

*Juliet Allen, Chair
Cameron Hamilton, V. Chair
Steve Worthley
Rudy Mendoza
Allen Ishida*

ALTERNATES:

*Dennis A. Mederos
Amy Shuklian
Mike Ennis*

EXECUTIVE OFFICER:

Ben Giuliani

July 11th, 2012

TO: LAFCO Commissioners, Alternates, Counsel

FROM: Cynthia Echavarria, Staff Analyst

SUBJECT: Dinuba Municipal Sphere of Influence Update

Background

The Commission, at the June 6th, 2012 meeting, adopted an updated Municipal Service Review (MSR) and initiated a Sphere of Influence (SOI) Update for the City of Dinuba. The last SOI Update for the City was adopted by the Commission on April 4th, 2007. The first MSR for the City was adopted as part of the Group 2 MSRs on May 3rd, 2006.

Discussion

Since the adoption of the last SOI Update in 2007, the City has updated its General Plan and more recently, in May of 2012, signed a Memorandum of Understanding (MOU) with the County. One of the agreements in the MOU is that the County will adopt a 20-year Urban Development Boundary (UDB) that is coterminous to the LAFCO adopted SOI for the City. The MOU also includes agreements regarding the County General Plan, development impact fees and provisions regarding development and land use within the County adopted UDB and Urban Area Boundary (UAB).

County and City staff met on January 12, 2012 and agreed upon a proposed new SOI boundary [Figure 1]. In addition, the County has provided a letter of support for the proposed SOI [Figure 2]. The City/County MOU and proposed SOI boundary essentially meets the requirements of the City-County SOI meeting and agreement as outlined in Government Code (GC) section 56425(b). Per this section, the Commission shall: "give great weight to the agreement to the extent that it is consistent with commission policies in its final determination of the city sphere". The proposed SOI is 615 acres (almost one square mile) smaller than the existing SOI. The City of Dinuba has a higher than average residential land supply within existing City limits so a decrease in the size of the SOI appears to be appropriate. The population of the City is estimated to grow 67.8% between 2010 and 2030 while the proposed SOI is 33.2% greater than existing City limits.

Table 1 below shows the Dinuba General Plan land uses for the area between the existing City limits and the existing and proposed SOIs.

Table 1
City of Dinuba SOI General Plan Land Uses
(acres)

Land Use	Existing	Proposed
Residential	1,313	855
Commercial & Office	93	243
Industrial	185	106
Public, Park, Basin	96	129
Urban Reserve	312	51
TOTAL	1,999	1,384

Environmental Impacts:

The Commission hereby finds that the proposed Sphere of Influence amendment will have significant impacts on the environment, and certifies that the Commission has independently reviewed and considered the information contained in the 2006-2026 General Plan Update Program Environmental Impact Report (SCH# 2006091107) approved by the City of Dinuba for the proposed amendment in compliance with the California Environmental Quality Act of 1970. The Commission hereby adopts by reference the City's Statement of Overriding Considerations regarding the impacts to the environment, as set forth in the City's EIR. Accordingly, said EIR is hereby incorporated by reference.

State Law Requirements

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to establish Spheres of Influence for cities and special districts. Prior to, or in conjunction with establishing an agency's SOI, LAFCo is required to conduct a Municipal Service Review (MSR) for each agency. A MSR prepared for the District was adopted by the Commission June 6th, 2012. No changes have occurred since this date that would necessitate an amendment to the MSR or require a new MSR prior to determining the District's Sphere of Influence.

Required Determinations

As part of establishing a district's SOI, the Commission is required to consider and make appropriate determinations in relationship to each of the following:

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

Most of the land in the proposed SOI area currently contains agricultural land uses. The General Plan designates the area for future residential, industrial, commercial, public and other land uses. [Table 1]

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

***Determination 2.2-1** The City plans for future growth through the implementation of policies and standards set forth in its General Plan. Dinuba's General Plan was updated in 2008, and is a long-range guide for attaining the City's goals within its ultimate service area and accommodating its population growth to the year 2031. The City's General Plan provides a policy base to guide future growth within the City.*

***Determination 2.2-2** The City also plans for future growth through the preparation and implementation of specific plans and master plans. The City previously adopted the Southwest Dinuba Specific Plan in 1992, the Northeast Dinuba Specific Plan in 2001, and the Northwest Dinuba Specific Plan in 2003. The City is currently preparing the West Dinuba Specific Plan. The City also maintains master plans for public infrastructure systems including water, sewer, and storm drain systems. An update to the Sewer Master Plan was completed in 2010.*

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

3.1 Capital Investment Program

***Determination 3.1-1** The City's CIP provides a foundation and planning tool to assist in the orderly acquisition of municipal facilities and to assure that service needs for the future are met.*

***Determination 3.1-2** The CIP ties the City's physical development to goals and decisions expressed through hearings, citizen advisory groups, City staff, and planning documents, including the City's General Plan.*

***Determination 3.1-3** The CIP identifies 16 revenue sources from which CIP projects are funded, provides a comprehensive description of each revenue source, and describes how the resources are allocated.*

3.2 Domestic Water

***Determination 3.2-1** The City's water supply is derived from nine active groundwater wells, which have a total maximum production of approximately 10,250 GPM.*

***Determination 3.2-2** Average demand on the water system is about 4.2 MGD, and the maximum daily demand is about 7.3 MGD. The maximum supply capacity of the water system is 14.7 MGD, indicating that the City's water system is operating at approximately 50% of its capacity.*

***Determination 3.2-3** The City's water system supports 5,020 total connections, including 4,580 residential connections, 485 commercial connections, and 5 industrial connections. All connections to the City's water system are metered, which promotes water conservation.*

***Determination 3.2-4** City staff has indicated that the City has an adopted water conservation ordinance but it has not been necessary to impose restrictions in recent years. It is recommended that the City consider posting the water conservation ordinance on its website as a way of continuing to promote water conservation in the City and potentially increase the level of public participation.*

***Determination 3.2-5** The City updated its Water Master Plan in 2008. The Plan covers*

planned growth of the City's water system through the year 2020.

Determination 3.2-6 *The City's CIP ensures that Dinuba can continue to provide adequate water supply to the growing community for the next decade. The City's approach to planning for and implementing water system improvements is excellent, and is demonstrated by the City's dedication to aggressively seeking outside grant/loan funding, and ensuring that adequate funding is allocated towards the City's CIP.*

Determination 3.2-7 *Dinuba has complied with the Urban Water Management Planning Act. They have submitted Urban Water Management Plans for 2000 and 2005. UWMPs are required to be updated every five years in years ending with five and zero. The City's 2010 UWMP is nearing completion and will be submitted to the State Department of Water Resources in April 2012.*

3.3 Drainage Infrastructure

Determination 3.3-1 *The City's storm drainage infrastructure was evaluated as part of the Storm Drainage Master Plan (Quad Engineering, 1989), and the City's GPU in 1997.*

Determination 3.3-2 *Most of the storm runoff collected in the City's drainage system is discharged to irrigation ditches operated by the Alta Irrigation District. Discharge limitations are established through an agreement between the City and District.*

Determination 3.3-3 *The City's CIP ensures that Dinuba can continue to provide storm drainage infrastructure to the growing community in future years. The City's approach to planning for and implementing storm drain system improvements is demonstrated by the City's dedication to aggressively seeking outside grant/loan funding, and ensuring that adequate funding is allocated towards the City's CIP.*

3.4 Wastewater Collection, Treatment and Disposal

Determination 3.4-1 *Several City sewer collection system studies have been completed in the past. Studies were completed in 1967, 1971, 1973, 1989, and 2010. Although some of the previous studies are over 25 years old, a significant portion of the conclusions and recommendations are still valid according to the City's GPU adopted in 1997. The City continues to upgrade its sewer collection system consistent with the recommendations in these studies.*

Determination 3.4-2 *A comprehensive "Sewer System Master Plan Update" addressing all areas within the City's 20-year UDB (per the 2008 City General Plan) and the current SOI was completed in 2010.*

Determination 3.4-3 *The City's Wastewater Reclamation Facility was most recently studied as a part of the "City of Dinuba Master Plan 2003/04", RTW Engineering, 2003/04. The Master Plan recommended exploring the feasibility of the Reclamation, Conservation, and Recreation Project, which would provide for additional wastewater effluent and biosolids disposal through the construction of wetlands, ponds, and irrigation of a new 18-hole golf course.*

Determination 3.4-4 *The Wastewater Reclamation Facility operates under provisions outlined in Waste Discharge Requirements Order No. 95-200, issued by the RWQCB. The order prescribes that the monthly average dry weather discharge flow shall not exceed 3.0 MGD average daily flow (ADF). A Preliminary Design Report completed in 2008 estimated current treatment capacity to be approximately 2.6 to 2.7 MGD (ADF). A Phase I Improvements*

Project completed in 2012 now brings treatment capacity to approximately 3.0 MGD (ADF). The average daily flow was last measured at 2.3 MGD (ADF), indicating that the plant is operating at approximately 77% of its capacity.

Determination 3.4-5 *The City's CIP ensures that Dinuba can continue to provide sanitary sewer collection, treatment, and disposal services to the growing community in future years. The City's approach to planning for and implementing sewer system improvements is demonstrated by its dedication to aggressively seeking outside grant/loan funding, and ensuring that adequate funding is allocated towards the City's CIP.*

3.5 Streets and Roads

Determination 3.5-1 *The City constructs transportation improvements through the implementation of goals and policies set forth in the City's General Plan Circulation Element, and other plans, including the Tulare County Regional Transportation Plan, which is updated every three years.*

Determination 3.5-2 *The City's General Plan policies state that all City streets should operate at LOS "C" or better conditions through the year 2015.*

Determination 3.5-3 *The Dinuba City Council has established the following goals related to transportation: repair streets citywide; widen Ave. 416/El Monte Way and Road 80/Alta Ave. to four lanes; upgrade public transit system to include trolley; continue sidewalk, curb & gutter program.*

Determination 3.5-4 *The City's CIP ensures that Dinuba can continue to provide transportation related infrastructure for the efficient movement of people and goods. The continuous implementation of General Plan Circulation Element goals and policies also guides the City in meeting the future transportation needs of the community.*

Determination 3.5-5 *The City should take the lead in planning for transportation and circulation improvements within the boundary of its 20 year UDB and SOI. Streets within this area should be constructed to City standards, since it is likely that the area will ultimately be incorporated into and become a part of the City of Dinuba.*

3.6 Fire and Police Protection Services

Determination 3.6-1 *The Dinuba Fire Department operates out of one fire station equipped and staffed 24-hours a day. The fire station is located at the intersection of E. Tulare Street and N. "H" Street.*

Determination 3.6-2 *The Insurance Services Office (ISO) rates fire departments on a scale of one (best) to ten (unprotected). The Dinuba Fire Department current ISO rating is four (4).*

Determination 3.6-3 *The City of Dinuba contracts with various agencies to provide the best possible emergency services through mutual aid agreements, including the Tulare County Fire Department, the Tulare County Sheriff's Department, and the City of Visalia Hazardous Response Team.*

Determination 3.6-4 *Consistent with the 2003-2005 goals set forth by the Dinuba City Council, a Fire Master Plan was adopted by the City. The Fire Master Plan is a tool for future staffing and facility requirements to accommodate future growth within the City's SOI.*

Determination 3.6-5 *The Fire Master Plan states that the City is not able to meet EMS response time goals for its mutual aid areas outside the 20-year boundary in unincorporated*

areas. The Fire Master Plan recommends that an EMS unit be located in the Cutler-Orosi area, and that it should be financed by County response area revenues.

Determination 3.6-6 The City of Dinuba's voters passed Measure F, which increased the local sales tax by $\frac{3}{4}$ cent to raise revenue for increased police and fire protection. Measure F's 10-year expenditure plan includes funding for several projects including a new fire station and joint training facility, and additional equipment and staffing for the department. The passage of Measure F is indicative of the community's desire to maintain high levels of public safety.

Determination 3.6-7 The Dinuba Police Department operates out of one police station and one sub-station equipped and staffed 24-hours a day, 365 days per year. The City completed the construction of a new Police and State Justice Court Facility in 2000.

Determination 3.6-8 Based upon current staffing levels, the Police Department has a sworn police officer to population ratio of approximately 1.8 officers per 1,000 persons.

Determination 3.6-9 The Police Department offers various programs for citizens to get involved with public safety efforts in the community. The programs generally consist of community volunteers who are dedicated to a safer community.

3.7 Solid Waste

Determination 3.7-1 The City of Dinuba has contracted with a private carrier to provide pickup of solid waste within the City limits. Independent (private contractors) service providers are not subject to SOI determinations, and are therefore exempt from the MSR requirement.

Determination 3.7-2 The City has a disposal/recycling program which operates on a split container system. Recyclables are taken to the Pena's Disposal Material Recovery Facility (MRF) in Cutler where they are sorted and subsequently bailed for sale to recycled material users.

Determination 3.7-3 In 1989, the State of California passed the Integrated Waste Management Act. Assembly Bill 939 (AB 939) required all cities and counties to implement programs to reduce landfill tonnage by 25% by the end of 1995, and 50% by the end of 2000. Dinuba is part of a seven city Joint Powers Authority that is currently at 50% diversion.

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.

Determination 7.1-1 The Commission should include the El Monte Mobile Village in the City of Dinuba's SOI as an identified community of interest.

5. The present and probable need for services related to sewers, municipal and industrial water, or structural fire protection of any disadvantaged unincorporated communities within the sphere of influence.

The El Monte Mobile Village is the only identified disadvantaged unincorporated community within or adjacent to the SOI. The community's water system does have a history of nitrate contamination. There is a present need for City water service when financially feasible and future need for other City services.

Impact on Prime Agricultural Land, Agriculture and Open Space:

No urban development or loss of open space and prime agricultural land would result with establishment of this SOI. Some of the lands that will be included within the new SOI are under Williamson Act contract. However, the Commission may approve this sphere of influence if it finds the following pursuant to GC §56426.5(b) (2):

That the change is not likely to adversely affect the continuation of the contract beyond its current expiration date.

In addition, the proposed SOI would reduce the amount of Williamson Act land within the SOI from 736 acres to 452 acres.

Municipal Service Reviews:

Municipal Service Reviews provide a comprehensive review of the services provided by a city or district and present recommendations with regard to the condition and adequacy of these services and whether or not any modifications to a city or district's SOI are necessary. MSRs can be used as informational tools by LAFCo and local agencies in evaluating the efficiencies of current district operations and may suggest changes in order to better serve the public.

The Dinuba Municipal Service Review report was prepared pursuant to Section 56430. The report begins by providing background information and then summarizes data collected and analyzed for the purpose of supporting written statements of determination with respect to each of the following:

- Growth and population projections for the affected area.
- The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- 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.
- Financial ability for agencies to provide services.
- Status of, and opportunities for, shared facilities.
- Accountability for community service needs, including governmental structure and operational efficiencies.
- Any other matter related to effective or efficient service delivery, as required by commission policy.

The Dinuba MSR update was adopted by the Commission at the June 6th, 2012 meeting. Many of the determinations from the MSR were used in the SOI determinations listed in this report. The MSR is available for review at the Commission's website:
<http://www.co.tulare.ca.us/lafco/>

Recommendations:

It is recommended that this SOI be approved and that the Commission take the following actions:

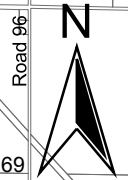
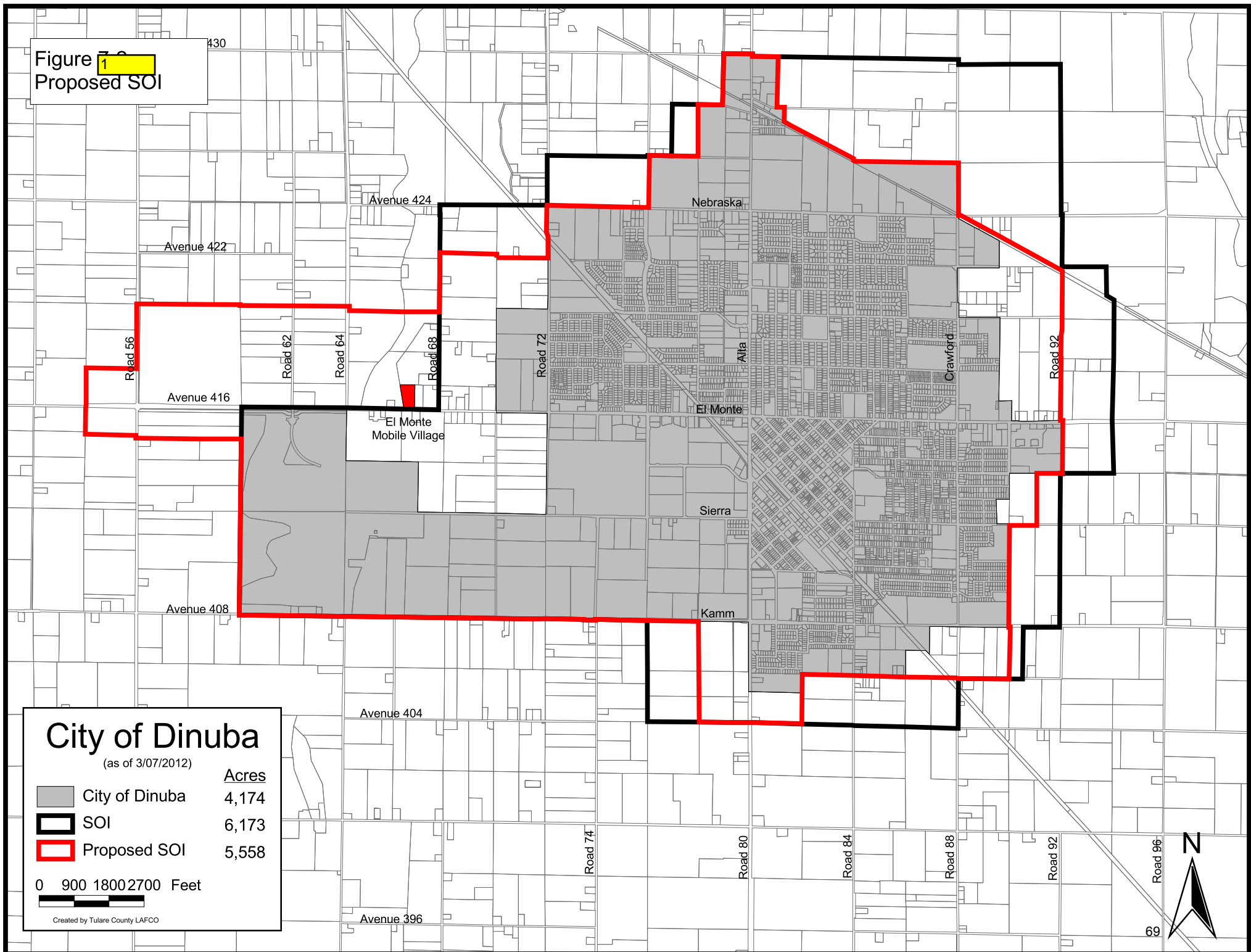
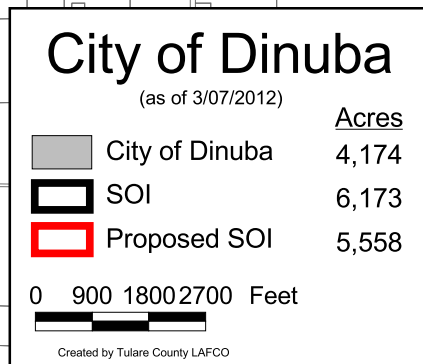
- A. The Commission hereby finds that the proposed Sphere of Influence amendment will have significant impacts on the environment, and certifies that the Commission has independently reviewed and considered the information contained in the 2006-2026 General Plan Update Program EIR SCH# 2006091107 and adopts by reference the City's Findings and Statement of Overriding Considerations regarding the impacts to the environment.
- B. Adopt the written statement of determinations and find that the proposed Dinuba Sphere of Influence update is in compliance with the GC Section 56425.
- C. Find that pursuant to GC §56426.5(b)(2), the proposed SOI amendment will not adversely affect the continuation of any Williamson Act contracts beyond their current expiration dates.
- D. Approve the Sphere of Influence as requested to be known as LAFCO Case 1465, Dinuba SOI Update, as identified within Figure 1. <<<Update case number>>>

Figures & Exhibits

- Figure 1 Site Location Map
- Figure 2 MOU between County and City of Dinuba
- Figure 3 General Plan Land Uses
- Figure 4 Williamson Act Land

Attachments:
Resolution of Adoption

Figure 7-6
Proposed SOI



BEFORE THE BOARD OF SUPERVISORS COUNTY OF TULARE, STATE OF CALIFORNIA

IN THE MATTER OF APPROVAL OF)
AMENDMENT NO. 1 TO MEMORANDUM) Resolution No. 2012-0337
OF UNDERSTANDING BETWEEN TULARE) Agreement No. 25001-A
COUNTY AND CITY OF DINUBA –)
AGREEMENT NO. 25001 AND APPROVAL)
OF LETTER OF SUPPORT FOR CITY OF)
DINUBA'S MUNICIPAL SERVICE REVIEW)
AND SPHERE OF INFLUENCE)

UPON MOTION OF SUPERVISOR WORTHLEY, SECONDED BY
SUPERVISOR COX, THE FOLLOWING WAS ADOPTED BY THE BOARD OF
SUPERVISORS, AT AN OFFICIAL MEETING HELD MAY 15, 2012, BY THE
FOLLOWING VOTE:

AYES: SUPERVISORS ISHIDA, VANDER POEL, COX, WORTHLEY AND ENNIS

NOES: NONE

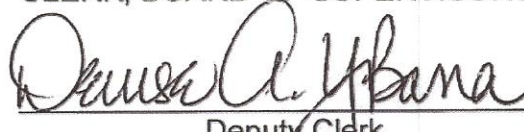
ABSTAIN: NONE

ABSENT: NONE



ATTEST: JEAN M. ROUSSEAU
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY:


Deputy Clerk

1. Approved Amendment No. 1 to the Memorandum of Understanding between Tulare County and the City of Dinuba – Agreement No. 25001 regarding Tulare County's General Plan Update;
2. Directed the Chairman to execute Amendment No. 1 to said Memorandum of Understanding – Agreement No. 25001;
3. Approved the letter of support for the proposed Municipal Service Review and Sphere of Influence for the City of Dinuba; and
4. Directed the Vice-Chair to execute the letter of support and forward said letter to the Tulare County Local Agency Formation Commission.

RMA
Co. Counsel
Auditor

DAY
5/15/12

Amendment No. 1 to Memorandum of Understanding

The Memorandum of Understanding hereinafter referred to as "the MOU," effective May 10, 2011, between the COUNTY OF TULARE (hereinafter "the County") and the CITY OF DINUBA (hereinafter "the City") is hereby amended as follows:

1. Notwithstanding the provisions of Paragraph 5, the "added area" to the Urban Development Boundary (UDB), as depicted in attached Exhibit "A" made a part hereof, shall be subject to the payment of sales taxes and transient occupancy taxes by the City to the County pursuant to the same percentages and formula set forth in Paragraph 5.
2. Except as provided in Paragraph 1 of this Amendment No. 1, once established, the Sphere of Influence line (SOI) and then the County adopted City UDB line, as determined in Paragraph 3 of the MOU, will be the exact line referred to and used for the purposes of Paragraph 5 of the MOU. Any future changes to this line will not be used for the purposes of Paragraph 5 of the MOU unless the Parties mutually agree or unless the changed line is closer in whole or in parts to the City boundary lines as the City boundary lines existed at the date of the MOU. To the extent that the changed line is closer in parts to the City boundary lines as the City boundaries lines existed at the date of the MOU, those parts will be incorporated into and modify the line used for Paragraph 5 of the MOU. The remaining parts of the line used for Paragraph 5 of the MOU will remain unchanged.
3. Except as amended above, all other terms and conditions of the MOU shall remain in full force and effect.

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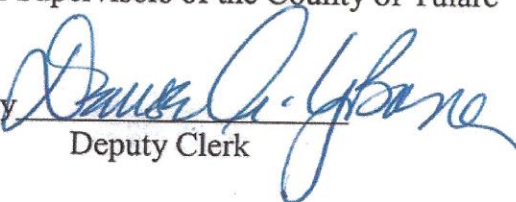
THE PARTIES, having read and considered the above provisions, indicate their agreement by their authorized signatures below.

COUNTY OF TULARE

Date: 5/15/10

BY 
Allen Ishida, Chairman
Board of Supervisors


ATTEST: JEAN ROUSSEAU
County Administrative Officer/Clerk of the Board
of Supervisors of the County of Tulare

By 
Deputy Clerk



City of Dinuba

Date: APRIL 24, 2012

BY 
Mike Smith, Mayor
City Council

ATTEST: City Clerk

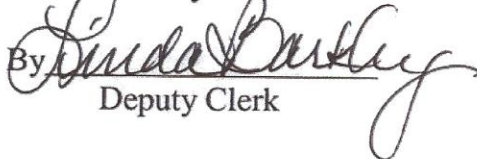
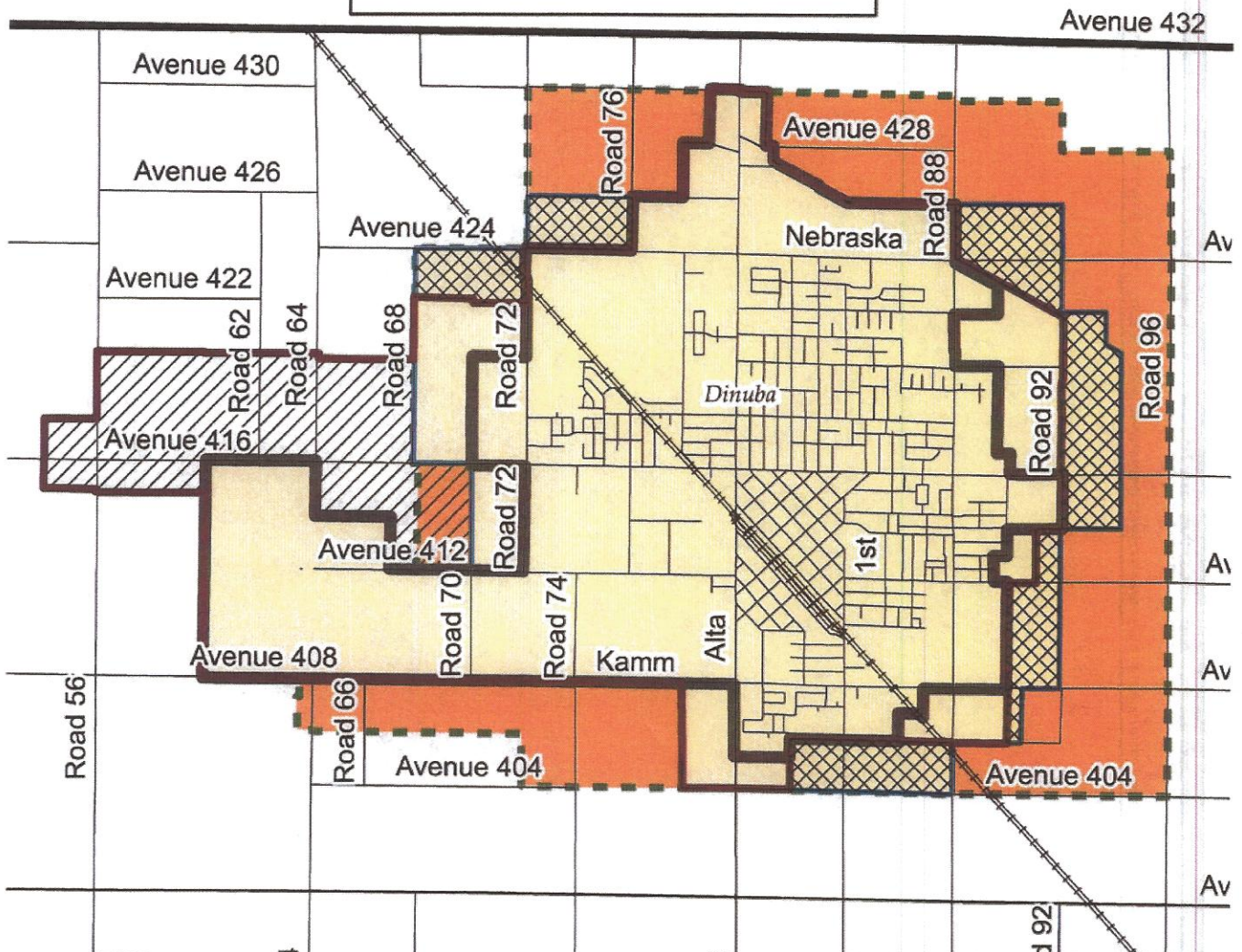
By 
Deputy Clerk



Exhibit "A" - Urban Development Boundary (UDB)

Fresno County







EXHIBIT A
AMENDMENT No. 1 MOU
April 2012

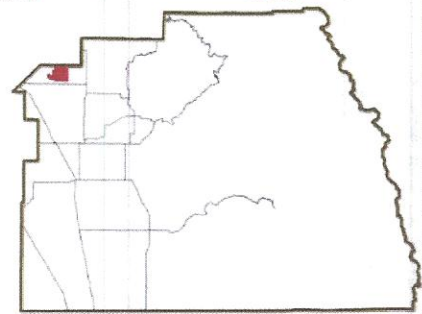


**Area outside Dinuba City Limits and UDB
but within the proposed SOI.**

-  Area Added to UAB
-  Area Added to UDB

Map Date March 2012

-  Area Added to UAB
-  Area Added to UDB
-  Dinuba Proposed SOI
-  City Limits
-  UDB
-  UAB



0 0.25 0.5 0.75 1 Miles

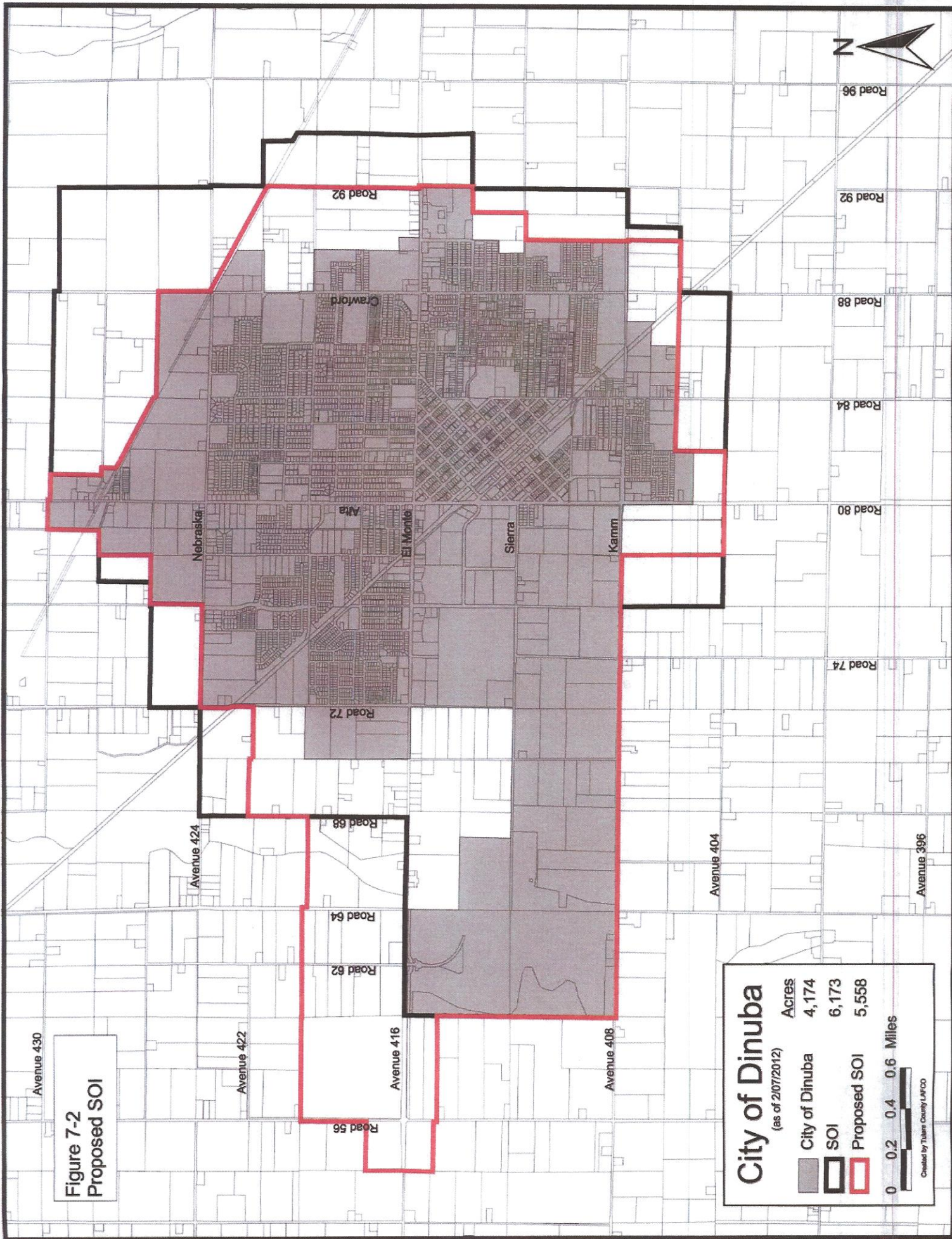


Figure 3
General Plan

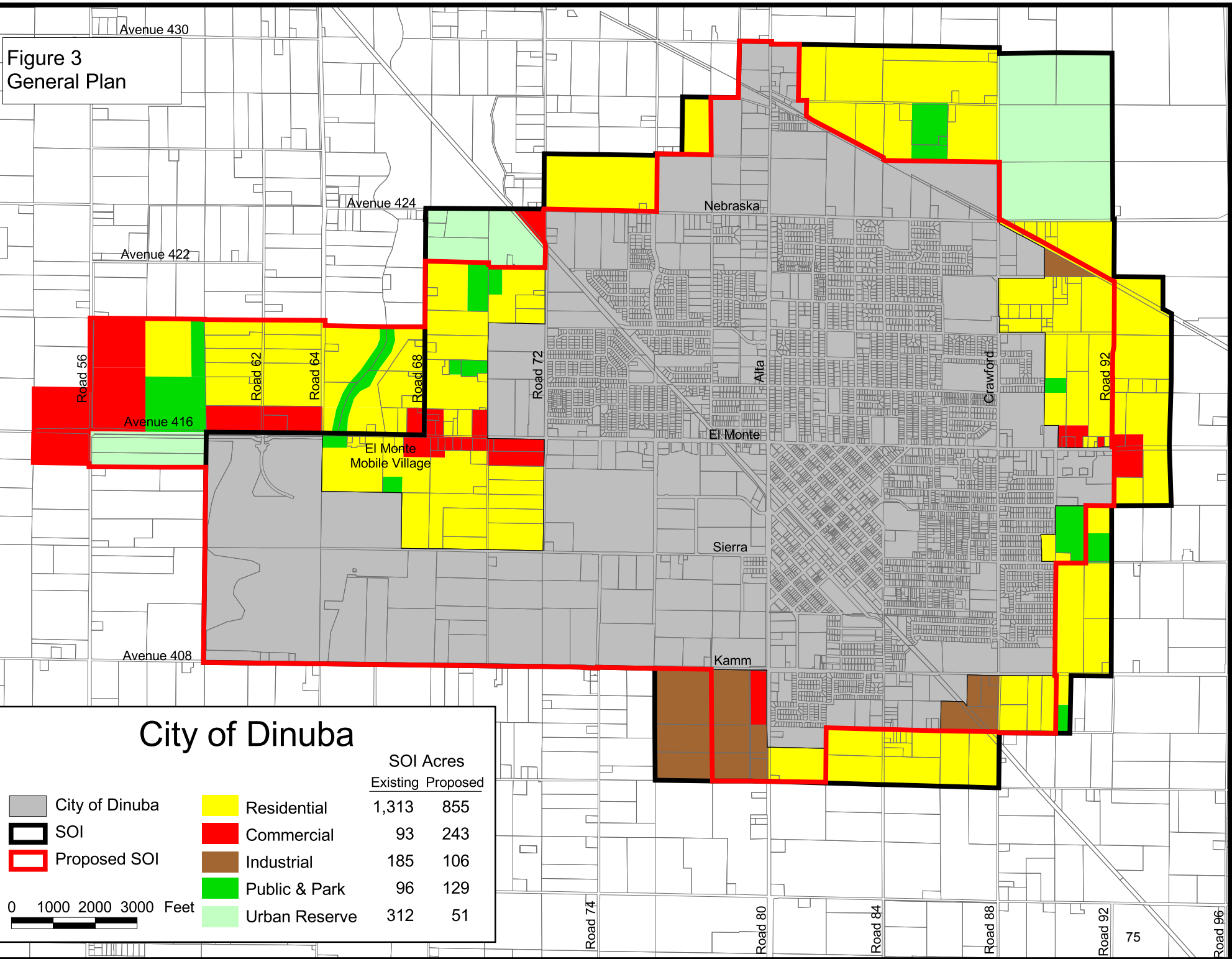
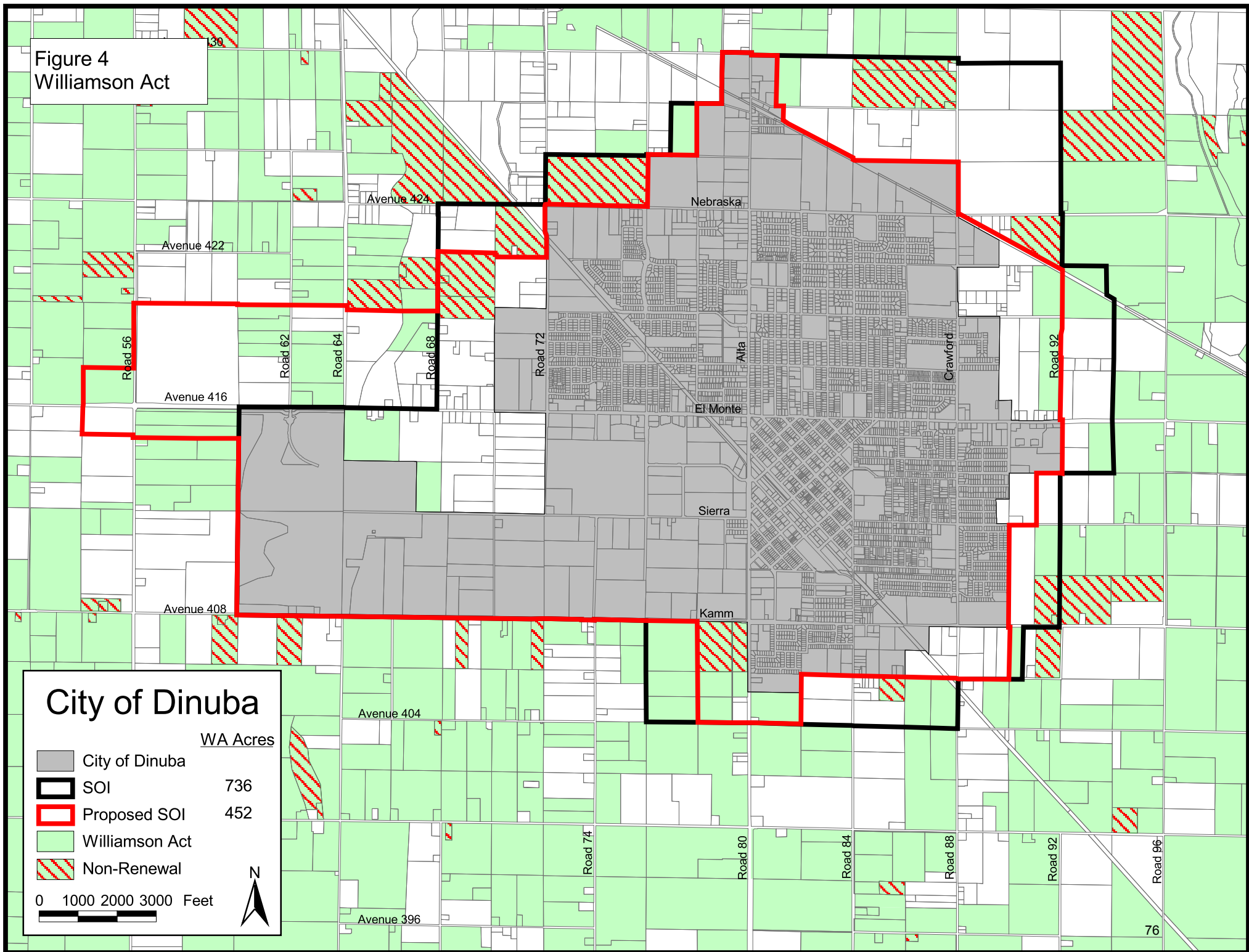


Figure 4
Williamson Act



BEFORE THE LOCAL AGENCY FORMATION COMMISSION
OF THE
COUNTY OF TULARE, STATE OF CALIFORNIA

In the Matter of the City of Dinuba)

Sphere of Influence Update)

RESOLUTION NO. 12-012

LAFCO Case No. 1490)

WHEREAS, pursuant to Government Code Section 56425, Local Agency Formation Commissions are required to establish, periodically review and revise or amend Sphere of Influence boundaries; and

WHEREAS, this Commission has adopted a Sphere of Influence Policy which requires that wherever possible, the Spheres of Influence for each of the incorporated cities and various special districts which provide urban services to unincorporated communities in the County reflect a twenty year growth area; and

WHEREAS, on June 6th, 2012, the Commission initiated the Sphere of Influence Update for the City of Dinuba (No. 12-009); and

WHEREAS, the Commission conducted a municipal service review adopted on June 6th, 2012 (LAFCO Resolution 11-008); and

WHEREAS, the City of Dinuba and County of Tulare have signed a Memorandum of Understanding and have agreed to a joint SOI boundary proposal; and

WHEREAS, the Commission has read and considered the reports and recommendations of the Executive Officer.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED as

follows:

1. The boundaries of the Sphere of Influence amendment are definite and certain as shown in Figure 1.

2. The information, materials, and facts set forth in the application and the reports of the Executive Officer, including any corrections, have been received and considered in accordance with GC §56427.

3. The Commission has reviewed and considered the information, materials and facts presented by the following persons who appeared at the public hearing and commented on the proposal:

Cynthia Echavarria, Staff Analyst

4. All required notices have been given and all proceedings taken in this matter have been and now are in all respects taken in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as amended.

5. Pursuant to GC §56430, the Municipal Service Review for the City of Dinuba was approved on June 6th, 2012, by Resolution No. 12-008.

6. The Commission hereby adopts the attached written determinations required under GC §56425 in support of the proposed Sphere of Influence adoption.

7. The Commission finds that pursuant to GC §56426.5(b)(2), the proposed SOI Update will not adversely effect the continuation of any Williamson Act contracts beyond their current expiration dates

8. The Commission hereby finds that the proposed Sphere of Influence amendment will have significant impacts on the environment, and certifies that the Commission has independently reviewed and considered the information contained in the 2006-2026 General Plan Update Program EIR (SCH# 2006091107) approved by the City of Dinuba for the proposed amendment in compliance with the California Environmental Quality Act of 1970. The Commission hereby adopts by reference the City's Findings and Statement of Overriding Considerations regarding the impacts to the environment, as set forth in the City's FEIR. Accordingly, said EIR is hereby incorporated by reference.

9. The Commission hereby finds that the proposed City of Dinuba Sphere of Influence is in compliance with the Cortese-Knox-Hertzberg Act, GC §§56425, 56430 and 56377, and Tulare County LAFCO Policy and Procedure section C-5, Spheres of Influence.

10. The Sphere of Influence for the City of Dinuba is hereby adopted as shown in Exhibit A.

11. The Executive Officer is hereby authorized and directed to sign and file the Notice of Determination with the County Clerk.

The foregoing resolution was adopted upon the motion by Commissioner X, and seconded by Commissioner X, at a regular meeting held this 11th day of July, 2012 by the following vote:

AYES:

NOES:

ABSTAIN:

PRESENT:

ABSENT:

Ben Giuliani, Executive Officer

ce



County of Tulare

May 15, 2012

BOARD OF SUPERVISORS

Allen R. Ishida
District One

Pete Vander Poel
District Two

Phillip A. Cox
District Three

J. Steven Worthley
District Four

Mike Ennis
District Five

✱

BOARD STAFF

Jed Chernabaeff

Helen Herrera

Allison Pierce

✱

CLERK OF THE BOARD

Michelle Baldwin
Chief Clerk

✱

*Administration Bldg.
2800 West Burrel
Visalia, CA 93291*

*TEL: (559) 636-5000
FAX: (559) 733-6898*

Tulare County Local Agency Formation Commission
210 North Church Street, Suite B
Visalia, CA 93291

Attn: Ben Giuliani, Executive Officer

Subject: Proposed Municipal Service Review and Sphere of Influence for City of Dinuba

Dear Commissioners:

In light of the recent amendment to the Memorandum of Understanding between the County of Tulare and the City of Dinuba, the County hereby supports the proposed Municipal Service Review (MSR) presently being considered by the Tulare County Local Agency Formation Commission (LAFCo).

Similarly, the County supports the proposed Sphere of Influence (SOI) to which the County and the City of Dinuba have agreed. Attached is a copy of the SOI to which agreement has been reached between the County and the City.

City of Dinuba Municipal Service Review and Sphere of Influence

On January 12, 2012, staff of the Tulare County Resource Management Agency (RMA) conducted a meeting with staff of the City of Dinuba.

During that meeting, RMA staff indicated that correspondence received from the Tulare County LAFCo projected that the City's current SOI (including available land within the City) could accommodate almost 28 years of additional population growth.

Therefore, since the current SOI could accommodate approximately 20 years of growth, City staff recommended a reduction in the current SOI primarily in the Eastern half of the City and added areas of special interest along El Monte Way to the SOI in the Western half of the City. RMA staff concurred with this approach at the meeting.

Shortly thereafter, City staff prepared a revised SOI and transmitted it to LAFCo staff and County staff for review. Specifically, the proposed revised SOI is 615 acres less than the existing SOI (a reduction of almost 10%), and is 4,855 acres less than the existing City's existing 20-year Urban Development Boundary (UDB) (a reduction of almost 47%).

After consideration of the proposed revised SOI, RMA staff communicated general support for the updated proposal and indicated that the SOI is logical and reasonable with the City's growth vision. In addition, there was support for the proposition that the revised SOI and the City's UDB should be coterminous.

May 15, 2012
Page 2

LAFCo staff was supportive and requested that the County prepare a letter reaffirming support for the revised SOI. RMA staff indicated that subject to approval by the County, a letter of support would be prepared and provided to LAFCo. This letter represents the County's support for the proposed MSR and revised SOI.

Proposed Amendment to the County Adopted City Urban Development Boundary (CACUDB) -- (Twenty-Year Boundary), and the County Adopted Urban Area Boundary (CAUAB) -- (Fifty-Year Growth Boundary)

Tulare County's General Plan Update proposes the goal of having LAFCo's Spheres of Influence be coterminous with the County's proposed UDB. The proposed MSR and proposed SOI achieve this goal. The attached map also reflects amendments to the Urban Area Boundary (UAB) by removing lands from the Urban Development Boundary (UDB) and placing those lands in the UAB.

The proposed County General Plan Update proposes a number of goals, policies and programs that are mutually beneficial to incorporated cities. This section, when implemented, will assist the cities and the County in providing logical expansions of city boundaries, while insuring that what little development may occur in the UDB and UAB will meet urban development standards as provided in Section 2.4 of the proposed General Plan Update. The City of Dinuba has entered into a MOU that furthers the proposed goals, policies and programs.

In addition to the current LAFCo policies affecting city boundary lines, the County proposes that LAFCo consider the adoption of a fifty-year growth boundary as well as certain criteria for consideration.

Accordingly, the County requests LAFCo's support of the concept of coterminous boundaries for the City's SOI and the County's UDB's for a twenty-year growth boundary and support of the concept of establishing a fifty-year growth boundary, as identified in the County's proposed General Plan Update. The adoption of the attached diagram for the City of Dinuba will further LAFCo's mission that insures orderly growth and provision of services.

Sincerely,



Pete Vander Poel, Vice-Chairman
Tulare County Board of Supervisors

Enclosure

cc: Tulare County Board of Supervisors
Tulare County Administrative Officer
Tulare County Counsel

LACK OF OVERSIGHT OF TULARE COUNTY SPECIAL DISTRICTS

BACKGROUND

Successive grand juries have reported on problems in the operation and governance of special districts in Tulare County. These problems often persist.

REASON FOR INVESTIGATION

The 2011-2012 Grand Jury (GJ) became concerned about a lack of oversight of special districts and decided to learn what agencies maintain oversight of special districts and the extent of such oversight.

PROCEDURES FOLLOWED

1. Interviewed relevant witnesses
2. Members of the Grand Jury attended special district board meetings.
3. Members of the Grand jury attended training provided by the office of the County Counsel for directors of special districts.
4. Reviewed relevant documents.

FINDINGS

1. The directors of some special districts are elected by voters within the district (e.g. memorial districts).
2. The directors of other special districts are elected by land owners within the district (e.g. irrigation districts).
3. The Board of Supervisors appoints the directors of certain special districts (e.g. water works districts and cemetery districts). Also, the Board of Supervisors appoints directors to special districts when the number of elected directors remaining on the board constitutes less than a quorum, but it cannot appoint more than the number necessary to make a quorum.
4. The Maddy Act (§§54970 – 54974) provides for the creation of a Local Appointments List by the Board of Supervisors. It does not provide a procedure for the recruitment of individuals to be considered for appointment as directors of special districts.
5. Government Code §56375 gives Local Agency Formation Commission (LAFCO) the authority to initiate proposals for the consolidation, dissolution, merger, or reorganization that includes any of these changes of organization.

6. Staffed with one half time executive officer, LAFCO also has one full time staff analyst, and other part time employees including a clerk who performs LAFCO duties 10% of the time.
7. There are 115 special districts in Tulare County. Of these, 92 are considered principal districts for which LAFCO is responsible. The remaining 23 are primarily located in adjoining counties and those counties are responsible for these districts.
8. Government Code §26909 requires each special district in the county to undergo an annual or biannual audit of its accounts and records for the County Auditor.
9. In 2011, 29 special districts experienced an operation loss or decrease in assets. In addition 11 special districts failed to perform any audits for one or more years. This shows a disturbing shortcoming in the operation of a significant number of the special districts in Tulare County.
10. Since July 8, 2011, the Grand Jury has received seven complaints from citizens regarding special districts, each of which raised significant issues regarding their governance and operation.
11. Special districts in the community of Alpaugh include the Tulare County Waterworks No.1, the Alpaugh Irrigation District, the Alpaugh Joint Powers Authority, and the South Tulare County Memorial District. Significant problems with their operation and governance exist.
12. Government Code §8546.10 became effective January 1, 2012 giving the State Auditor the authority to establish a high-risk local government agency audit program. It is too early to know if this program will be used to evaluate whether criminal charges should be filed against any special district.
13. The California Special Districts Association provides its members with extensive education materials including workshops, course modules and webinars on various aspects of the governance and operation of special districts.

CONCLUSIONS

1. The Board of Supervisors has very limited oversight of special districts. It does have the responsibility to appoint directors to the boards of special districts under certain circumstances. It does not have a procedure for the solicitation of individuals who would be willing to be appointed as a director of a special district which would provide the residents of special districts with more input in the selection of the directors of their special district.
2. The Board of Supervisors receives a report each year from the Auditor-Controller/Treasurer-Tax Collector regarding the shortcomings of special district audits, but the 2011-2012 Grand Jury was unable to determine if any action was taken regarding this important report. The Board of Supervisors can bring this important issue to the attention of the public by putting the issue of these shortcomings on its agenda.

3. Government Code §56375 gives Local Agency Formation Commission (LAFCO) the authority to initiate proposals for the consolidation, dissolution, merger, or reorganization. With the statutory authority to make changes, LAFCO can correct the shortcomings of special districts. Unfortunately, it lacks the staff to use this authority.
4. The Auditor-Controller/Treasurer-Tax Collector collects information demonstrating the shortcomings of the finances of special districts but has no authority except to monitor the audits of special districts.
5. Because of the number and complexity of the problems in special districts, grand juries have neither the time (one year term) nor experience to fully look into these problems.

RECOMMENDATIONS

1. The Board of Supervisors should:
 - a) place the matter of the shortcomings in the audits of special districts on its agenda for discussion upon being advised of these issues by the Auditor-Controller/Treasurer-Tax Collector.
 - b) increase the budget of the grand jury enabling it to hire investigative and forensic auditing services. This would provide the grand jury with resources to more thoroughly investigate the shortcomings in the operation and governance of special districts in Tulare County.
 - c) recommend LAFCO adopt an annual budget permitting it to hire additional full time personnel. This would enable LAFCO to monitor the operation and governance of special districts. Then LAFCO could act to encourage the boards to make changes that would permit the special districts to operate more effectively. Where boards fail or are unable to operate the districts effectively, LAFCO could act to dissolve or reorganize the district.
 - d) develop a procedure for recruiting individuals for appointment to the boards of special districts in addition to the requirements of the Maddy Act (§§54970 – 54974).

REQUIRED RESPONSES

Tulare County Board of Supervisors