



Balancing Community and Commerce

44 N. SAN JOAQUIN STREET SUITE 374 STOCKTON, CA 95202 209-468-3198

AGENDA

THURSDAY, SEPTEMBER 14, 2023 9:00 A. M.
BOARD OF SUPERVISORS CHAMBERS
44 NORTH SAN JOAQUIN STREET, 6TH FLOOR
STOCKTON, CALIFORNIA

* * * *

Call to Order
Announce Date and Time of Meeting for the Record
Roll Call
Pledge of Allegiance

CONSENT ITEMS

1. SUMMARY OF MINUTES OF JULY 13, 2023
(*Discussion and Possible Action by All Members*)
Approve Summary Minutes of the Regular Meeting.
2. OUT-OF-AGENCY SERVICE REQUEST
(*Discussion and Possible Action by Regular Members*)
Requests from the City of Stockton to provide out-of-agency sewer service outside the City boundary under Government Code §56133 to 1939 S. Sinclair Avenue, 2312 McComb Avenue, 630 S. Wilkie Avenue, 3417 S. Odell Avenue, 3450 Higgins Avenue and 100 E. Transportation Court in Stockton.

PUBLIC HEARING

3. INCORPORATION OF MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT (LAFD 16-21)
(*Discussion and Possible Action by Regular Members*)
Request from Mountain House Community Services District to Incorporate.
4. DISSOLUTION OF CALIFORNIA IRRIGATION DISTRICT (LAFD 20-23)
(*Discussion and Possible Action by Regular Members*)
Discussion to dissolve this non-operating District.

PUBLIC COMMENTS

5. Persons wishing to address the Commission on matters not otherwise on the agenda.

EXECUTIVE OFFICER COMMENTS

6. Comments from the Executive Officer

COMMISSIONER COMMENTS

7. Comments, Reports, or Questions from the LAFCO Commissioners

CLOSED SESSION

8. Open Session Disclosure Regarding Closed Session Items pursuant to Government Code Section 54957.7
9. Closed Session
Conference with Labor Negotiator Pursuant to Government Code Section 54957.6
Agency Designated Representative: Tom Patti / Doug White
Unrepresented Employee: Executive Officer J.D. Hightower
10. Conference with Legal Counsel-Existing Litigation pursuant to Government Code Section 54956.9(a)
Name of Case: Tracy Rural County Fire Protection District with the City of Tracy as named Real Party of Interest v. San Joaquin LAFCo (San Joaquin County Superior Court Case No. 2019-9687)
11. Open Session Report on Closed Sessions pursuant to Government Code Section 54957.1

ADJOURNMENT



Balancing Community and Commerce

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SUMMARY MINUTES

July 13, 2023

BOARD OF SUPERVISORS CHAMBERS
44 NORTH SAN JOAQUIN STREET, 6TH FLOOR
STOCKTON, CALIFORNIA

Chairman Patti called the meeting to order at 9:05 a.m.

MEMBERS PRESENT: Commissioners Breitenbucher, Johnson, Villapudua and Chairman Patti

MEMBERS ABSENT: Commissioner Diallo and Ding

ALTERNATE MEMBERS PRESENT: Commissioner Barton

ALTERNATE MEMBERS ABSENT: Commissioner Dhatt

OTHERS PRESENT: J.D. Hightower, Executive Officer, Rod Attebery, Legal Counsel; Tom Terpstra, Legal Counsel; Mitzi Stites, Commission Clerk / Analyst; and Claudia Iboa Administrative Assistant

CONSENT ITEMS

Chairman Patti introduced the Consent Items, Agenda Item No. 1, Summary of Minutes, Agenda Item No. 2 Out-Of-Agencies and Agenda Item No. 3, Proposed Policies and Procedures.

Chairman Patti stated that he was going to pull consent items No. 3B

Chairman Patti opened the floor to Commissioner Comments.

No Comments were made.

Chairman Patti closed the floor to Commissioner Comments and opened the floor to Public Comments

No Comments were made.

Chairman Patti closed the Floor to Public Comments.

J.D. Hightower, Executive Officer, presented stated Item No. 3, Proposed Policies and Procedures and recommend No. 3B, to be discuss and not approve and this time.

Commissioner Barton inquired where the wording for the pledge came from and if it can be revised. .

Mr. J.D Hightower, Executive Officer, stated that the wording is custom tailored from what other LAFCO Offices use.but can be revised or modified as the Commissioners see fit. .

Chairman Patti asked that the wording for the pledge be revised and brought back to the Commission at a later date for approval. . Chairman Patti inquired from Counsel if action needs to take place on the remaining consent items before discussion begins on Ex Parte Communication

Tom Terpstra, Legal Counsel, stated that it's appropriate time to take action on agreed item and then discuss other items in detail.

Chairman Patti stated we need a motion for approval for consent items No. 1, 2, and 3A

A motion was made by Commissioner Johnson and seconded by Commissioner Barton

Chairman Patti asked for a Roll Call Vote:

Ayes: Commissioners Barton, Breitenbucher, Johnson, Villapudua and Chairman Patti

Noes: None

J.D. Hightower, Executive Officer, explained that Ex Parte Communication is communication that occurs outside of public forums and outside of subsidized matters. For example, if someone calls and states that they are against something, that is not considered Ex Parte Communication. The key word is 'because'. If

it is not mentioned in the staff report or oral presentation by myself and it is a different topic, and someone says,that they are against this project because of topic AYZ, which was not brought up before, it is

subjective and measurable. It is something that may have been overlooked, and that is the communication that can be proven.

Chairman Patti asked what is required by law for LAFCo Commission

J.D Hightower, Executive Officer stated it is for 'quasi - jurisdiction, a yes or no answer. LAFCo sections 56375 and 56668 and the factors listed there. Some of the questions are covered in the lead agency's environmental work, the annexation. If it was not brought up by the executive officer or the staff presentation, and before we start the public hearing, Hightower stated that if you had an Ex Parte communication on this issue and the issue is valid; you would need to disclose it.

Chairman Patti inquired why this policy needs to be created.

J.D. Hightower, Executive Officer, explained that when a Grand Jury brings a concern that LAFCo has had a lack of transparency, there is an issue. We need to be more transparent. All cities have Ex Parte communications on the agenda. It is an effort to be proactive, transparent, and really provide transparency in public.

Rod Attebery, legal counsel, explained the quasi - jurisdiction. LAFCo handles quasi - legislative decisions on the whole recorded, which is suited to make the decision. The general word is you should disclose, but there is no requirement to disclose. He stated that what he found with the policy, you can always go more, you cannot go less than what the state requires, but you can always go more. If you have quasi - jurisdiction actions in which you don't partake, staff does that for you if they submit a MSR, environmental packet. That is due ethical desertion.

Commissioner Barton stated if a party comes to me with questions before a LAFCo meeting, would this type of disclosure be effective.

Rod Attebery, legal counsel, considers what the commissioners consider sufficient. You can pick your own disclosure. If we adopt a policy that you had to disclose, that's one of the reasons we adopt a policy, you had to disclose. What do we need to disclose and how much?

Commissioner Breitenbucher stated that he has had experience with this for the City of Manteca and it has been working great.

Chairman Patti stated, if Commissioner Breitenbucher has been satisfied with how it's working for the City of Manteca.

Commissioner Breitenbucher replied, yes.

Chairman Patti requested that staff bring to the Commission what the Grand Jury is requesting. The Commission appreciates that the Executive Officer is proactive on the Grand Juries concerns.

PUBLIC HEARING ITEMS

Chairman Patti introduced Discussion item No. 4, study session for Comprehensive Fiscal Analysis for the proposed Incorporation of Mountain House Community Services District. Jim Simon, Principal and President, R.S.G. who prepared the Comprehensive Fiscal Analysis, will present a PowerPoint Presentation. There are also members of Mountain House Community Services District on the phone to answer any questions that you may have.

Jim Simon, principal and President, RSG, presented the Comprehensive Fiscal Analysis PowerPoint.

Chairman Patti opened the floor to Commissioner Comments.

No comments were made.

Chairman Patti closed the floor to Commissioner Comments and opened the floor to Public Comments.

Mr. Bob Bentz, a San Joaquin County resident, commented on this project.

Commissioners discussed if the five parcels would be included into this incorporation or not. LAFCo policy is not to create any islands. .

J.D. Hightower, Executive Officer explained that today's meeting was to approve the Comprehensive Fiscal Analysis for Mountain House. Next month's meeting will be the time to discuss if Mountain House Community Services District should include the five parcels. It is LAFCo policy is to include the five islands in the future.

Tom Patti opened the floor to public comments.

No comments were made.

CORRESPONDENCE

WRITTEN COMMUNICATION RECEIVED FROM GRAND JURY IRVING JIMENEZ, GRAND JURY STAFF SECRETARY/ JUDICIAL SECRETARY

Chairman Patti stated that Mr. J.D Hightower, Executive Officer, has received correspondence from Irving Jimenez, Grand Jury Staff Secretary/ Judicial Secretary, 2022-2023 San Joaquin County Civil Grand Jury, dated June 21, 2023.

J.D. Hightower, Executive Officer explained the updated Grand Jury Report. There were several issues that were addressed with the Grand Jury regarding the development of our website and the transparency provided by our website. Mitzi Stites has been doing a good job working on the website. Moving forward, we will be maintaining the website www.sjlafco.org. This addresses most concerns from the Grand Jury Report, except for two items. One will be brought forward to you next month, the dissolution of California Irrigation District. LAFCo Offices received a letter stated that there were no assets and the district no longer exists, and it was formally dissolved. Lafco offices are looking into the Boggs Tract Fire District. and the ongoing issue is whether Boggs fire district is an active district or not. Staff is working closely with the County on the action plan for Boggs Tract Fire District.

Chairman Patti inquired if these items will be brought back to the Commission."

J.D. Hightower, Executive Officer, stated, that both items will be brought back to the Commission.

Chairman Patti opened the floor to Commissioner Comments.

Commissioner Breitenbucher inquired on the location of the California Irrigation District

J.D. Hightower, Executive Officer explained, It is located in Harlan Rd, Lathrop, CA region. It was formed with the intention of providing service to Lathrop Industrial Park but never gained attraction. Now there are a handful of homes and businesses, and we sent out over 100 mailers to the property owners. We received a good amount of responses, but no one received any service from California Irrigation services.

EXECUTIVE OFFICER COMMENTS

Comments from the Executive Officer

Tom Terpstra, Legal Counsel, stated that there were several arguments in May and the court has ordered supplemental briefing on the matter of financial burden from one entity onto another. This will be heard in late August, and if there are any decisions or discussions, they will be discussed in a Closed Session.

Mr. J.D Hightower, Executive Officer, stated the LAFCo conference in Monterey, CA.

COMMISSIONER COMMENTS

Comments, Reports, or Questions from the LAFCO Commissioners.

No Comments were made.

Chairman Patti adjourned the meeting at 9:59 a.m. The next LAFCo Meeting will be held on August 10, 2023 at 9 a.m.



Balancing Community and Commerce

44 N. SAN JOAQUIN STREET SUITE 374 STOCKTON, CA 95202 209-468-3198

EXECUTIVE OFFICER'S REPORT

September 14, 2023

TO: LAFCo Commissioners

FROM: Jeffery Hightower, Executive Officer

SUBJECT: **CITY OF STOCKTON OUT-OF-AGENCY SERVICE REQUESTS**

Recommendation

It is recommended that the Commission approve the requests from the City of Stockton to provide Out-of-Agency sewer service under the Government Code §56133 to properties located 1939 S. Sinclair Ave, 2312 McComb Ave, 630 S. Wilkie Ave, 3417 S. Odell Ave and 3450 Higgins Ave in Stockton. There is one commercial Out-of-Agency request from the City of Stockton to provide Out-of-Agency water service to property located at 100 E Transportation Court in Stockton.

Background

Government Code Section §56133 states that the Commission may authorize a city or special district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization and that prior to providing new or extended service, the city or district must first receive approval from LAFCo. The Commission adopted a policy that conditions their approval for out-of-agency service requiring the recordation of an agreement with the landowner consenting to annexation of their property when annexation becomes feasible.

The City of Stockton submitted request for approval to extend sanitary sewer services to single-family residences outside the city limits but within the city's sphere of influence. And to extend sanitary water service to the commercial property outside the city limits. A vicinity map is attached showing the location of the out-of-agency requests connections city to sewer lines are available to the properties and the property owner's have paid the appropriate connection fees to the city. The request for out-of-agency service are in compliance with the Government Code §56133 and Commission policies. Please note that the blue line shows the sewer line and the circle reflect the connection locations. Staff recommends approval of the attached Resolution 23-1525 approving out-of-agency services.

Attachment: Resolution No. 23-1525

Vicinity Maps

Resolution No. 23-1525

BEFORE THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION APPROVING AN OUT-OF-AGENCY SANITARY SEWER SERVICE FROM THE CITY OF STOCKTON TO 1939 S. SINCLAIR AVE, 2312 MCCOMB AVE, 630 S. WILKIE AVE, 3417 S. ODELL AVE AND 3450 HIGGINS AVE IN STOCKTON AND WATER SERVICE TO 100 E. TRANSPORTATION COURT IN STOCKTON.

WHEREAS, the above-reference requests have been filed with the Executive Officer of the San Joaquin Local Agency Formation Commission pursuant to §56133 of the California Government Code.

NOW THEREFORE, the San Joaquin Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. Said out-of-agency service request is hereby approved.

Section 2. The proposal is found to be Categorically Exempt from CEQA.

Section 3. The proposal is subject to the following conditions:

- a. Prior to connection to the city sewer, the City of Stockton shall record a covenant and agreement with the property owners to annex to the City of Stockton in a form acceptable to the Executive Officer.
- b. This approval and conditions apply to current and future property owners.

PASSED AND ADOPTED this 14th day of September 2023 by the following roll call vote:

AYES:

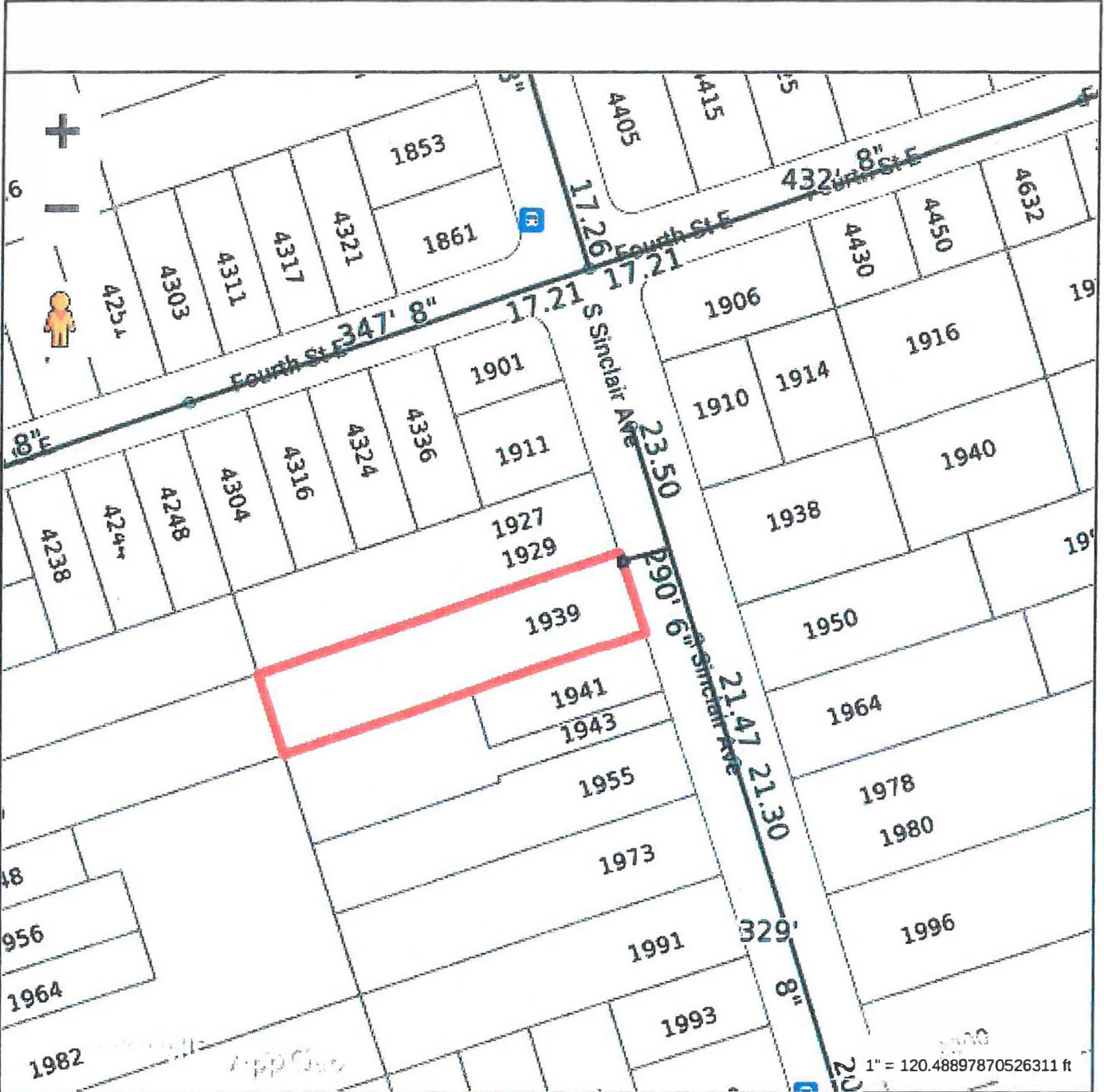
NOES:

ABSTAIN:

TOM PATTI, CHAIRPERSON
SAN JOAQUIN LOCAL AGENCY
FORMATION COMMISSION

ATTEST:

MITZI STITES, COMMISSION CLERK
SAN JOAQUIN LOCAL AGENCY
FORMATION COMMISSION



1" = 120.48897870526311 ft

Property Information
 Property ID 17317020-121904
 Location 1939 S SINCLAIR AV
 Owner QUILES FERNANDO & HAYDEE

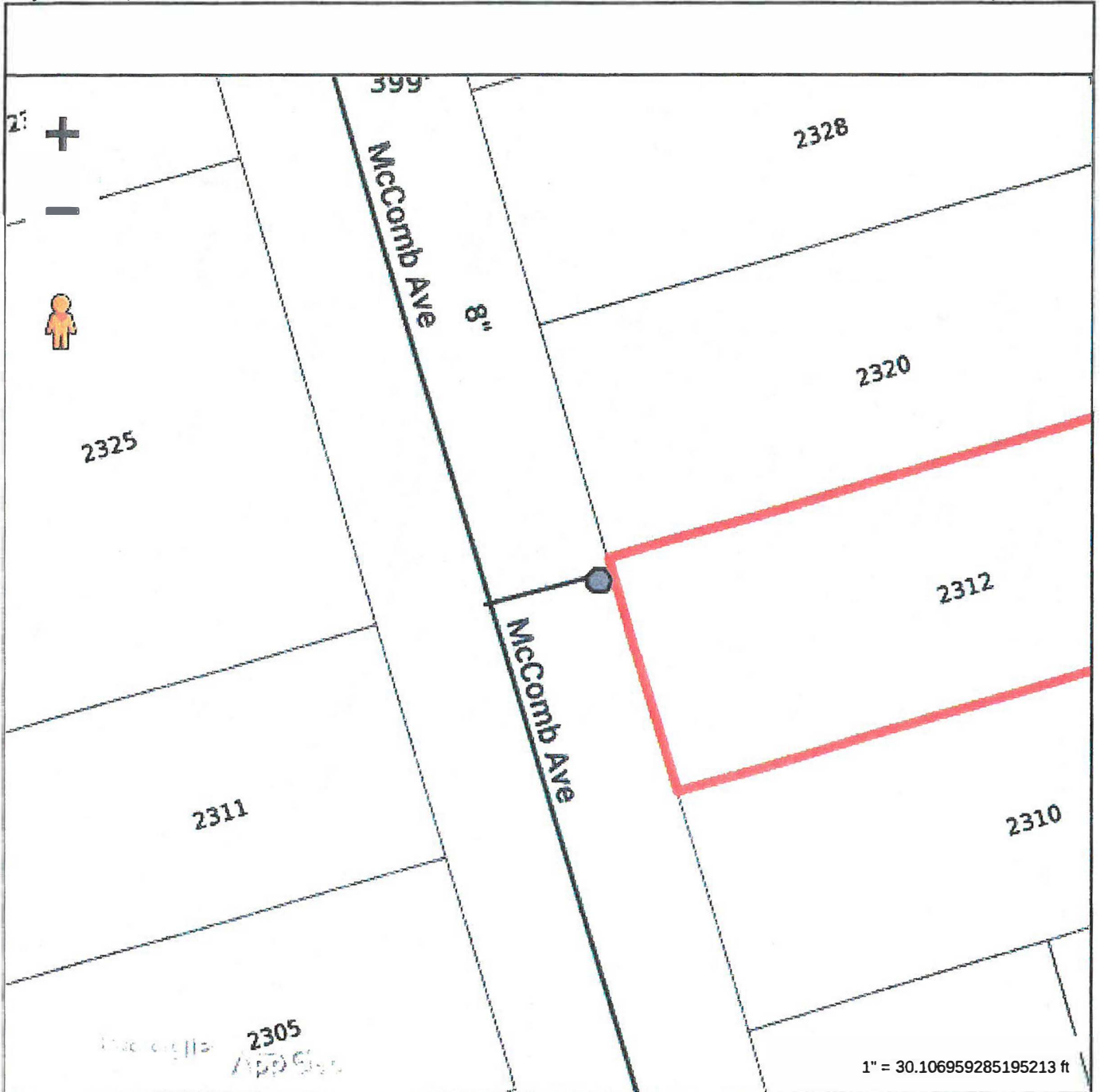


MAP FOR REFERENCE ONLY
 NOT A LEGAL DOCUMENT


City of Stockton, CA makes no claims and no warranties, expressed or implied, concerning the validity or accuracy of the GIS data presented on this map.

Geometry updated 05/03/2023
 Data updated 05/01/2023

Print map scale is approximate. Critical layout or measurement activities should not be done using this resource.



Property Information	
Property ID	11923027-116633
Location	2312 MCCOMB AV
Owner	BOSSANA, DAVID VINCENT



CITY OF STOCKTON

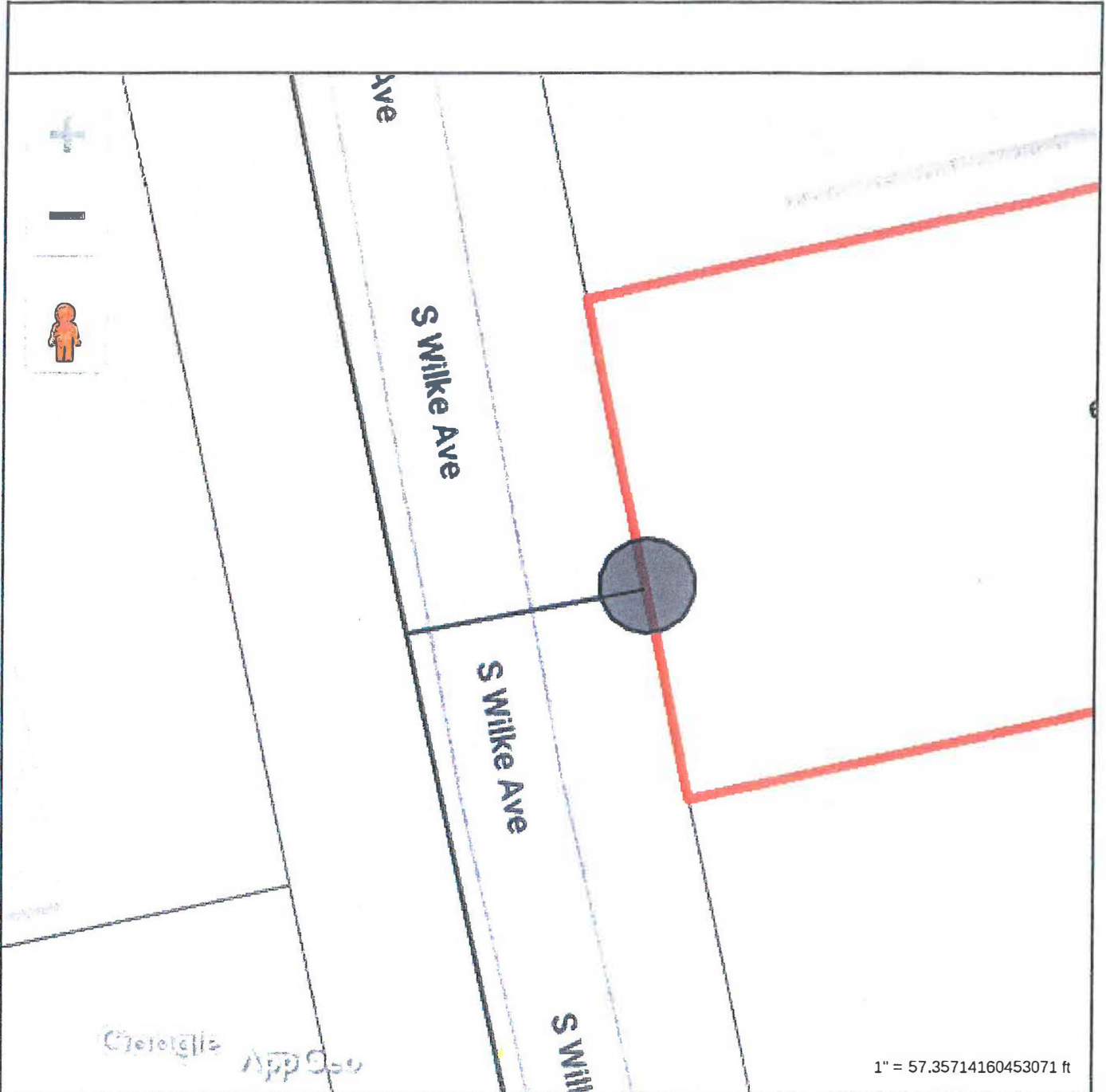
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Geometry updated 05/03/2023
 Data updated 05/01/2023

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1" = 57.35714160453071 ft

Property Information

Property ID 14515030-69031
 Location 630 WILKIE AV
 Owner FONSECA ROSEMARY

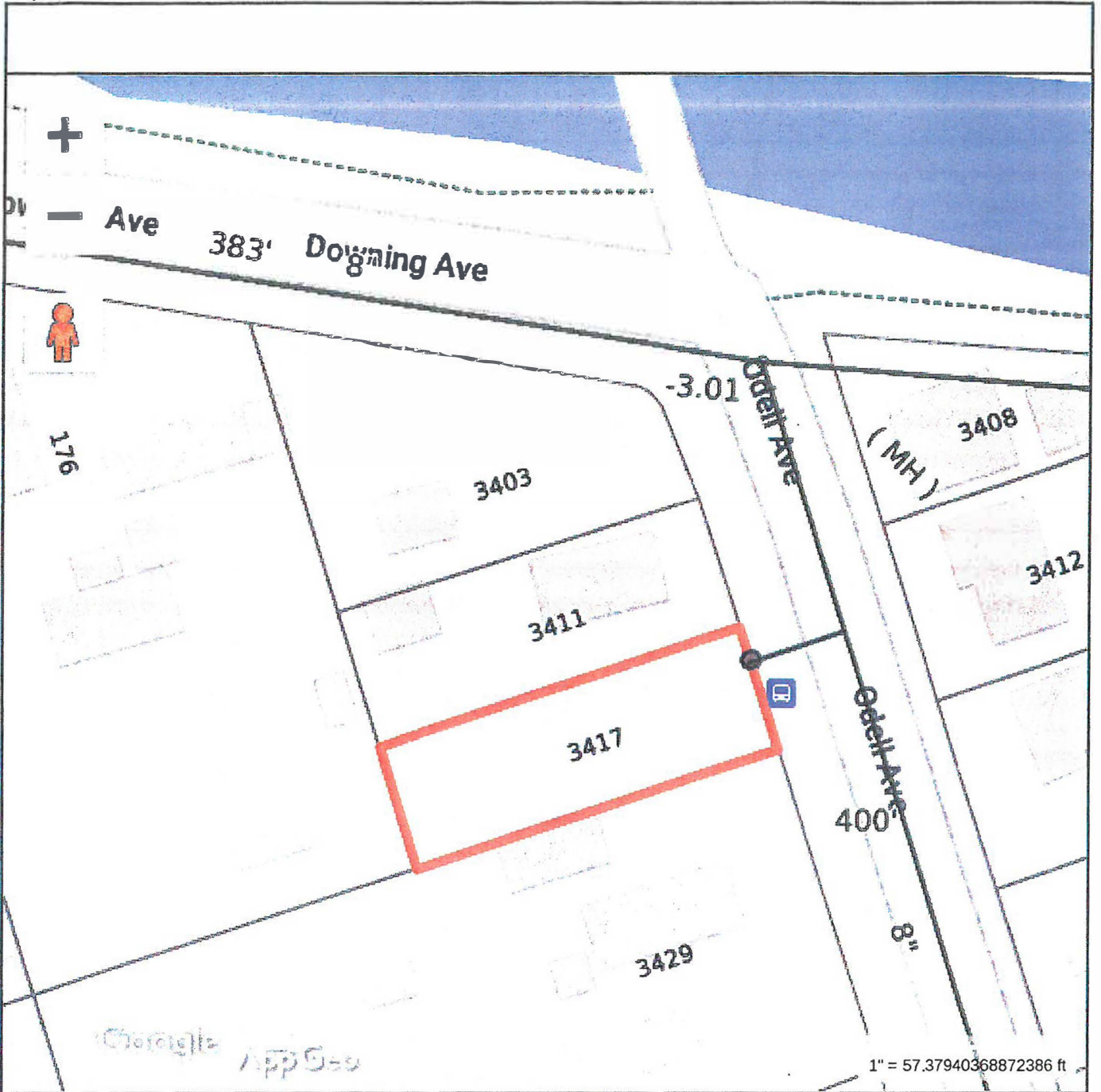


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Geometry updated 05/03/2023
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Property Information

Property ID 17515003-77898
 Location 3417 ODELL AV
 Owner AREVALO MARCELO CORTEZ

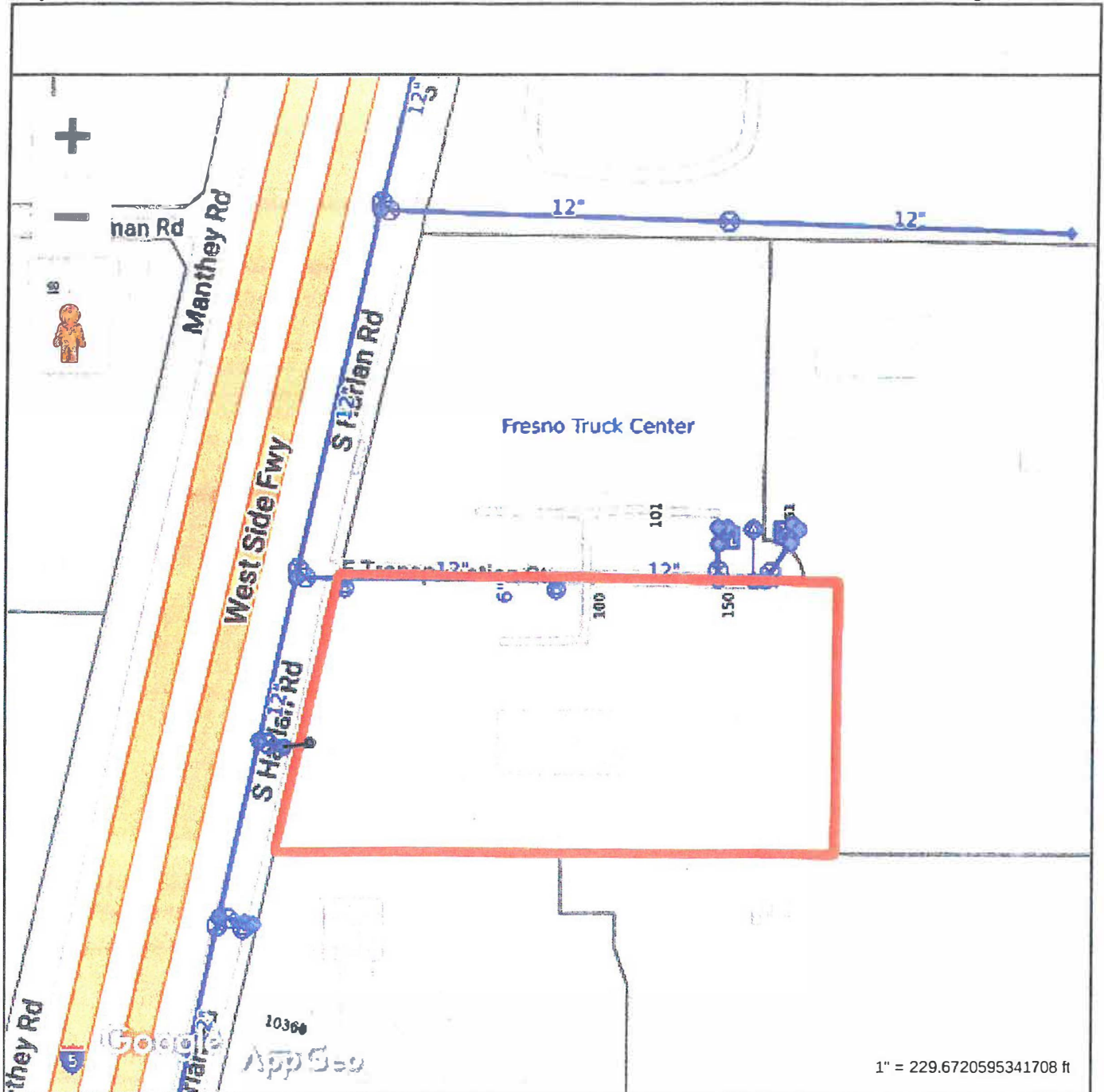


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 Data updated 05/01/2023

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1" = 229.6720595341708 ft

Property Information

Property ID 19327022-129785
 Location 150 E TRANSPORTATION CT
 Owner HOWARD LAND CO LP



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 NOT A LEGAL DOCUMENT

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Geometry updated 05/03/2023
 Data updated 05/01/2023

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Balancing Community and Commerce

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September 14, 2023

TO : LAFCo Commissioners

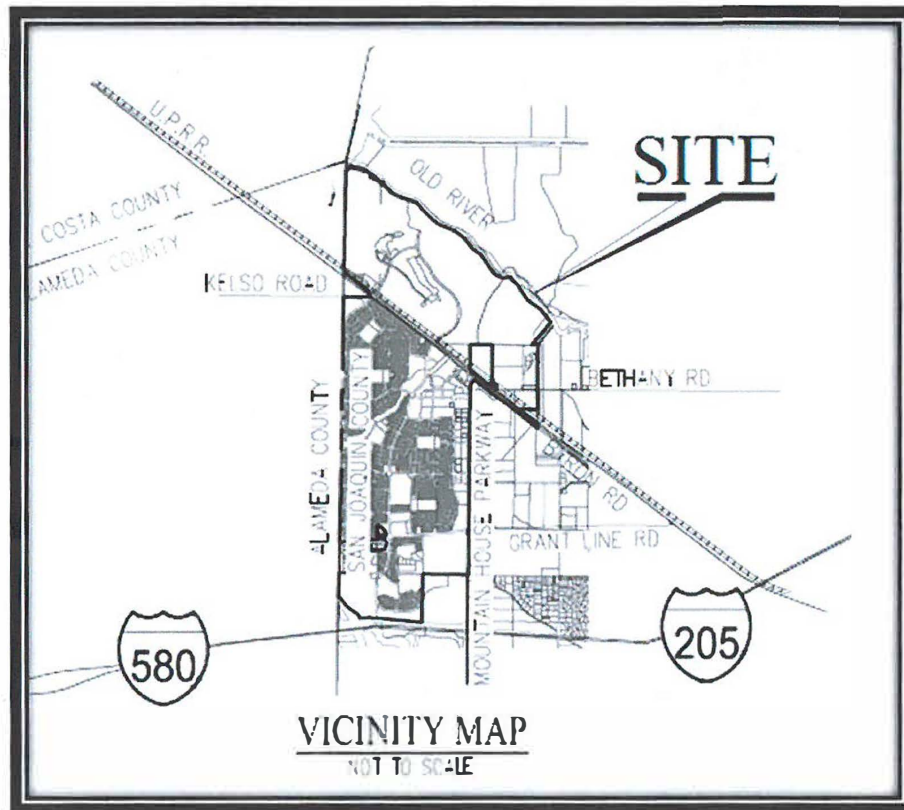
From: Jeffery Hightower

SUBJECT: LAFCO 16-21 ADOPTION OF RESOLUTION 23-1526 A RESOLUTION OF THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION (SJLAFCO) RESOLUTION MAKING DETERMINATIONS, APPROVING AND ORDERING A REORGANIZATION TO INCLUDE INCORPORATION OF THE PROPOSED CITY OF MOUNTAIN HOUSE WITHIN THE AREA IDENTIFIED AS THE SJLAFCO ALTERNATIVE BOUNDARY AND ESTABLISHING ITS SPHERE OF INFLUENCE; DETACHMENT OF SPECIFIED TERRITORY FROM THE TRACY RURAL FIRE PROTECTION DISTRICT; THE DIVESTITURE OF CERTAIN MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT'S (MHCS D) POWERS; ANNEXATION TO MHCS D TO INCLUDE ADDITIONAL TERRITORY TO CORRESPOND WITH THE LAFCO ALTERNATIVE BOUNDARY; THE ESTABLISHMENT OF MHCS D AS A SUBSIDIARY DISTRICT OF THE CITY OF MOUNTAIN HOUSE; AND ADOPTING A NEGATIVE DECLARATION RELATED THERETO

LOCATION:

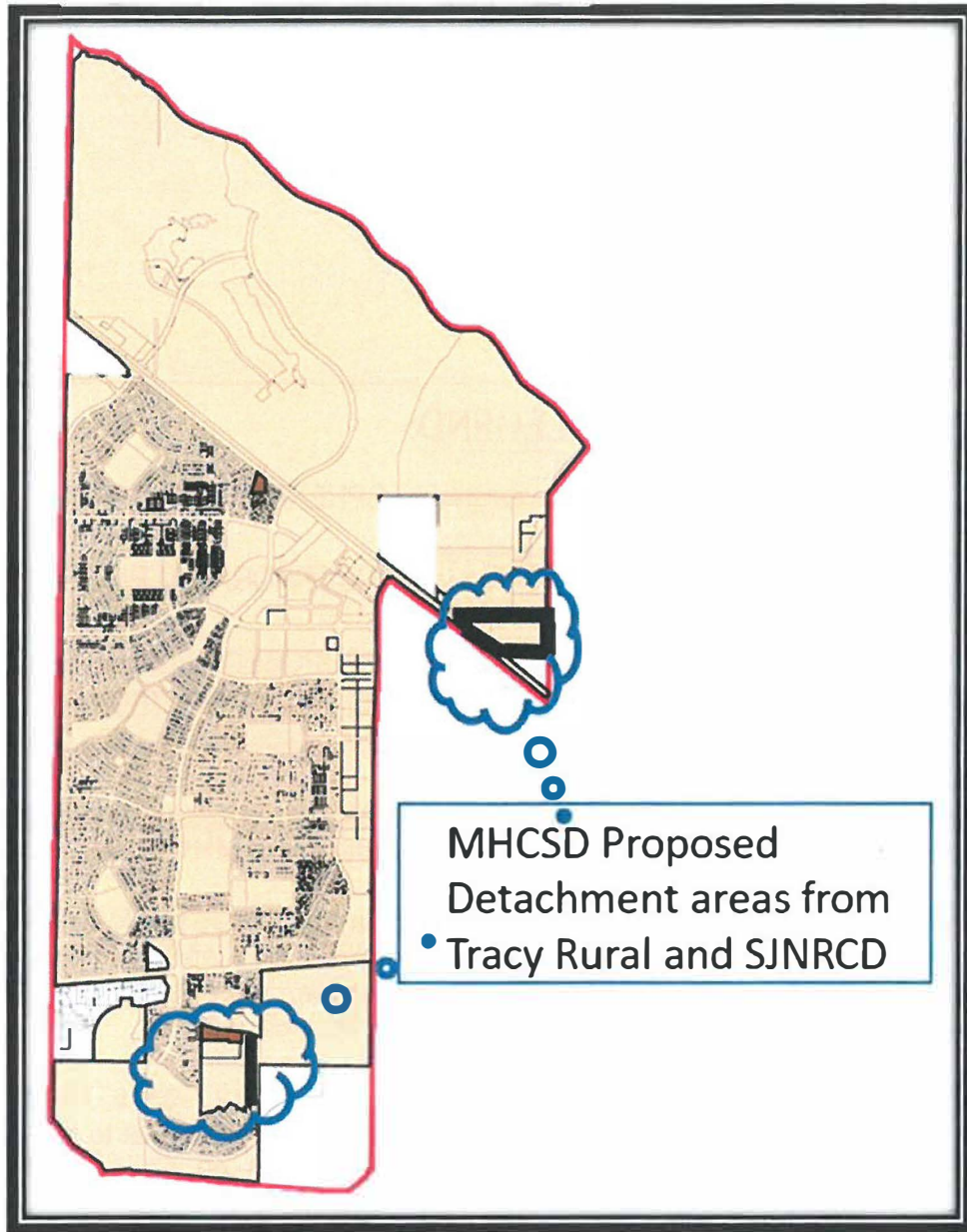
This report provides an overview of the proposed reorganization including the incorporation of Mountain House as the 8th city in San Joaquin County. The Sphere of Influence (SOI) for the existing Mountain House Community Services District (MHCS D) and proposed City of Mountain House (City) will be the same. The SOI amendment is essentially the renaming of the SOI as the City's. The SOI is bounded on the west by the San Joaquin/Alameda County line, the northern boundary is the Old River, the eastern boundary is formed by the Old

River/Wicklund Road, West Byron Road and Mountain House Parkway. The southern boundary is the Robert T. Monagan Freeway (I-205).



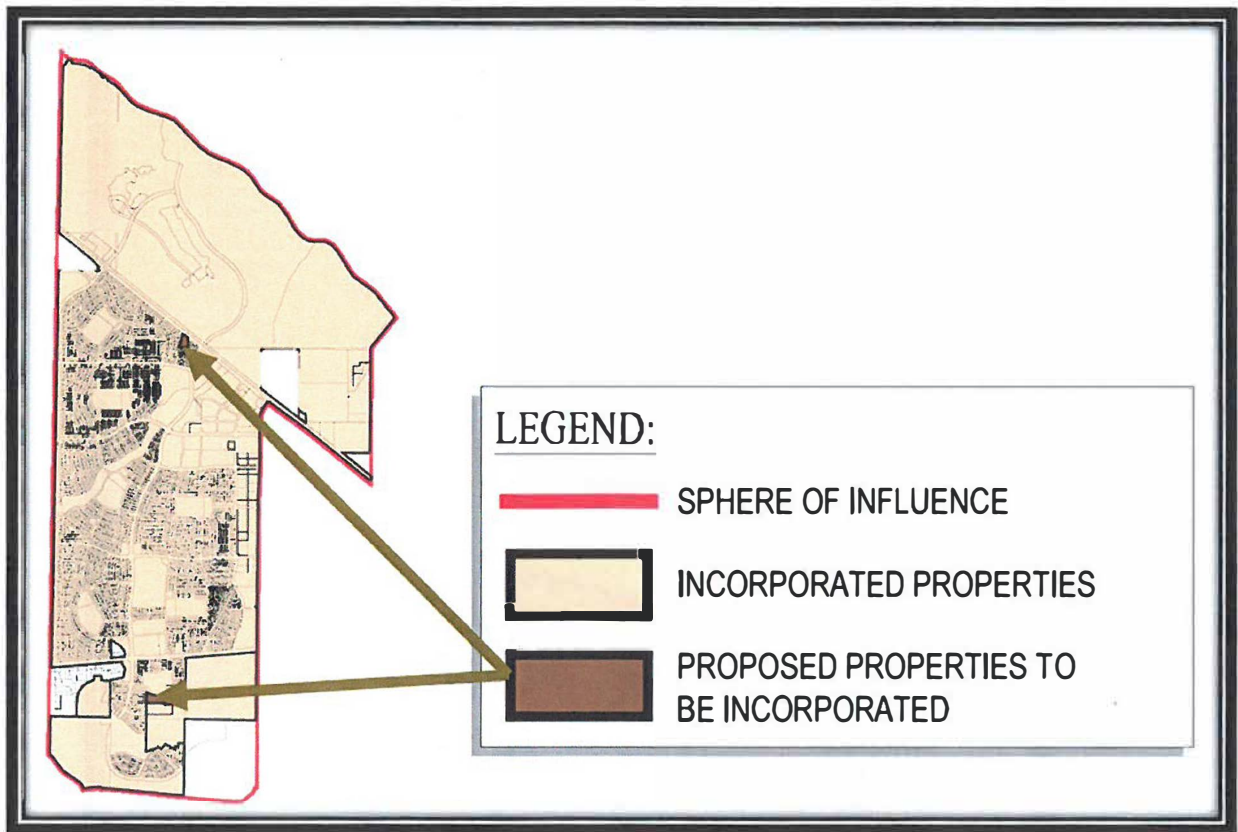
REORGANIZATION BOUNDARIES:

MHCS D first adopted a resolution on January 13, 2021 R-2021-01 and an amended resolution on May 11, 2022 requesting that LAFCo initiate proceedings for incorporation. The boundary proposal by the MHCS D included two areas to be detached from Tracy Rural Fire Protection District in addition to two (2) recently LAFCo approved annexations into MHCS D. The northern detachment area is 40.3 acres and comprised of three (3) parcels (APN 209-150-27, 29 & 30). The southern area is 52.97 acres also comprised of three (3) parcels (APN 209-060-40, 41 and 209-080-33). The two areas in the MHCS D application proposed to be detached are shown below.



Detachment Areas from Tracy Rural and SJNRCD

The MHCSO filed application formed two (2) unincorporated county islands with a total of 5 parcels (APN 209-060-34, 35, 36, 42 and 209-040-04) comprising 10.78 acres. The LAFCo Alternative boundary (LAFCo Alternative Boundary) includes incorporation of these two islands in accordance with Section 56744. These parcels are shown below:



Difference between LAFCo Alternative Boundary and MHCSD Application

The proposed incorporated area for the City of Mountain House predominately follows the existing MHCSD boundaries with a few limited exceptions, as shown above totaling 104.05 +/- acres. The differences between the existing MHCSD boundaries proposed to be included within the City boundaries are:

- Seven parcels (7) totaling 59.94 +/- acres 19382, 19376, 19370, 19364, 19352 West Grant Line Road as well as two yet to be addressed parcels (APN's 209-060-34, 35, 36, 40, 41, and 209-080-33).
- A single parcel of 3.81 +/- acres 18764 West Byron Road (APN 209-040-04).
- Two (2) parcels totaling 40.30 +/- acres within the Bethany triangle area formed by the hypotenuse Byron Road, north leg Bethany Road, and east leg Wicklund Road, 17350 West Bethany Road and a yet to be addressed parcel (APN's 209-150-27 and 30).

MOUNTAIN HOUSE BACKGROUND:

The adoption of Resolution R-2021-01 and R-2022-16 by the MHCSD requesting LAFCo to initiate proceedings for the incorporation of Mountain House was not a new idea but rather a step consistent with the Mountain House Master Plan. The concept of incorporation of Mountain House was envisioned as part of the "new

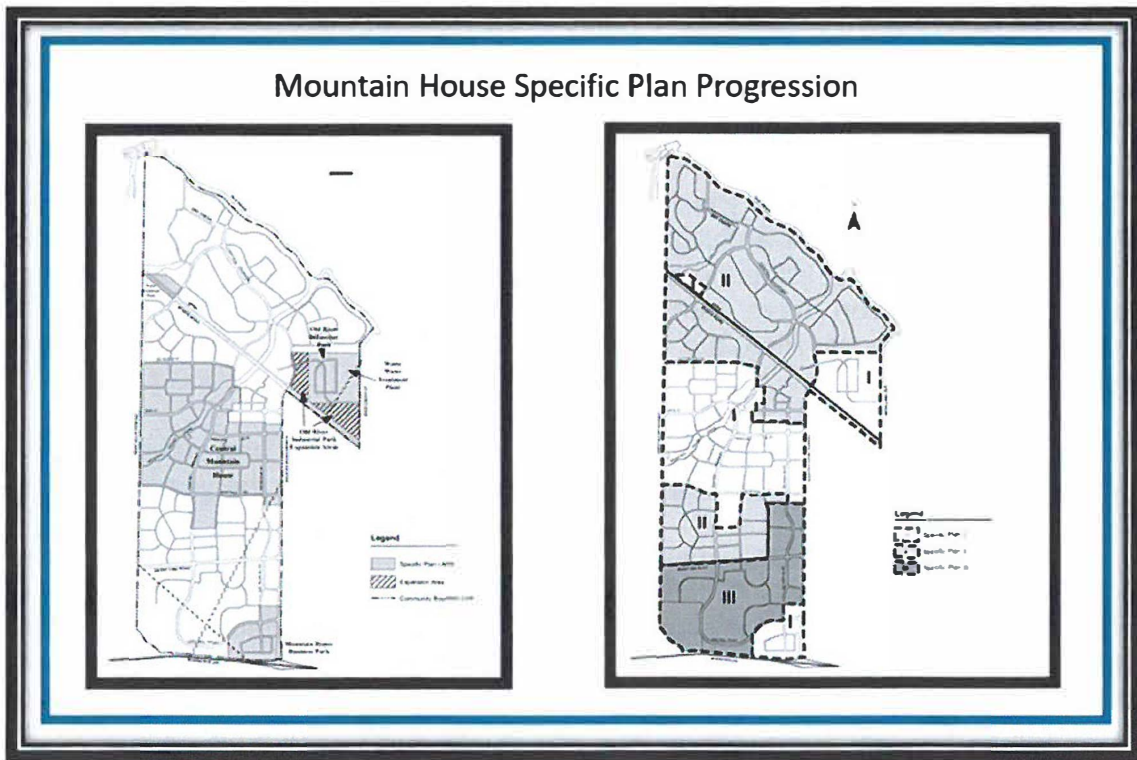
town” concept of the San Joaquin County 2010 General Plan that was adopted by the Board of Supervisors on February 25, 1993. That General Plan benefited by a Final Environmental Impact Report (FEIR) certified in 1992, and a Supplemental Environmental Impact Report (SEIR) in early 1993.

The Mountain House Master Plan was adopted in November 10, 1994. The Master Plan has acted an over-arching policy document for the development of the MHCS D. As a result of adhering to Master Plan policies and plans, deliberate steps towards incorporation have been taken for nearly 30 years. Following the provisions of the Master Plan, the County and MHCS D have achieved a high quality built environment.

The Master Plan objectives, policies, implementation measures and standards have been refined and implemented with three (3) specific plans over the years.

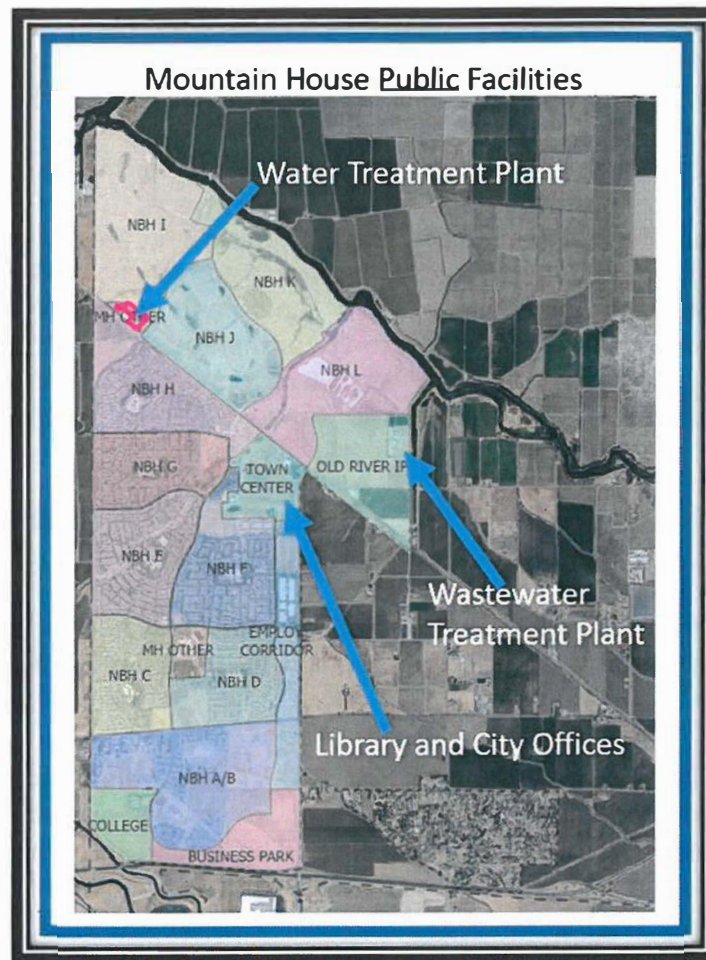
The first Specific Plan (SP1) was adopted on November 10, 1994 and covered 1,348 acres. SP1 consists of three subareas: Central Mountain House, a 1,040-acre subarea located centrally within the Mountain House community; Mountain House Business Park, a 143.5-acre subarea located at the Mountain House Parkway freeway interchange in the southeast corner of the Mountain House community; and Old River Industrial Park, a 164.5-acre subarea located in the northeastern portion of the Mountain House community, between the Old River and Byron Road. Other improvements outside these three subareas consist of a water treatment plant located north of Byron Road, raw water pumping and conveyance, and other infrastructure improvements.

The Second Mountain House Specific Plan (SPII) was adopted on February 8, 2005 and included a total of 2,289 acres with 1,428.1 acres of residential land use, 354.8 acres of commercial land use, 5.9 acres of industrial, 366.1 acres of open space, 96 acres of school site and 38 acres of public facilities. Later that same year Specific Plan 3, November 22, 2005, a third Specific Plan (SPIII) was adopted with a total of 671 acres that included 348.6 acres of residential, 41.3 acres of commercial and industrial and 283.1 acres of public facilities including a 32 acre school site. Below is a composite map showing all three (3) Mountain House Specific Plans.



The County Board of Supervisors acting as Mountain House Community Service District (MHCS D) Directors, initially guided the efforts for the community to be a self-sufficient through the combination of the Specific Plans and the 4 special taxes. In 2008, the residents of MHCS D directly elected District Directors.

New development within the SOI will lead to population growth and the corresponding need for additional public facilities and service for the future City. The future growth areas are governed by the provisions of Mountain House Master Plan as well as Mountain House Specific Plans II (predominately north of the Byron Highway) and SP III governing most of the southern area near I-205 with a the exception of an area on the north west corner of Mountain House Parkway that is governed by SP I.



REORGANIZATION NEED:

As of the 2020 Decennial Census, the last time the area was officially tallied, Mountain House was hometown to 24,499 residents, today the 2023 population is estimated at 27,032 an almost 3,000 resident increase since 2020.

The Mountain House Master Plan area encompasses approximately 7.5 square miles, while the proposed incorporated city limits encompasses 6.48 square miles.

The Proposed Boundary, and by extension the Master Plan area, experienced a tremendous amount of growth in recent years, averaging approximately 15 percent increase in residents per year since 2010. The growth is attributed to an upswing in the housing cycle industry and the ability of the MHCSO to provide needed services.

REORGANIZATION FINDINGS:

The Cortese-Knox-Hertzburg Act (CKH), Section 56720 directs that the Commission shall not approve or conditionally approve any proposal that includes an incorporation, unless the it finds, based on the entire record, that:

(a) The proposed incorporation is consistent with the intent of this division, including, but not limited to, the policies of Sections 56001, 56300, 56301, and 56377.

(b) It has reviewed the spheres of influence of the affected local agencies and the incorporation is consistent with those spheres of influence.

(c) It has reviewed the comprehensive fiscal analysis prepared pursuant to Section 56800 and the Controller's report prepared pursuant to Section 56801.

(d) It has reviewed the executive officer's report and recommendation prepared pursuant to Section 56665, and the testimony presented at its public hearing.

(e) The proposed city is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following incorporation.

It is staff's recommendation that the Commission make the findings necessary for the incorporation. Below is analysis of the required findings.

The proposed incorporation is consistent with the intent of this division, including, but not limited to, the policies of Sections 56001, 56300, 56301, and 56377.

Section 56001 (a partial excerpt as follows) sets out the state's the policy to "encourage orderly growth and development which are essential to the social, fiscal, and economic well-being of the state. The Legislature recognizes that the logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services. The Legislature also recognizes that providing housing for persons and families of all incomes is an important factor in promoting orderly development."

Accordingly, the Mountain House Master Plan and its accompanying EIR were adopted in 1994 with goals that align with the State goals, namely:

- Create a high-quality environment where people of all economic levels can live and work.
- Develop a distinct and unique new community that is separate from existing communities.
- Develop Mountain House as a full service community that will accommodate a portion of the growth projected by the 2035 General Plan for San Joaquin County in an orderly, well-organized development pattern.
- Provide for a lifestyle that is less reliant on the automobile, more involved with activities within the local community and Neighborhoods, and more oriented to use of transit, bicycle and pedestrian transport.

Adherence to the goals of the Master Plan by both initially the Board of Supervisors and later since 2008 the MHCS D has resulted in an incorporation proposal that meets the State goals stated in Section 65001.

Section 56300 in part, states the intent of the State that “Each commission, not later than January 1, 2002, shall establish written policies and procedures and exercise its powers pursuant to this part in a manner consistent with those policies and procedures and that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns.” The Commission has written policies that are posted on the SJLAFCo website and implemented on a daily basis. In particular to incorporation, the Commission has a policy in this regard that was adopted earlier in 2023. The proposal has been reviewed in accordance with Commission policies.

Section 56301 in part states among other ideas particular to this reorganization including incorporation that, “When the formation of a new government entity is proposed, a commission shall make a determination as to whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner.” The MHCS D has been the provider of urban services to the Mountain House community since before the issuance of the first building permit. In this sense, the transfer of service responsibilities from MHCS D (except the enforcement of CC&Rs) to the proposed new City of Mountain House represents the evolution of a governmental institution that will give residents a greater voice in local control rather than a new governmental entity. There is no particular reason to think that MHCS D could provide the services more efficiently than the proposed City.

Section 56377 in part states that “In reviewing and approving or disapproving proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider all of the following policies and priorities:

(a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area. Development within jurisdiction

(b) Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction of the local agency or outside of the existing sphere of influence of the local agency.”

The new City of Mountain House will have the same exterior boundaries as the existing MHCS D and as depicted in the Mountain House Master Plan. This entire area is either classified as farmland of local importance, urban built-up land or vacant or disturbed land according to the State Department of Conservation, Farmland Mapping Unit. Thus no impacts to prime agricultural lands will result from the proposed reorganization including the incorporation of the MHCS D.



Mountain House Farmland Mapping

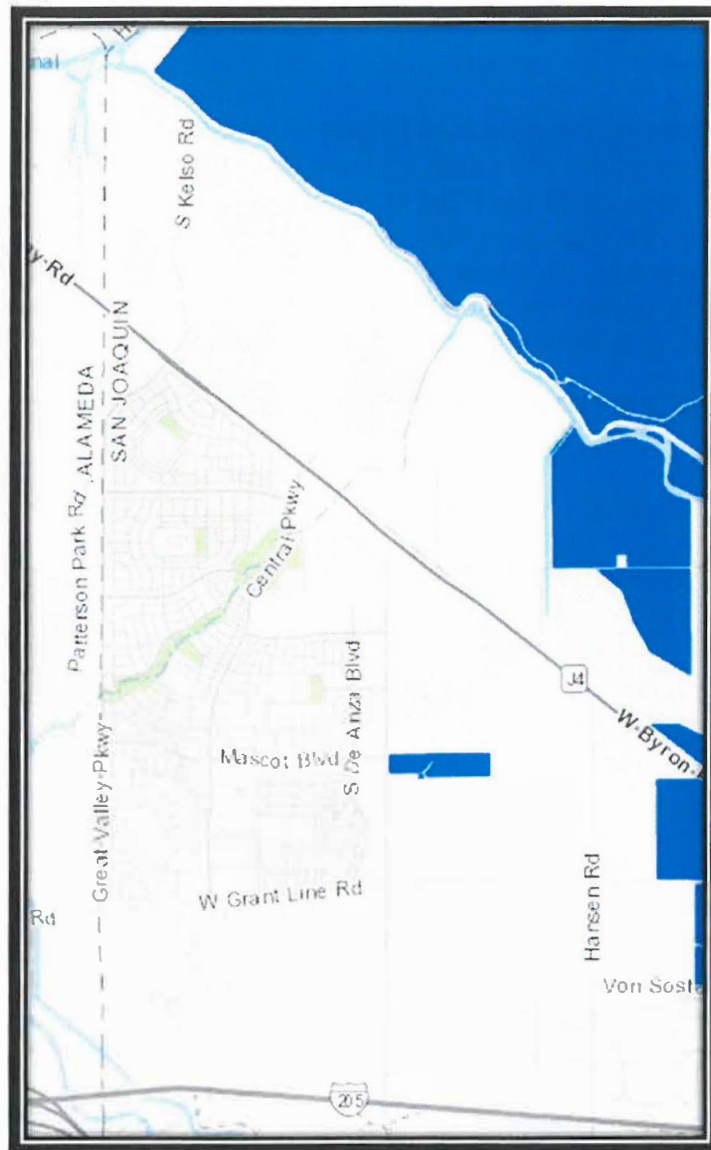
beige = Farmland of Local Importance

pink = urban and built-up

gray = vacant or disturbed land

Farmland Mapping Staff. Important Farmland 2018 for San Joaquin County. State of California Department of Conservation, Division of Land Resource Protection. Available online at <https://www.conservation.ca.gov/dlrp/fmmp/Pages/Fresno.aspx> July, 2020. Accessed September 2023.

Adjacent to the proposed SOI for the proposed City are properties that were, as of latest maps available October 2015, under Williamson Act contracts. Inclusion of these properties are not part of the recommended City of Mountain House SOI.



Williamson Act Contract Properties

Section 56064 further defines prime agricultural lands for CKH. The Initial Study and Negative Declaration found that, "The proposed Project does not involve site-specific development; the Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios [applicant and LAFCo Alternative]. The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. As the Project area does not contain any agriculture or forestry resources or any lands zoned for agriculture or forestry, no impacts would occur in this regard."

Section 56720(b): The Commission finds, based on the entire record, that it has reviewed the spheres of influence of the affected local agencies and the

reorganization, including the incorporation is consistent with those spheres of influence.

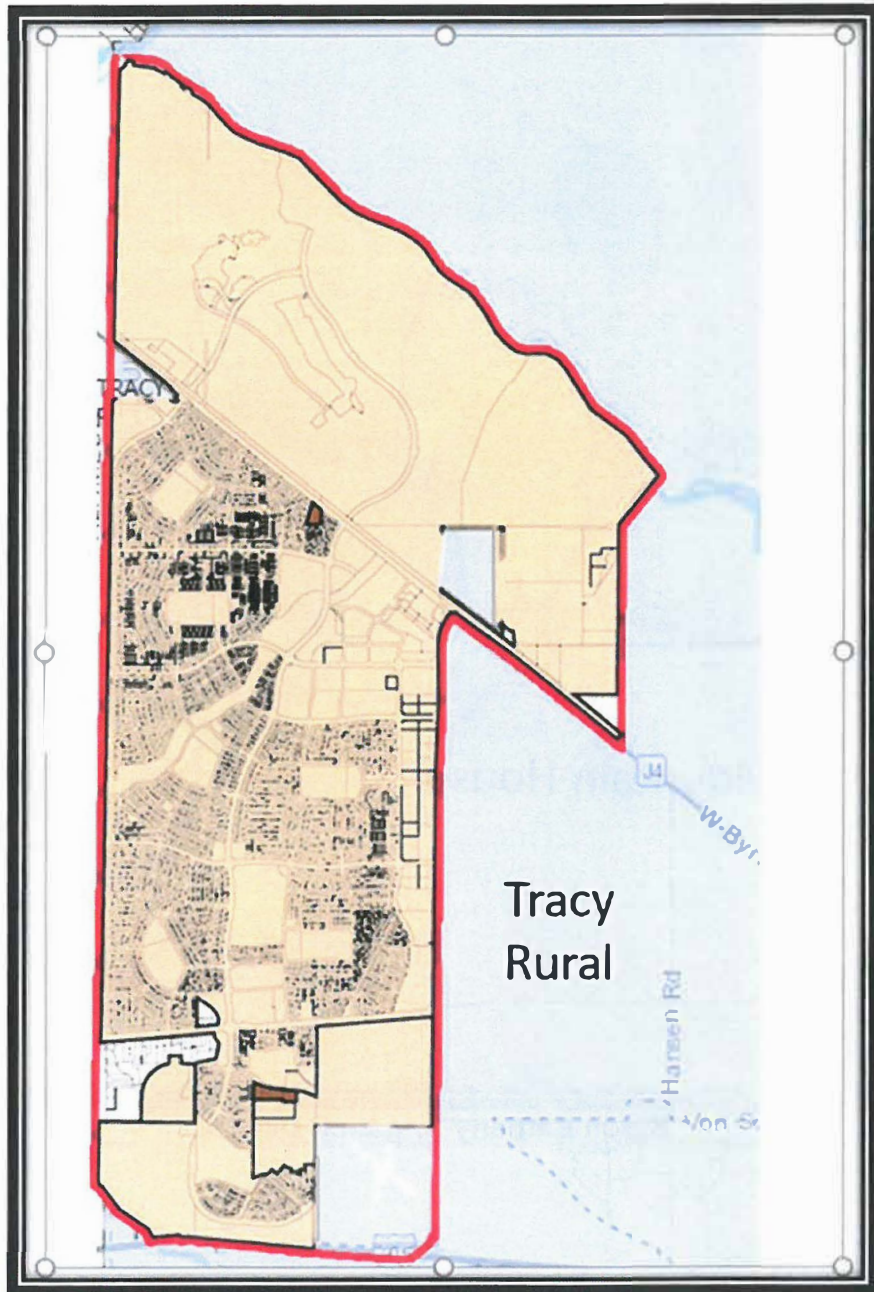
Below is a map showing the proposed City of Mountain House SOI as related to the existing SOI of other cities within San Joaquin County. The SOI for Mountain House is on the north side of the I-205 corridor from the City Tracy SOI on the south side of I-205. As shown on the map below, the use of major transportation corridors to separate city SOI's has been used as logical boundaries in San Joaquin County. The UPRRR corridor is used to separate Lathrop and Manteca SOI's, the Roth Road corridor is used to separate Manteca from Stockton SOI's.



Cities within San Joaquin County SOI

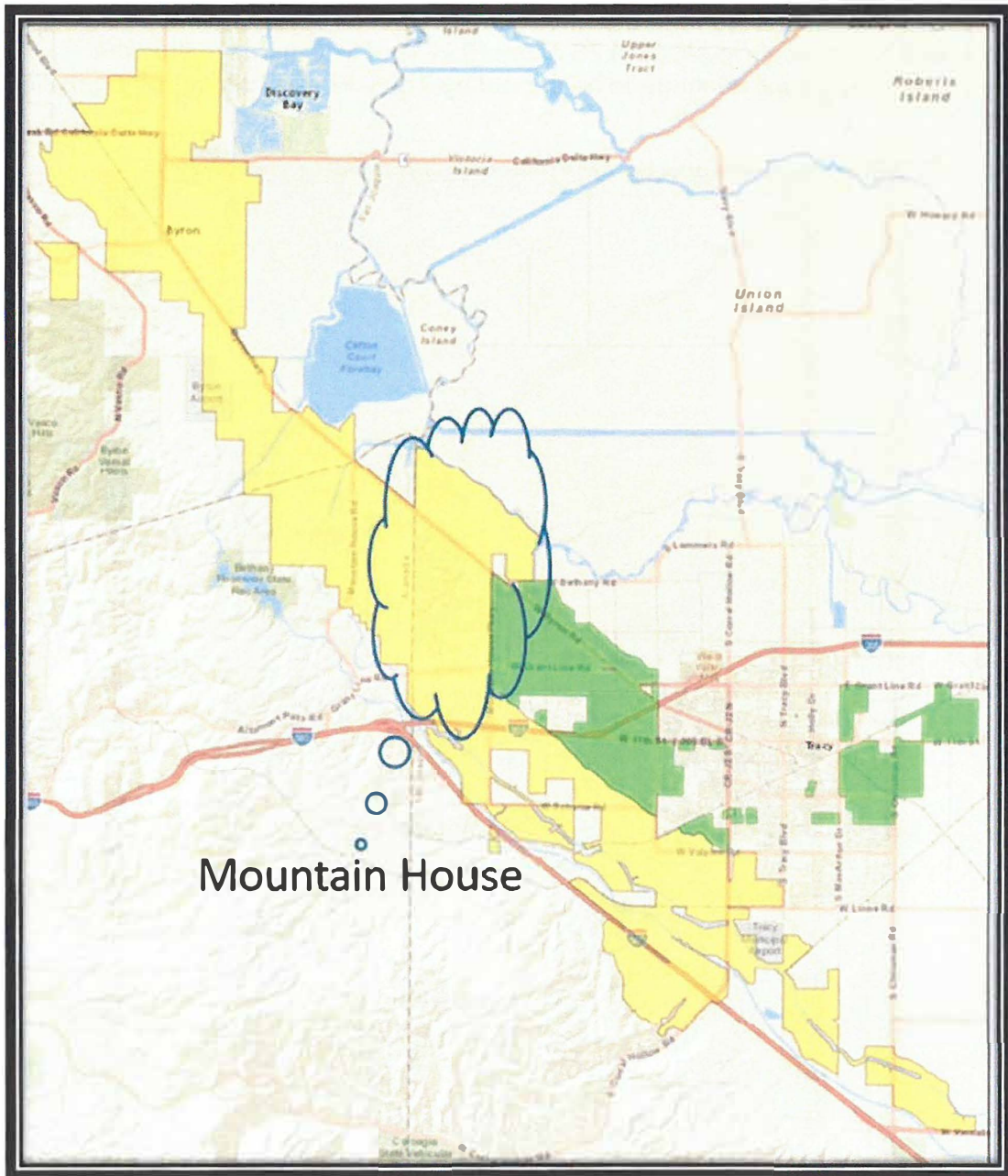
The proposed SOI for the proposed City of Mountain House is within the Tracy Rural Fire Protection District (Tracy Rural). The current practice is concurrent detachment from Tracy Rural as property owners are ready to develop and receive

necessary urban services from the MHCSD. As a result there are two pockets comprised of 5 parcels totaling 10.78 acres (0.26% of total acres) within the proposed SOI that will continue to be served by Tracy Rural until future annexation occurs.



Mountain House SOI and Tracy Rural Fire Protection District

The reorganization area is also within the Byron Bethany Irrigation District (BBID). Currently the MHCSD purchases surface water from BBID and treats the water received to meet potable water standards.



Byron Bethany Irrigation District

APPLICABLE FACTORS SECTION 56668

Section 56668 this section gives a list of factors that are, “to be considered in the review of a proposal” from “a” to “q”. Below is a discussion on these factors.

Population and Density Section 56668(a): Due to the growth and MHCS D ability to provide needed services, the proposed reorganization has considered the factors in CKH Section 56668(a). The factors that have been considered include, but not limited to:

- The population of Mountain House is 27,032 with a population density 4,172 residents per square mile within the proposed boundary of the reorganization;
- Land area of 4,152.6 acres (6.49 square miles) and diverse array of land uses, including residential, commercial, industrial, open space, schools, and public land uses;
- Assessed valuation of \$4,585,246,344;
- Topography gentle sloping land, and natural and jurisdictional boundaries of the Old River and Alameda County line;
- Proximity to other populated areas, including Stockton and the Bay Area;
- Likelihood of significant growth in the area with San Joaquin County ranking #2 in the state for new residents;
- Adjacent and nearby incorporated cities including Tracy and Lathrop;
- Nearby unincorporated community of Lammersville; and
- Projected estimated population growth projection of approximately 44,000 within next 10 years.

Currently the proposed boundary is predominantly single-family homes with a few commercial and industrial developments. The ten year growth forecast for Mountain House is between 5,755 – 7,208 new dwelling units; 250,500 – 275,000 square feet of commercial land uses; and 778,518 feet of industrial land uses. The jobs housing balance goal for Mountain House is jobs/housing goal of 0.99 at buildout and includes consideration for telecommuting and e-commerce sales.

Need for Services Section 56668(b): There is a need for organized public services in the reorganization area. The proposed reorganization has considered the factors in CKH Section 56668(b). The factors that have been considered include, but not limited to:

- The need for organized community services that the future City can provide;
- The present cost and adequacy of governmental services and controls in the area as evidenced by the existing services provided by the MHCS D and documented by the Comprehensive Fiscal Analysis (CFA) using financial data from the San Joaquin Auditor-Controller Office;
- Probable future needs for those services and controls that the future City will have its own departments including public safety, parks and recreation, planning, engineering and public works; and finance that will be annually audited;
- The CFA documents the probable effect of the proposed reorganization including incorporation and formation of the MHCS D as a subsidiary district of the City on the cost and adequacy of services and controls in the area and adjacent areas.

The reorganization including all of its components is consistent with CKH Sections 56668(a) and (b) because of the thoughtful and deliberate planning for eventual incorporation of the MHCS D that started with the Master Plan. The Mountain House Master Plan was adopted by the San Joaquin County Board of Supervisors in 1993. Shortly thereafter in 1996, the Board of Supervisors created MHCS D to fund and deliver municipal services to the community as it developed. The thoughtful planning for the formation of the MHCS D foresaw incorporation of the area for the future residents. This is evidenced by the adoption of State SB 1397 in 1994, adding Section 56833.5 to the Government Code, now numbered 56802 in the CKH Act, related to payment for the comprehensive financial analysis for incorporation of the MHCS D territory by San Joaquin County.

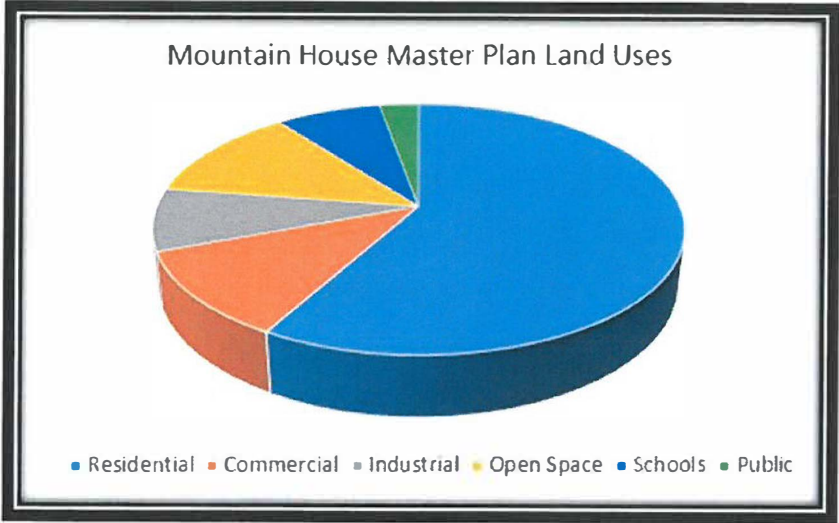
Effect of Action Section 56668(c): The MHCS D currently provides and the future City will continue to provide the needed facilities to serve the residents within the boundaries with needed urban level of services. Public facilities, including all water, wastewater, storm water, streets/signals, lighting/landscaping, parks, schools, community centers, public safety buildings, library, corporation yard, and town hall are specified in the Master Plan, along with binding development agreements to ensure proper funding and thresholds for construction of public facilities. The conditions of approval in the resolution reflects the transfer of these services to the new City.

The services provided are similar to the other seven (7) existing cities within San Joaquin County. The 2022 Municipal Service Review (MSR) for the MHCS D found that, "Mechanisms are in place within the organization to effectively provide for public participation in the planning and development process to address government structure options to provide efficient and cost effective public facilities and services. Most of the planning, operational and financial systems of the MHCS D are continually being improved as the District staff implement large infrastructure projects and establish new services for the growing community." Additionally, the MSR found that, "The MHCS D has demonstrated the ability to work with other service providers and districts to ensure that adequate, reliable services are provided in a cost effective manner. Thus the reorganization including incorporation of Mountain House is consistent with existing mutual social and economic interests of the community pursuant to CKH Section 56668(c).

Planned Development Section 56668(d): Mountain House is an established community with a predominately suburban residential (58%) characteristic. The Mountain House Master Plan includes a variety of urban land uses consisting of residential, commercial, industrial, open space, schools and public land uses. These land uses are distributed in an efficient Euclidian zoning development pattern pursuant to CKH Section 56668(d).

Land Use	Acres	% Total
Residential	2412.4	58%
Commercial	459.0	11%
Industrial	335.9	8%
Open Space	507.1	12%
Schools	317.8	8%
Public	120.5	3%
Total	4152.6	100%

Mountain House Land Use Table



Agricultural lands Section 56668(e) The reorganization maintains the physical and economic integrity of agricultural lands in that within the reorganization boundaries, no agricultural activities have taken place within the reorganization area for over 5 years, therefore the land is not considered prime agricultural land pursuant to are taking place as show in the aerial photo below.



Aerial Photograph 05/2018

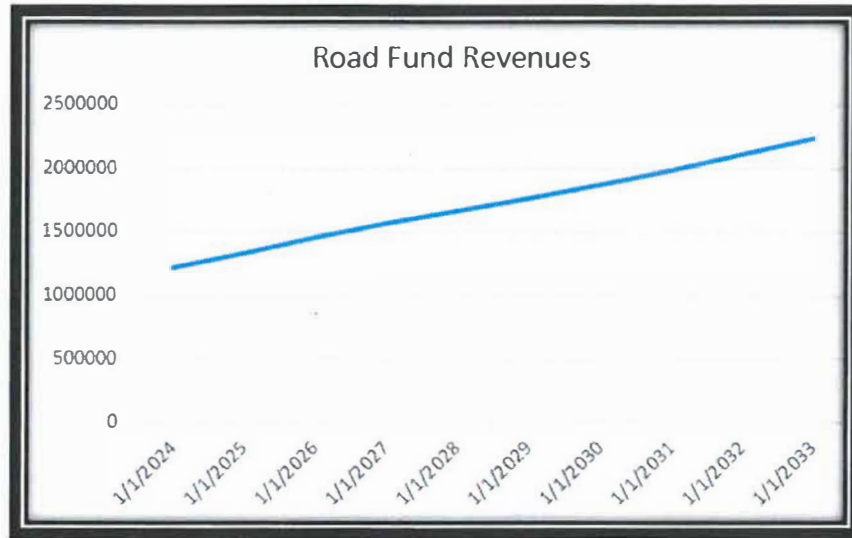
Certainty of Boundaries Section 56668(f) Both reorganization alternatives provide definiteness and certainty of the boundaries of the territory in that both conform with lines of property assessment and ownership and other similar matters affecting the proposed boundaries. The LAFCo Alternative Boundary avoids the creation of unincorporated islands pursuant to CKH Section 56744.

Regional Transportation Plan Section 56668(g) MHCS and the proposed future City ensuring environmental justice has and will continue to provide planned, orderly, efficient patterns of urban development pursuant to CKH Section 56668(d), The planned growth that the Master and Specific Plans call for has provided Mountain House with a walkable built environment with mix of land uses served by shaded streets that connect to an open space network. The existing development pattern mandated by the Mountain House Master Plan is consistent with the San Joaquin County Sustainable Communities Strategy and Regional Transportation Plan pursuant to CKH Section 56668(g).

The incorporation of the City will allow the City of Mountain House to be a member of San Joaquin Council of Governments. This will allow residents to receive a share of Measure "K" half-cent sales tax and State Gas Tax revenues that currently are not available to them being within a district. Generally, these revenues are restricted by law to road-related expenditures, including routine maintenance and road repair. Under existing State law, a surplus in the Road Fund cannot be used

for the provision of any general municipal services or expended for maintenance of private roads.

The new City will receive a share of gasoline taxes generated from the state under Sections 2103, 2105, 2106, 2107 and 2107.5 of the California Streets and Highways Code. Gas Tax funds are restricted for use in the construction, improvement, and maintenance of public streets. Measure K funds are also restricted to local streets and road repair. The Road Fund is forecasted to have \$1,220,115 in revenues for FY 2024/2025 and grow to \$2,228,413 by FY 2033/2034. Expenditures are forecasted to match revenues.



Road Fund Revenues and Expenditures

Consistency with General Plan Section 56668(h) The reorganization, including incorporation of the MHCS D is consistent with the San Joaquin County General Plan, Mountain House Master Plan, Specific Plans I, II & III, as well as the Final Mountain House Environmental Impact Report.

Local Agency Sphere of Influences Section 56668(i) As discussed above, the reorganization and proposed SOI for the future City of Mountain House is consistent with the spheres of influence of the local agencies that provide service within the reorganization boundaries.

Ability to Provide Services Section 56668(k) The proposed City of Mountain House will have the ability to provide the services that are the subject of the reorganized area, including the sufficiency of revenues for those services following the proposed incorporation. As reflected in the resolution, the four (4) special taxes that are unique to Mountain House will continue to be collected to provide residents with a high level of service for:

- 1) Transportation and Community Services Operational and Administrative Functions
- 2) Public Safety Services

- 3) Parks, Recreation, and Community Facilities and Services
- 4) Public Works

Each of the Special Taxes is authorized to fund specific activities as prescribed in the respective ordinance. The Special Taxes are based on property square footage and livable area and are levied on all parcels based on land use. Under the operative ordinance, the Special Taxes remain fixed until such time as the MHCS D Board of Directors increases the respective Special Tax rate, which it may do annually by no more than 4 percent each year. The four ordinances for the Special Taxes do not contain a sunset date.

The Comprehensive Fiscal Analysis (CFA) for the incorporation assumed the continued collection of these special taxes by the proposed City of Mountain House. During FY 2021/2022 collectively the special taxes generated \$14,099,952 and by FY2025/2026 the special taxes are projected to generate \$18,073,610. Approximately \$15.4 million (85%) will be needed to cover operational costs projected in the CFA without causing the General Fund to be in deficit.

The special taxes comprise a major revenue stream that make the incorporation of Mountain House feasible. The CFA for the incorporation has been available for public review since July 3, 2023. A Commission study session was held on the CFA on July 13, 2023. The final public review CFA concludes the incorporation is feasible, based on annual revenues that minimally exceed expenditures.

Availability of Water Section 5668(I) The reorganization will continue to allow the timely availability of water supplies adequate for projected needs in that the reorganization will not result in a change the water treatment or distribution system. Pursuant to a 09/31/1993 agreement with BBID, the MHCS D will be delivered 9,413 acre feet of water as measured from the BBID diversion pumps and intake facilities at the California Aqueduct during normal years. Additionally, the State Water Resources Board approved of diversions of BBID water rights to Mountain House during periods of curtailment on 12/22/2022.

MHCS D residents receive the BBID diverted water at a water treatment plant located at 18045 Kelso Road on the northwest corner of Great Valley Parkway and Byron Highway. MHCS D current purchases surface water from the Byron Bethany Irrigation District. The BBID diversion to Mountain House is located approximately three miles northwest of the MHCS D WTP. The WTP began operations in 2002 and is currently operated under a third-party contract. While the WTP has a current capacity of 15 million gallons per day (MGD), it will ultimately be expanded to a capacity of approximately 20 MGD. At the WTP site, raw water from BBID is stored in a 4-million gallon (MG) raw water storage tank before entering the compact water treatment facility containing an absorption clarifier, filter, and filter well. The treated water is then pumped through an ultraviolet disinfection system, chlorinated, and stored in a 4.5 MG treated water storage tank.

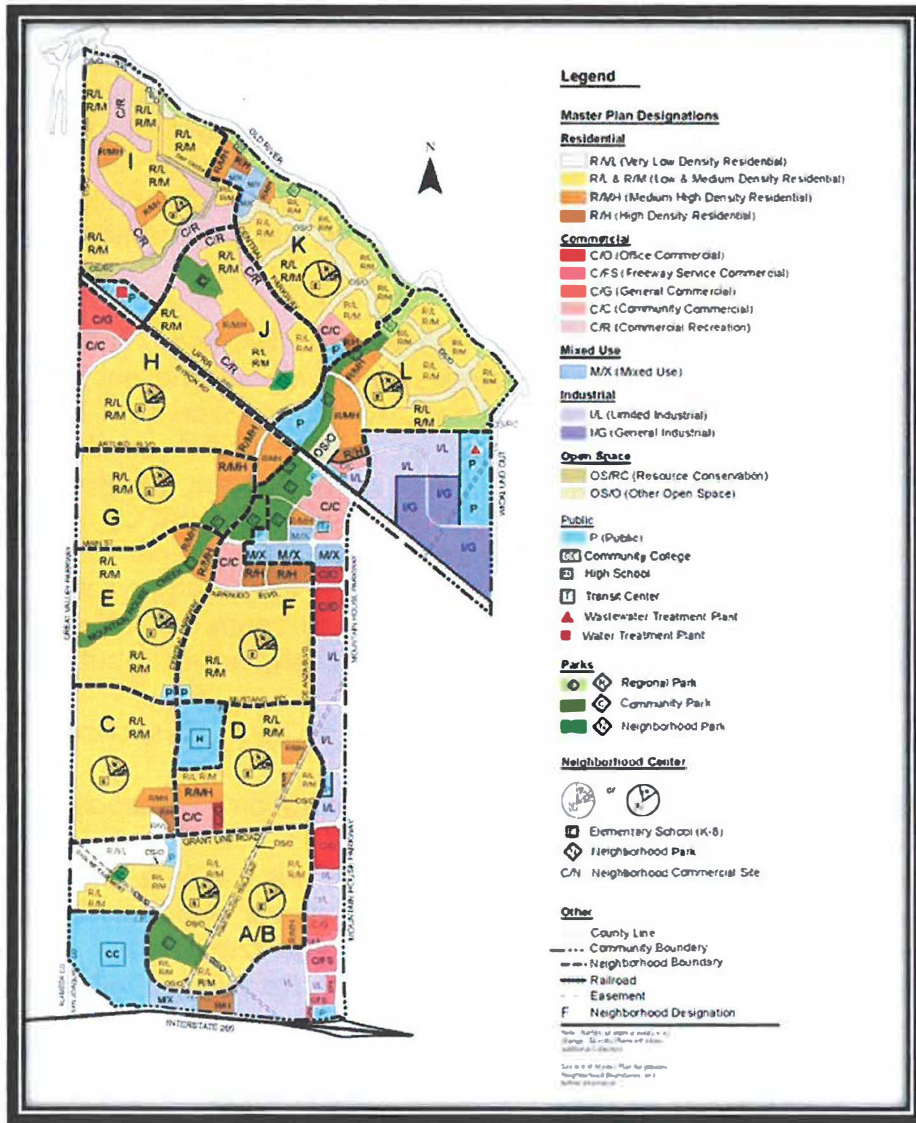
Regional Housing Needs Section 5668(m) The County of San Joaquin currently operates an affordable housing fund that has been collected and must be spent

within the reorganization area. Upon incorporation this fund and all related statutory affordable housing requirements will become the responsibility of the City of Mountain House. The City will adopt the corresponding code governing the fund from the County. The fund has accumulated approximately \$7.8 million in cash since it was created about 20 years ago. This fund balance has not declined over the years due to a lack of expenditures for affordable housing projects. The City may choose to take advantage of the stored funds, but these funds may only be spent on affordable housing projects.

Information and Comments from Residents Section 56668(n) The reorganization review and evaluation process involved seeking out information or comments from the landowner or landowners, voters, or residents of MHCSO. The Commission conducted a Study Session on the Draft CFA on July 13, 2023. Additionally, on August 23, 2023, LAFCo held a workshop at the Mountain House Community Center. Jim Simon with RSG and staff from LAFCo and Mountain House gave a presentation on the reorganization background, Comprehensive Fiscal Analysis (CFA) and the next steps in the reorganization process. Participation in the workshop was both live and via zoom. Residents asked an array of questions (please see attachment for a full list), including but not limited to the following broad categories:

- What happens to the CSD if it becomes a City? *Response: The CSD remains for CC&R enforcement only.*
- Will the special taxes remain upon incorporation? *Response: Yes, the special taxes will remain with the City.*
- How will City Council be elected? *Response: Via city-wide elections; five (5) member city council with a directly elected mayor and four (4) city council members elected at large throughout the Reorganization area .*
- Will the City have its own Police Department? *Response: Police services will be provided by the City. Currently the City contracts with existing law enforcement agencies, currently San Joaquin Sheriff's Office. Periodically the City may decide to seek new service providers or the City may decide to form its own department.*
- Will the City have a healthy fiscal outlook? *Response: Yes, the CFA shows that the proposed City will have a positive fiscal position the first year.*
- Can the City provide out of boundary service to unincorporated parcels? *Response: Yes, upon approval by LAFCo and compliance to all City standards, specifications and application filing fees.*

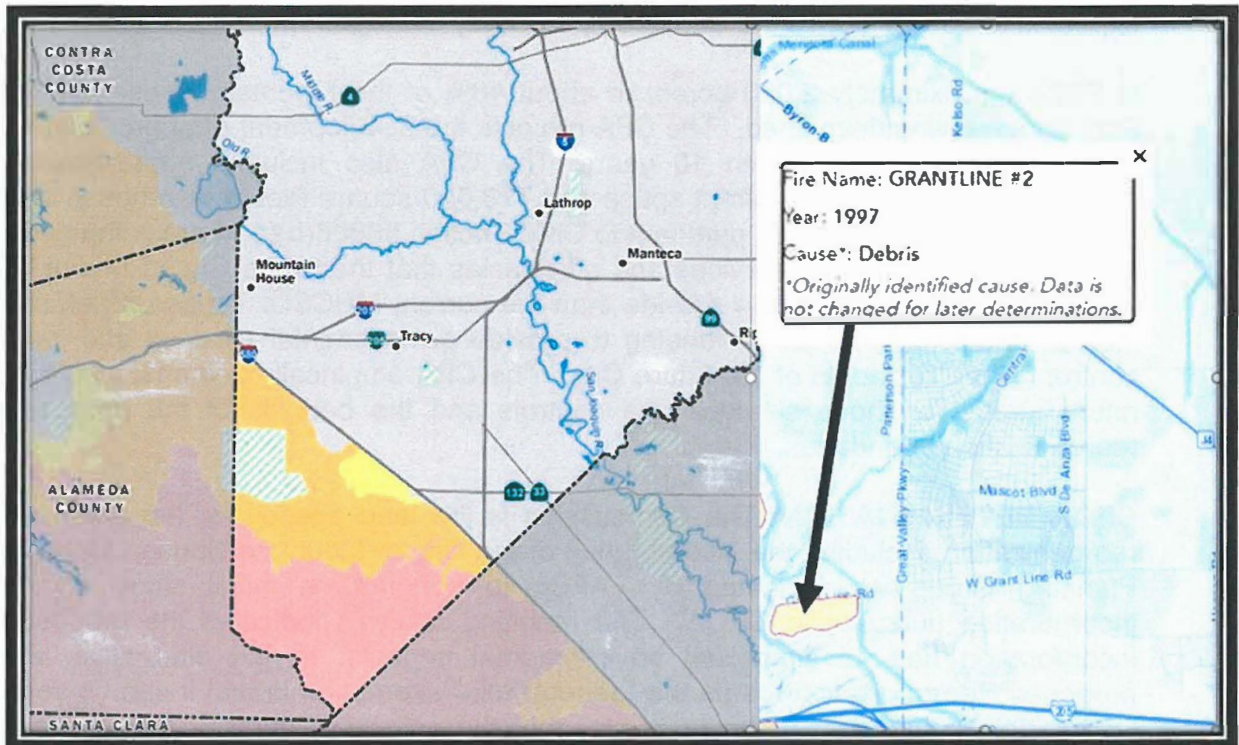
Land Use Designations Section 56668(o) The reorganization is consistent with the Mountain House Master Plan and Mountain House Specific Plans I, II, and III. Those documents provide detailed information relating to existing land use designations within the reorganization boundaries. The Mountain House Master Plan land use diagram is shown below.



Mountain House Master Plan Land Use Diagram

Environmental Justice Section 5668(p) MHCS D has been and the future City of Mountain House represent an evolution of institutional arrangement that further advances environmental justice. Access to transportation improvement revenues, including transit from a half-cent sales tax that Mountain House residents currently pay, local control over the affordable housing fund advance the concept of environmental justice. Likewise, having direct election of 4 Council members and a mayor will facilitate the exchange of ideas and give more local control to residents. The new revenues available to the City, including CDGB funding, will empower residents to demand “the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins, with respect to the location of public facilities and the provision of public services, to ensure a healthy environment for all people such that the effects of pollution are not disproportionately borne by any particular populations or communities.”

Fire Hazard Section 56668(q) The reorganization has taken into account information contained in a local hazard mitigation plan, information contained in a safety element of a general plan, and Mountain House is not within an area identified land as a very high fire hazard zone pursuant to Section 51178. Below is a map showing the San Joaquin County State Responsibility Area and Fire Area Severity Zone showing that Mountain House is not within a State Responsibility Area and within a Local Responsibility Zone. The reorganization area is served by the MHCSO via contract with French Camp McKinley Fire District. The nearest wild fire to Mountain House was in 1997 within an area in Alameda County separated from Mountain House by the Delta Mendota Canal.



GENERAL INFORMATION:

APPLICANT: The proposal has been initiated by resolution of application by the Mountain House Community Services District on January 13, 2021 as amended by a revised resolution on May 11, 2022.

LOCATION: The proposed Project area is located along the Alameda County-San Joaquin County border, near the foothills of the Diablo range and north of Interstate 205 (I-205) in the southwestern portion of San Joaquin County, California. The City of Tracy located to the southeast, across I-205, and the City of Livermore is located approximately eight miles to the southwest.

AREA AND DENSITY: The area of the proposed city is approximately 4,152.6 acres or 6.48 square miles. With a population of 27,032 the existing population density of the Mountain House Community is 4,172 persons per square mile compared to the overall San Joaquin County population density of 580 persons per square mile. Pursuant to CKH Section 56668(a) the MHCS D has the population and population density needed to support urban services. Primarily due to its location with direct access to the commute shed of I-205, the proposed City of Mountain House has the likelihood of significant growth, both within the existing boundaries of the reorganization and proposed SOI, during the next 10 years. The population density is expected to increase as well with the population density expected to be well above the San Joaquin County average.

In 2022 approximately 2,000 acres, or about 48% of the Mountain House Master Plan acreage was developed. The CFA projects the development of approximately 5,800 residential units within 10 years. The CFA also includes approximately 250,500 square feet of storefront space and 778,000 square feet of warehouse and other industrial space. Thus pursuant to CKH Section 56886(b)(1) there is the need for organized community services and efficiencies that the future City of Mountain House will be better suited to provide than the current MHCS D. These efficiencies include additional sources of funding to provide governmental services and local control for the residents of the future City. The CFA empirically demonstrates that future needs for those services and controls and the benefits of the proposed reorganization boundaries.

CEQA DETERMINATION: The Commission is the lead agency for the proposed reorganization, including the incorporation of the City of Mountain House. DeNovo Planning Group was retained by LAFCo to conduct an initial study of the incorporation pursuant to CEQA. The resulting analysis indicates the proposed incorporation has no significant environmental impacts. In the alternative, the proposed Reorganization meets the “general rule” exemption in that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (CEQA Guidelines Section 15061 (b)(3)) and is exempt from further CEQA analysis. Therefore, it is recommended that the Commission adopt a Negative Declaration for the incorporation by adoption of the Resolution Making Determinations, please see attached.

PROPERTY TAX EXCHANGE: The Commission is required to determine the amount of property taxes transferred to a new city. Incorporation of a new city does not increase property taxes to affected property owners. New cities receive a share of existing property taxes from other agencies in correlation to services that are to be transferred to the new city.

When only a portion of the services provided by an agency are being transferred to a new city, the transfer is determined pursuant to a formula defined in Government Code Section 56810. This formula is applicable to general fund supported services transferred from the County to the new city. The transfer is the product of two numbers, a) the net cost of services to be transferred and b) the proportion of

County General Fund property taxes relative to all general purpose revenue, also known as the "Auditor's Ratio". The resulting product, as determined by the Commission, establishes the Base Year property tax transfer. The net cost of transferred services for the LAFCo Alternative Boundary is \$2,743,175, which is multiplied by the Auditor's Ratio of 55.9% (.5592699667), to yield a Base Year general fund property tax transfer of \$1,533,435. These calculations are outlined in the attached CFA (pg. 42).

The Base Year transfer is then adjusted for subsequent changes in assessed value each year.

EXISTING CONDITIONS:

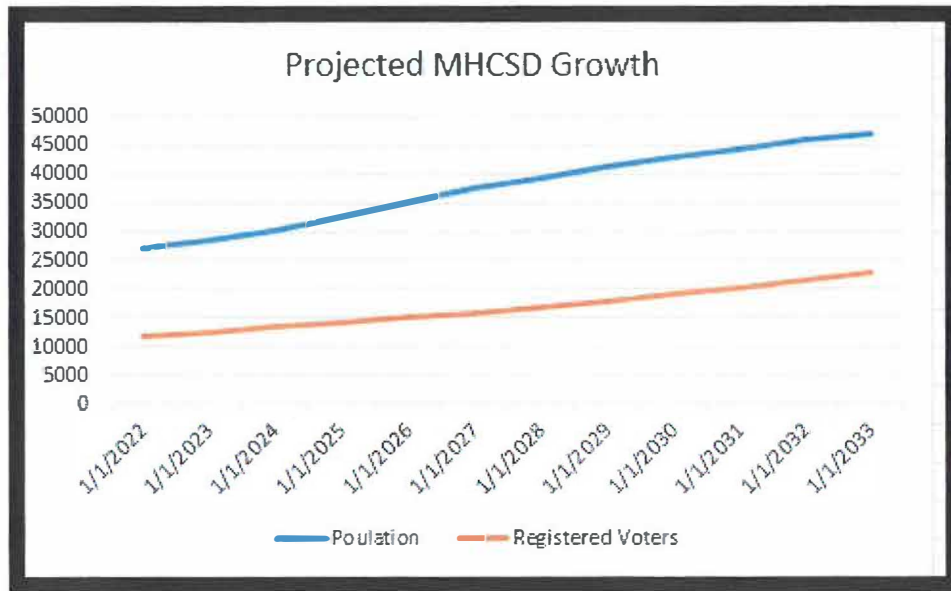
The existing landform consists of gently northeast-sloping terrain. Topographic features are limited to areas along Mountain House Creek, and the levee bordering Old River. The Union Pacific Railroad Mococo Subdivision crosses the northern portion of the site and two minor creeks traverse the site, the larger of the two being Mountain House Creek. Major highway access is available from Interstate 580 (I-580) and I-205. Local road access is available via Grant Line Road, Mountain House Parkway, and Byron Road, all of which connect to I-205 and other points.

Pursuant to CKH Section 56377, Mountain House is within an area of predominately Important Farmland in San Joaquin County. The existing MHCSD and proposed City of Mountain House and its proposed Sphere of Influence and environs are within the Byron Bethany Irrigation District (BBID).

Demographic Conditions:

Mountain House provides a highly market receptive development pattern that is reflected in the growth rate of the community. The 2010 census counted 9,675 people residing in Mountain House. The 2020 census counted 24,299 people in the community an increase of 14,824 in ten years, an average rate of 15.32%. Utilizing Census and ESRI data between 2010 and 2022, the CFA further refined an average historical annual population growth rate of 14.95% percent, a 280 percent increase from the 2010 population of 9,675 to the 2021-22 estimate of 27,032.

When the original resolution to initiate incorporation proceedings was approved by the MHCSD board, January 13, 2020, there were 9,006 registered voters within Mountain House. When the revised resolution was approved on May 11, 2022 there were at least 9,185 registered voters within MHCSD. For the November 3, 2022 election there were 9,666 registered voters. Currently there are 10,095 registered voters with Mountain House addresses, making the Mountain House area inhabited pursuant to CKH Section 56046.



The median household income of Mountain House in 2021 was \$154,357, above the State median income of \$109,200 and the San Joaquin County median of \$100,300. The per capita income of Mountain House is \$43,309 compared to \$30,628 for San Joaquin County. Mountain House is not considered a disadvantaged unincorporated community pursuant to CKH Section 56033.5, nor are there any communities within or contiguous to the proposed City SOI that meet the definition of a disadvantaged unincorporated community.

Number of Persons in Household:		1	2	3	4	5	6	7	8
San Joaquin County Area Median Income: \$100,300	Acutely Low	10550	12050	13550	15050	16250	17450	18650	19850
	Extremely Low	18450	21050	24860	30000	35140	40280	45420	50560
	Very Low Income	30700	35100	39500	43850	47400	50900	54400	57900
	Low Income	49100	56100	63100	70100	75750	81350	86950	92550
	Median Income	70200	80250	90250	100300	108300	116350	124350	132400
	Moderate Income	84250	96300	108300	120350	130000	139600	149250	158850

Potable Water Conditions:

BBID currently provides water to MHCS D that is treated at the water treatment plant at 18045 South Kelso Road that the ownership and operation of will be transferred to the proposed City of Mountain House.

Based on data presented in the 2020 Potable Water System Master Plan Update (2020 PWSMP), the buildout land use includes approximately 2,486 acres of residential, 502 acres of commercial, 382 acres of industrial, 525 acres of open space, and 423 acres of public/school land use. The total water demand in 2020 was 4,672 Acre Feet (AF), including system losses, is projected to grow to 9,595 AF by buildout expected in 2040.

Water demand is expected to remain constant between 2040 and 2045 because buildout is anticipated around 2040. The City of Mountain House is expected to continue to purchase water from BBID. In the future, the City will be able to use the riparian water rights on properties north of Byron Road as they are developed. MHCS D is in the process of finalizing the transfer and ability to use these riparian rights. These rights allow for the beneficial use of Old River water within those properties, and the projected increase in water supply is approximately 2,570 AF.

For the MHCS D to use Old River water, certain properties near the river must be developed. After development, Old River water must be used within those properties. Table VI-5 compares projected buildout demand to future supplies. As shown in the table, MHCS D will have a surplus of 2,788 AF/yr.⁶⁷ Therefore, MHCS D will be able to meet projected buildout demands with available water from BBID and riparian rights. The District is pursuing additional sources and conservation measures to further bolster water supplies.

Wastewater Conditions:

The wastewater collection and treatment system are managed by the MHCS D's Public Works Department. Operations and maintenance services (O&M) are contracted to a private entity, currently Inframark (formerly known as Severn Trent), for the wastewater collection and treatment system to meet MHCS D contract specifications, State and Federal laws, and permits conditions.

The wastewater O&M contract was originally approved by the MHCS D Board of Directors in May 2008, but has since been renewed, including an extension in 2020 through 2024.

The wastewater treatment plant (WWTP) and additional lift stations and collection lines will be constructed by developers as needed to connect the trunk sewer lines as new development comes online.

Approximately 80% of the service area drains by gravity through a backbone collection system to the treatment plant. The remaining 20% is and will be pumped as development occurs to the treatment plant through lift stations and force mains.

The area south of Byron Road is a gravity system to the treatment plant, currently consisting of approximately 67 miles of collection lines. The wastewater treatment and disposal system were designed and built to serve build out of the community with phasing for expansion of equipment within the treatment plant to be added as necessary to meet development needs.

The WWTP will be sized at total buildout to provide 5.4 million gallons per day (mgd) Average Dry Weather Flow (ADWF) of treatment capacity, sufficient to treat all of the wastewater generated within the Master Plan and SOI boundaries and contained within the existing permit conditions. Compliance with the Master Plan by the new City will ensure that there is adequate capacity at the WWTP. Treated effluent is discharged to the Old River pursuant to Wastewater Discharge

Requirements in the Order No. R5-2017-0119, NPDES Permit No. CA0084271 and Time Schedule Order No. R5-2017-0120. These orders and the permit expire on January 31, 2023. The permit and orders will transfer to the City upon incorporation.

Fire Protection Conditions:

Fire and Emergency Medical Services are managed through a combination of service providers. The Fire and Emergency Medical Services (Fire and EMS) is managed through a contract with the French Camp McKinley Fire District (FCMFD), also referred to as the Mountain House Fire Department (MHFD), since September 13, 2015. Prior to this date the contracted fire services were managed through Tracy Rural Fire Protection District (TRFPD - by contract with the City of Tracy through the South County Fire Authority).

Calls are dispatched through the Valley Regional Emergency Communications Center (VRECC), as part of a Joint Powers Agreement with the San Joaquin County Joint Radio Users Group (JRUG) in which the FCMFD participates as a voting member. As of April, 2022, the average response time (turn out time after receiving the assignment plus travel time) to all calls is 6 minutes and 32 seconds. The response time for ninety percent of all calls is 9 minutes and 39 seconds or less; for ninety percent of fire emergencies the response time is 9 minutes and 31 seconds or less.

The Department has one (1) existing station at 911 Tradition Street, in Mountain House, A second new fire station Mountain House Fire Station No.2 is to be located north of Byron Road, currently within the Mountain House SOI, to help respond to calls from development north of Byron Highway. With the new station added, MHFD will have a total of three companies (2 engine/1 truck/ 1 duty office) and nine total personnel when buildout is complete. The addition of a new station, more personnel and new engines will improve response times and services.

The CFA assumes that the contract with FCMFD, will be continued. The resolution reflects that the contact between the MHCSO and FCMFD will be assigned to the new City of Mountain House.

Law Enforcement Conditions:

Law enforcement is contracted through the San Joaquin County Sheriff's Office (SJCOSO). The SJCOSO command staff and deputies operate out of two facilities: (1) a satellite office located at the MHCSO Town Hall, 251 E. Main Street, Mountain House, California; and (2) the SJCOSO headquarters located at 7000 Michael Canlis Blvd, French Camp, California. As the community grows, a separate law enforcement headquarters building is planned to be constructed adjacent to Town Center Community park near Byron Road. No date for construction has been established; its timing is dependent on the needs of law enforcement and the community.

SJCOSO presently assigns six patrol officers and a sergeant full time to Mountain House funded by MHCSD; this number increased with the addition of another full time deputy in 2022. Additional law enforcement service is provided by the deputies assigned to Beat 8, a "beat area" that includes Mountain House and the adjacent unincorporated county area. Investigative and all other law enforcement support services are provided through the SJCOSO. Beat 8, investigative services, and other support services are funded by the County of San Joaquin.

The California Highway Patrol (CHP) is responsible for all traffic related matters that occur within the unincorporated areas of the state, including Mountain House. Specific to Mountain House, the CHP is responsible to enforce traffic laws, as outlined in the California Vehicle Code, investigate traffic accidents, investigate vehicle thefts that occur from a roadway and respond to parking and other traffic complaints. As a law enforcement agency, the CHP also assists other local and state agencies when requested for general law enforcement and traffic control. MHCSD contracts with the CHP for services to supplement those provided by the SJCOSO.

MHCSD currently receives Animal Control services through the San Joaquin County Sheriff's Department, who provides the service through a contract with the City of Stockton.

The CFA assumes all law enforcement service contracts between MHCSD and law enforcement agencies will be assigned to the new City of Mountain House.

LAND USE PLANS: The County's General Plan calls for continued development in accordance with the Master Plan and 3 Specific Plans. Among the first actions required of a new city council is to adopt all required ordinances, including those establishing zoning. State law allows newly incorporated cities 3 years to adopt comprehensive general plans. Therefore, incorporation itself has no direct impact on land uses.

SIGNIFICANT ISSUES:

REQUIREMENT FOR FISCAL VIABILITY: The determination of fiscal feasibility is typically the central issue in the evaluation of an incorporation proposal. The following sections analyze different aspects of the fiscal issue.

Statutory Requirements: State law prohibits the Commission from approving an incorporation unless it finds that the new city will have sufficient revenues to provide public services and facilities and a reasonable reserve during the first three fiscal years following incorporation. Section 56800 requires the Executive Officer to prepare, or cause to be prepared, a Comprehensive Fiscal Analysis (CFA) of incorporation. Statutorily, the CFA is part of the executive officer's report to the Commission. The CFA and staff analysis are the bases for the Commission's determination of feasibility.

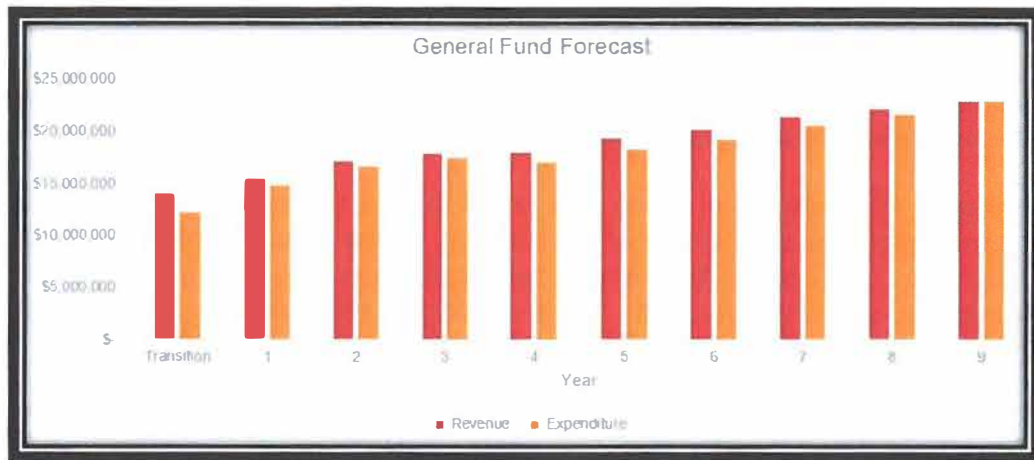
Policy and Approach: There were two studies that were used to determine the financial feasibility of the reorganization proposal. The first study was an Incorporation Feasibility Study (IFS) that the MHCS D used as a basis for adopting the resolution to initiate incorporation proceedings. This first study was prepared by Berkson Associates that concluded that:

“The new City’s budget forecast shows adequate positive cash flows and reserves to fund service levels at least equal to or greater than MHCS D levels...the community will qualify for additional revenues and grants specific to cities, for example, gas taxes, Measure “K” and other road related revenues, and CDGB grants. The additional annual City revenues exceed the additional annual expenditures resulting from City formation.”

The second study, the required Comprehensive Fiscal Analysis (CFA) was conducted by LAFCo upon receipt of the MHCS D resolution to initiate proceedings. LAFCo retained a consultant, RSG, to prepare the CFA with funds deposited by MHCS D.

The major findings of the CFA revealed the following:

- Projected General Fund Revenue Surplus (before Potential Revenue Neutrality Payments): Based on the assumptions and analysis described in the CFA, the City’s potential General Fund, accounting for Special Tax fund revenues used for municipal services, **will produce a surplus in each year of the analysis.**
 - The General Fund is forecasted to start with \$14,054,547 in revenues with \$12,190,050 in expenditures in FY 24/25. By FY 33/34 revenues increase to \$23,063,509 with expenditures likewise increasing to \$22,880,013.
 - As shown below, it is the same scenario with the Special Tax fund collectively generating \$16,350,795 with \$14,243,324 in expenditures during FY 24/25. In FY these funds are forecasted to generate \$31,640,453 in revenues with \$25,456,138 in expenditures.



Mountain House General Fund Revenues and Expenditures



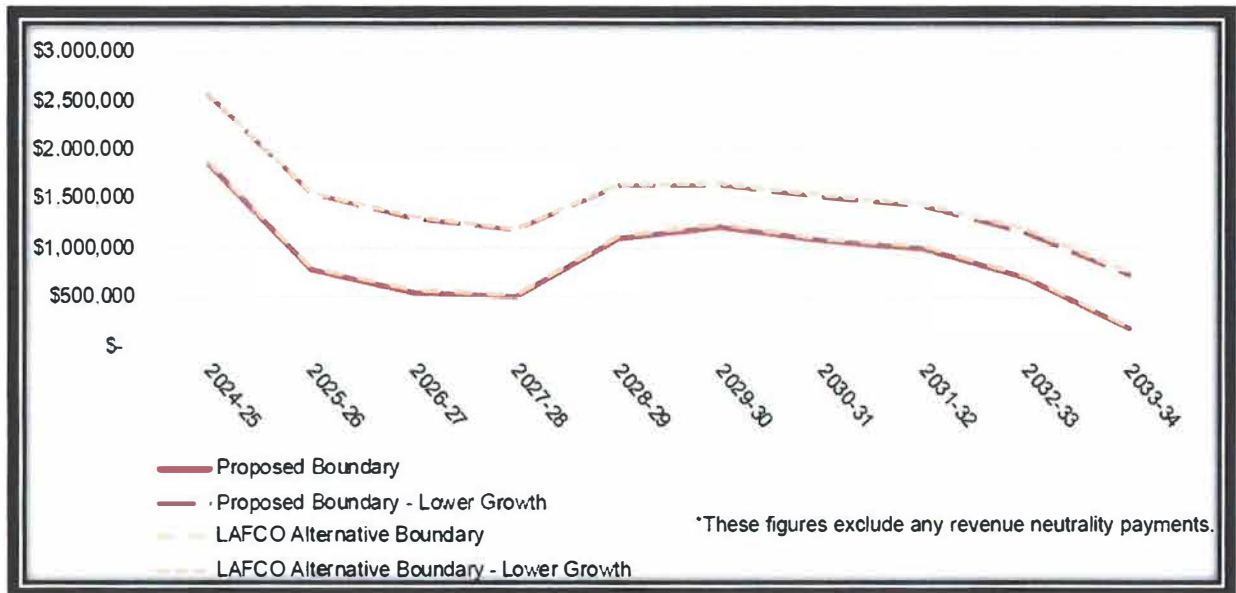
Mountain House Special Taxes Revenues and Expenditures

- Retention of CC&R Enforcement in the MHCSD as a Subsidiary District of the City: The application for incorporation proposes to divest MHCSD of all of its statutorily authorized powers except the power to enforce Covenants, Conditions & Restrictions (“CC&Rs”) within its boundaries and establishing MHCSD as a subsidiary district of the City. A small transfer of property taxes will fund the Subsidiary District to cover its costs of operations.
- Tracy Rural Fire Protection District (“Tracy Rural”) may experience a minor net revenue loss. These amounts are so small that the Commission can find that the costs and revenues transferred are substantially equal. Furthermore, as detailed in the Resolution of Approval, Tracy Rural has benefitted from substantial capital improvement assistance from MHCSD that offset any claim regarding revenue neutrality.
- **Incorporation Projected to be Feasible Under Different Boundary and Growth Alternatives:** The CFA determined that the three alternatives to the proponents’ incorporation scenario are also feasible as projected General Fund revenues are forecasted to exceed expenditures. The alternatives are as follows; more detailed findings can be found in the CFA conclusions.
 - Alternative 1: Proposed Boundary (Lower Growth)
 - Alternative 2: LAFCO Alternative Boundary
 - Alternative 3: LAFCO Alternative Boundary (Lower Growth)

Year	Proposed Boundary			Alternative Scenarios: Surplus/(Deficit)		
	Revenues	Expenditures	Surplus / (Deficit)	Proposed Boundary - Lower Growth	LAFCO Alternative Boundary	LAFCO Alternative Boundary - Lower Growth
TY 2024-25	\$ 14,054,547	\$ 12,190,050	\$ 1,864,497	\$ 2,562,175	\$ 1,882,129	\$ 2,574,736
1 2025-26	15,593,351	14,812,379	780,972	1,548,177	802,740	1,561,419
2 2026-27	17,209,383	16,657,998	551,385	1,302,137	575,717	1,316,607
3 2027-28	17,957,153	17,452,668	504,486	1,180,371	527,435	1,195,341
4 2028-29	18,137,953	17,036,263	1,101,690	1,636,386	1,128,870	1,652,216
5 2029-30	19,484,303	18,269,002	1,215,302	1,639,706	1,242,691	1,660,821
6 2030-31	20,331,503	19,257,629	1,073,874	1,519,411	1,101,095	1,542,390
7 2031-32	21,588,803	20,593,096	995,707	1,423,012	1,022,519	1,449,973
8 2032-33	22,315,274	21,623,627	691,647	1,153,541	720,371	1,191,279
9 2033-34	23,063,509	22,880,103	183,406	728,785	212,096	759,127

Annual General Fund Projections, All Scenarios

Thus, throughout the process, both the initial Incorporation Feasibility Analysis and the CFA came to the same conclusion that the proposed reorganization including incorporation of the MHCSD and detachments are fiscally viable with no further payments from San Joaquin County. In large part this is because both the County Board of Supervisors and the MHCSD implemented the goals and policies of the Mountain House Master Plan. The objective, ***“To ensure fiscal protection of the County and future community residents by creating an independent and self-sustaining community”*** has been achieved.



Annual General Fund Projections, All Scenarios

TAXES AND ASSESSMENTS: The reorganization does not require any additional general taxes, special taxes or assessments to make the City feasible. Continuation of the existing taxes, assessments, fees and charges, including those associated with the four (4) special taxes and landscape and lighting maintenance districts are a condition of approval and reflected in the resolution. Any assessment districts under the control of any of the independent special districts within the incorporated

boundaries would remain unchanged and under the control of those agencies (Delta College, Mosquito Abatement and Vector Control, etc.).

COUNTY SHERIFF BASE LEVEL SERVICE COSTS: The base level cost represents the service that the Sheriff's Office provides to all areas of San Joaquin County. The service provided to MHCS D has always been comprised to two components, base level and enhanced law enforcement. A June 15, 2004 report from the Mountain House General Manager, stated that:

"The agreement required the MHCS D and the Sheriff's Office to start negotiations for enhanced police protection services not later than the issuance of the first residential building permit within the boundaries of the MHCS D. Also the Public Services Allocation Agreement entered into between the parties on May 28, 1996, provides that the parties shall contract to provide police protection services consistent with the level provided on a countywide level."

The methodology used in the CFA has determined the Sheriff Department Base Level Costs is \$2,241,528. The base level cost provided by the County has fluctuated wildly from an initial estimate of between \$441,858 to \$9,171,021.

The RSG employed a combination of experience, similar studies, current applicable law and practices, and the Guide for the LAFCO Process for Incorporations ("Guidelines") in developing the methodology and analysis contained in this CFA. The Guidelines state:

"Existing law does not provide an exact formula for establishing the first year's expenditures for a new city. Budget projections are based on a series of judgment decisions related to other established cities, experience, and the type and level of services. In addition, the level of services provided and the type of provider (either the new city or a contract entity) will impact the annual projection of cost. OPR recommends that LAFCO clearly identify the assumptions underlying the projection of costs. These projections can also be based on a review of the budgets of similarly sized cities."

On August 16, 2023, the County Administrator's Office and other departments met with RSG and LAFCO to share what they believed to be the actual costs of police services to the Proposed Boundary, stating that they concluded that RSG's estimates were overstated. During this meeting, the Sheriff's Department stated that they believed no police services were being provided by the County Sheriff to the MHCS D outside of the contract with the MHCS D. In effect, the Sheriff's Department concluded that the County itself was not providing the base level police services required by the County/MHCS D Police Protection Services Agreement and that the County's actual costs outside of this agreement were \$0.

Based on this information, the updated estimate of total police costs, inclusive of both the \$0 "base" level of services and the supplemental police services (\$1,943,114), resulted in a relatively low level of police costs on a per capita basis of \$72 as compared to the peer cities range of \$158 to \$257 per capita. Not only because the updated County Sheriff's Department estimate appears low but also excludes the responsibilities of the County under the County/MHCS D Police Protective Services

Agreement, RSG does not conclude the Sheriff's revised August 2023 estimate is accurate or complete.

Ultimately, RSG has concluded that the County's March 2023 estimate and revised August 2023 estimate of actual Sheriff costs in the Proposed Boundary are not accurate, and the CFA uses a methodology based on the County's figures, calls for service, and the County/CSD Police Protection Services Agreement to estimate the net cost of services transferred from the County to the new City as described below. On August 21, 2023, the LAFCO Executive Officer provided an email to the County Administrative Office advising the County of this methodology as well.

Methodology:

RSG's cost estimate relies on actual Countywide costs of services in 2021-22 provided by the County Sheriff's Department. In 2021-22, the Sheriff's Department actual costs were approximately \$259.5 million. Because the Sheriff's Department includes animal control costs, contract costs for the City of Lathrop, County detentions and corrections, and special services division costs that are not part of the County's net cost of services transferred to the new City, RSG adjusted the total Countywide costs to determine the amount of local policing costs throughout the unincorporated County. This amounts to approximately \$86.3 million in policing costs provided to the unincorporated County, inclusive of the base and supplemental services in the MHCS D Police Protective Services Agreement as well as that of other unincorporated communities in the County.

As mentioned earlier, the Proposed Boundary accounted for approximately 4.85 percent of the total calls for service in the unincorporated County during 2021-22. RSG believes this percentage is a reasonable estimate of the percentage of Countywide costs for policing services in the Proposed Boundary, and thus multiplied the \$86.3 million in policing costs by the 4.85 percent share to conclude that the total costs for policing services in the Proposed Boundary was approximately \$4,184,642 in 2021-22, inclusive of both the base level of services provided by the County and the supplemental policing services paid by MHCS D under the County/CSD Police Protective Services Agreement.

For context, the \$4,184,642 total costs for policing costs is approximately \$155 per capita in the Proposed Boundary and is comparable to the range of costs found in the peer cities of \$158 to 257 per capita.

According to the County Sheriff's Department and the MHCS D, the supplemental contract costs were \$1,943,114 in 2021-22, so therefore RSG estimates that the County's cost of services for the base policing services is the difference between the total cost of \$4,184,642 and the contract for supplemental services of \$1,943,114. As a result, it is RSG opinion that the County's net cost of services for base policing costs is \$2,241,528.

The County hired HdL ECONSolutions (HdL) to perform a peer review of the CFA. As a result of this review HdL found that, **"The Comprehensive Fiscal Analysis (CFA) prepared by RSG, provides an assessment of the financial implications associated with the proposed incorporation of Mountain House Community**

Service District (MHSCD) into a new city. The CFA offers an evaluation of revenue and expenditures, and soundly estimates the potential impact of incorporation on the affected agencies, particularly Tracy Rural Fire District.”

On September 1, 2023, the LAFCO Executive Director received an email from the Senior Deputy County Administrator indicating that 1) they believed that the Sheriff's Office “would continue to provide basic unincorporated levels of services to the MHSCD”, and 2) that they believe the cost of this equates to two deputies (not beats) totaling \$441,858, including administrative overhead surcharges.

In reviewing these figures, it remains unclear whether the County understands that after incorporation law enforcement services (both what are considered base and supplemental services in the current arrangement with the County) would transfer to the new City, who may contract with the Sheriff's department for these services.

It is our opinion that the County appears to be incorrect if they believe that these services would remain with the County after incorporation. As described in the Plan for Services, the new City would be responsible for local law enforcement services; they may contract with the County Sheriff to perform these services, but the responsibility would remain with the new city exactly like all cities in the County.

Moreover, the cost of two officers is not sufficient to provide 24/7 service to the area as a single beat requires typically 6 officers, not 2. Even if 6 officers were the actual level of base services provided, that would result in a relatively low level of officers for the community of 27,000 (0.22 officers per 1,000 residents, where the typical coverage can be closer to 4 times this amount).

Therefore, the recommendation is to find that the CFA cost of base level law enforcement services of \$2,241,528 was derived using a methodology that complies with State guidelines and is an accurate reflection of the cost of base level law enforcement services.

DETACHMENT FROM TRACY RURAL FIRE DISTRICT : Originally the Tracy Rural Fire Protection District provided service to MHSCD. The Fire Station, Station 98 was accepted and dedicated at no cost the Tracy Rural Fire Protection District.

On September 11, 2013, the MHSCD Board accepted and filed the Review of Charges for Fire Services – Fiscal Year 2011-12 that included the following directions:

- 1.) Send a notice to Tracy Rural Fire District of the pricing dispute, thereby notifying Tracy Rural Fire of a potential breach in the contract.
- 2.) Request to enter into new Contract negotiations based on a Fee for Service structure as opposed to a percentage cost allocation structure and returning ownership (title) of all property to MHSCD as a cure for the breach in item 1.
- 3.) Set a fixed length of time for the new contract negotiations to be complete.
- 4.) If the negotiations are not completed within the time frame (curing the breach of contract) then bring the issue back to the Board of Directors along with an RFP

which would be designed as a contract for services. The RFP would be open to all respondents including, but not limited to, Tracy Rural Fire, South Valley Fire, and City of Tracy Fire.

5.) Simultaneous to items 1 – 4, enter into negotiations with the Tracy Rural Fire District for repayment of over-charges.

On February 11, 2015, pursuant to direction Item 4 given the MHCS D Board found that French Camp McKinley Fire Protection District was the most responsive proposal for fire protection services to MHCS D.

Then on August 11, 2015, the MHCS D pursuant to direction #2 given and refusal by Tracy Rural to return property, including MHCS D Fire Station 1 (Fire Station 98), the MHCS D Board approved Resolution R-2015-28 approving the inter-fund loan from the community facilities fee fund (fund 47818) to the special tax no. 2: public safety fund (fund 47835) in an amount not to exceed \$2,970,000 plus closing costs made for the purpose of financing the purchase of fire station 98 and approving an appropriation adjustment to fund said interfund loan.

The purchase of the Fire Station from Tracy Rural when the station was dedicated at no cost to Tracy Rural represents a double payment for the facility by MHCS D and a windfall for Tracy Rural. As a result Tracy Rural has benefitted in having funds available for expenditures since the purchase date.

MHCS D: DIVESTITURE OF POWERS; ANNEXATION OF TERRITORY; AND ESTABLISHMENT AS SUBSIDIARY DISTRICT: As part of the reorganization, the existing MHCS D will be divested of all of its powers with the exception of CC&R enforcement powers established as a subsidiary district of the proposed new City of Mountain House. Additional territory to correspond with the LAFCO Alternative Boundary will be annexed into MHCS D.

Currently municipal services within the proposed incorporated City boundary are the responsibility of the MHCS D, the County, and the Tracy Rural. These entities provide services either directly, concurrently, or through a contract with a separate agency or organization. As a result of incorporation, all of these services will be shifted to the responsibility of the new city, with the exception of the enforcement of CC&Rs.

EFFECTIVE DATE: CKH requires the Commission to establish a specific effective date for a new city with certain limitations. The effective date must be included in the terms and conditions of any approval of the proposal. The effective date assumed in the CFA, July 1, 2023, is recommended if the Commission decides to approve the incorporation.

FINDINGS, DETERMINATIONS, TERMS AND CONDITIONS:

CONCLUSIONS:

The consideration of this reorganization including the incorporation of the City of Mountain House incorporation has been well planned since the inception in the 2010 County General Plan, over 30 years ago. The MHCS D has planned, constructed and

maintained urban services since before the issuance of the first building permit in the boundary area. Today MHCS D provides services for an estimated 27,032 residents. The incorporation of the City of Mountain House will enable residents to determine the environmental and economic values of their elected and appointed officials facilitating local control of government. The CFA found that incorporation is fiscally sound, ensuring that the City can provide services for existing and future generations of Mountain House residents.

In part because of well planned and executed Mountain House Master Plan, by initially the Board of Supervisors and since 2008 directly by a directly elected MHCS D Board, all necessary findings for the reorganization can be made. Each of those required findings are included in the Resolution Making Determinations attached hereto.

Attached: Resolution 23-1526
Exhibit A Maps and Legal Descriptions
Exhibit B Justification of Proposal
Exhibit C Mountain House Resolution R-2022-16
Exhibit D Final Initial Study and Negative Declaration
Exhibit E Comprehensive Fiscal Analysis – Dated 09/05/2023
Exhibit F Protection Services Agreement
Exhibit G Comment Received
Exhibit H Mountain House MSR
Exhibit I Mountain House Staff Report – Accept the Report of
the Review of Changes for Fire Services – Fiscal Year 2011-12
and Provide Future Action
Exhibit J Mountain House Resolution R 2015-28
Exhibit K Mountain House Staff Report – Consideration of
award for Mountain House Fire Contract Services
Exhibit L San Joaquin County Peer Review of CFA
Exhibit M Water agreements between BBID and MHCS D

RESOLUTION 23-1526

A RESOLUTION OF THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION (SJLAFCO) RESOLUTION MAKING DETERMINATIONS, APPROVING AND ORDERING A REORGANIZATION TO INCLUDE INCORPORATION OF THE PROPOSED CITY OF MOUNTAIN HOUSE WITHIN THE AREA IDENTIFIED AS THE SJLAFCO ALTERNATIVE BOUNDARY AND ESTABLISHING ITS SPHERE OF INFLUENCE; DETACHMENT OF SPECIFIED TERRITORY FROM THE TRACY RURAL FIRE PROTECTION DISTRICT; THE DIVESTITURE OF CERTAIN MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT'S (MHCSO) POWERS; ANNEXATION TO MHCSO TO INCLUDE ADDITIONAL TERRITORY TO CORRESPOND WITH THE LAFCO ALTERNATIVE BOUNDARY; THE ESTABLISHMENT OF MHCSO AS A SUBSIDIARY DISTRICT OF THE CITY OF MOUNTAIN HOUSE, AND ADOPTING A NEGATIVE DECLARATION RELATED THERETO

WHEREAS, the San Joaquin Local Agency Formation Commission (SJLAFCo) encourages orderly growth and development which are essential to the social, fiscal, and economic well-being of San Joaquin County (County) and it's respective cities and special districts; and

WHEREAS, the County adopted the Mountain House Master Plan as an amendment to the County's General Plan in 1993; and

WHEREAS, on November 10, 1994, the County adopted the Mountain House Specific Plan I that was most recently amended on April 11, 2022; and

WHEREAS, the Mountain House Community Services District (MHCSO) was formed in 1996 with the County Board of Supervisors serving as its board of Directors until the district reached and exceeded 1,000 registered voters, to provide services within the boundaries of the master planned Mountain House community; and

WHEREAS, on February 8, 2005, the County adopted the Mountain House Specific Plan Specific Plan II that was most recently amended on April 11, 2022; and

WHEREAS, on November 22, 2005 the County adopted the Mountain House Specific Plan III that was most recently amended on April 11, 2022; and

WHEREAS, in 2008 MHCSO became an independent district governed by its own elected board; and

WHEREAS, the Mountain House Master Plan, Mountain House Specific Plan I, Mountain House Specific Plan II and Mountain House Specific Plan III, as amended, include approximately 4,317.6 acres, including 2,508.3 acres of residential development of varying densities, 477.20 acres of commercial, 349.2 acres of industrial, 527.2 acres of open space, 330.4 acres of schools, and 125.3 acres of public land uses; and

WHEREAS, either directly or through administration of contracts for services, MHCSO provides an array of urban services including water service, sewer service, garbage service, fire protection, public recreation, street lighting, library buildings and services, convert utilities to underground, police protection, road maintenance, transportation services, graffiti abatement, flood control protection, pest

and weed abatement, wildlife habitat mitigation, telecommunications services, dissemination of information and enforcement of conditions, covenants and restrictions within its boundaries ; and

WHEREAS, California Government Code Section 56043 requires that any area proposed for incorporation as a city have at least 500 registered voters residing within the affected territory at the time the proposal is initiated; and

WHEREAS, pursuant to California Government Code Section 56375(f), according to the San Joaquin Register of Voters as of December 16, 2020 there were 9,006 registered voters residing within the MHCS D and on January 13, 2021 the MHCS D approved the original resolution requesting that SJLAFCo initiate proceedings for the incorporation of Mountain House; and

WHEREAS, on February 23, 2021, the MHCS D filed an application for incorporation of the City of Mountain House with SJLAFCo with 9,185 registered voters residing within the MHCS D as of February 16, 2021; and

WHEREAS, as of August 10, 2023 the number of registered voters residing in the MHCS D has increased to 10,095 and current State Department of Finance estimated January 1, 2023 population for MHCS D of 27,923; and

WHEREAS, the MHCS D experienced a residential growth rate of an estimated 14.95 percent annually from 2010 to 2021-2022 that in turn generates a need for new and expanded facilities and services; and

WHEREAS, incorporation of the MHCS D will allow the residents of Mountain House additional sources of revenue to facilitate delivery of new and expanded facilities and services; and

WHEREAS, on May 11, 2022, the MHCS D Board of Directors approved an Amended Resolution of Application for SJLAFCo to Initiate Proceedings for Incorporation of Mountain House consisting of (a) an incorporation; (b) the divestiture of the District's power to provide water service, sewer service, garbage service, fire protection, public recreation, street lighting, library buildings and services, convert utilities to underground, police protection, road maintenance, transportation services, graffiti abatement, flood control protection, pest and weed abatement, wildlife habitat mitigation, telecommunications services, and dissemination of information; and (c) the establishment of the District as a subsidiary district of the City of Mountain House (Reorganization); and

WHEREAS, on November 2, 2022, MHCS D applied for the annexation of additional parcels located in the Mountain House Master Plan area; and

WHEREAS, on March 9, 2023 SJLAFCo approved the 136.09 acre College Park III Machado Reorganization to the MHCS D for which a Certificate of Completion was recorded on April 11, 2023, and the reorganized area is included in the LAFCo Alternative Boundary described below; and

WHEREAS, on June 8, 2023, SJLAFCo approved the 34.71 acre Mountain House Specific Plan III: Tract 4040 – A7 Reorganization to the Mountain House Community Services District (MHCS D) for which the Executive Director is will record upon notification from MHCS D payment of all necessary District fees, the Certificate of Completion, and the to-be-reorganized area is included in the LAFCo Alternative Boundary described below; and

WHEREAS, the process for incorporation is governed by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code Sections 56000-57550 (CKH) as implemented by SJLAFCo; and

WHEREAS, pursuant to Government Code Section 56800, et seq., a Comprehensive Fiscal Analysis (CFA) has been prepared for the incorporation of the MHCSD; and

WHEREAS, pursuant to Government Code Section 56744, SJLAFCo developed an alternative to the boundary proposed by MHCSD for the Reorganization, known as the LAFCo Alternative Boundary, and further illustrated and described in Attachment "A" of this Resolution, was developed that would include certain additional unincorporated territory consisting of five parcels (APN 209-060-34, 35, 36, 42 as well as 209-040-04) totaling 10.78 acres that otherwise would be completely surrounded by the boundaries of the proposed City of Mountain House; and

WHEREAS, the CFA identified that the subject local agencies affected by the reorganization are San Joaquin County, Tracy Rural Fire Protection District (Tracy Rural), and MHCSD; and

WHEREAS, pursuant to Government Code Section 56800 the CFA utilized data from the latest fiscal year available, fiscal year ending June 30, 2022 (FY 2021-22); and

WHEREAS, the purpose of the CFA is to document the anticipated costs, revenues, and effects of the proposed incorporation, as well as present other information as may be necessary to make a well informed decision; and

WHEREAS, based on the assumptions and analysis described therein, the CFA found that the proposed City of Mountain House General Fund, including special tax fund revenues used for municipal services, is expected to produce a surplus in each year of the first ten years of incorporation; and

WHEREAS, in 2022 LAFCo conducted a Municipal Service Review (MSR) and Sphere of Influence (SOI) Update for MHCSD, making the determinations required by Government Code Section 56430 related to the MSR and Section 564528 related to the SOI; and

WHEREAS, on June 15, 2004, in an accepted report to the San Joaquin Board of Supervisors that, "The agreement required the MHCSD and the Sheriff's Office to start negotiations for enhanced police protection services not later than the issuance of the first residential building permit within the boundaries of the MHCSD. Also the Public Services Allocation Agreement entered into between the parties on May 28, 1996, provides that the parties shall contract to provide police protection services consistent with the level provided on a countywide level"; and

WHEREAS, on June 28, 2017, the MHCSD General Manager stated in a letter to the San Joaquin County Administrator that the District would pay for "additional law enforcement presence" in the form of a 'Working Sergeant' and additional Deputy for an initial budget allocation of \$600,000 that was approved by the BOS"; and

WHEREAS, on September 11, 2013, the MHCSD Board accepted and filed the Review of Charges for Fire Services – Fiscal Year 2011-12 that included the following directions:

- 1.) Send a notice to Tracy Rural Fire District of the pricing dispute, thereby notifying Tracy Rural Fire of a potential breach in the contract.

2.) Request to enter into new Contract negotiations based on a Fee for Service structure as opposed to a percentage cost allocation structure and returning ownership (title) of all property to MHCS D as a cure for the breach in item 1.

3.) Set a fixed length of time for the new contract negotiations to be complete.

4.) If the negotiations are not completed within the time frame (curing the breach of contract) then bring the issue back to the Board of Directors along with an RFP which would be designed as a contract for services. The RFP would be open to all respondents including, but not limited to, Tracy Rural Fire, South Valley Fire, and City of Tracy Fire.

5.) Simultaneous to items 1 – 4, enter into negotiations with the Tracy Rural Fire District for repayment of over-charges; and

WHEREAS, on February 11, 2015, pursuant to direction Item 4 given on September 11, 2013, the MHCS D Board found that French Camp McKinley Fire Protection District was the most responsive proposal for fire protection services to MHCS D; and

WHEREAS, on August 11, 2015, the MHCS D pursuant to direction #2 given by the MHCS D board on September 11, 2013 and refusal by Tracy Rural to return property, including MHCS D Fire Station 1 (Fire Station 98), the MHCS D Board approved Resolution R-2015-28 approving the interfund loan from the community facilities fee fund (fund 47818) to the special tax no. 2: public safety fund (fund 47835) in an amount not to exceed \$2,970,000 plus closing costs made for the purpose of financing the purchase of fire station 98 and approving an appropriation adjustment to fund said interfund loan; and

WHEREAS, after a public hearing and due consideration on June 8, 2022, SJLAFCo adopted a Municipal Service Review (MSR) for the MHCS D; and

WHEREAS, pursuant to State Code of Regulations, California Environmental Quality Act Guidelines, Section 15063 an initial study evaluating foreseeable environmental impacts associated with establishing a sphere of influence, incorporating MHCS D and reorganization was completed; and

WHEREAS, the Initial Study reflects the independent judgment of the SJLAFCo Executive Officer; and

WHEREAS, the initial study concluded that the incorporation with the LAFCo Alternative Boundary, divestiture of certain powers of the MHCS D and assignment thereof to the proposed City of Mountain House and MHCS D being made a subsidiary district of the City of Mountain House would not have a significant adverse effect on the environment; and

WHEREAS, as a result of the initial study SJLAFCo circulated a Notice of Intent to adopt a Negative Declaration from May 27, 2022 to June 27, 2022 and no comments were received during this time; and

WHEREAS, the SJLAFCo Executive Officer has also reviewed the Reorganization in light of CEQA Guidelines Section 15061 (Review of Exemption), and has, in the alternative, determined that the proposed project meets the “general rule” exemption in that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (CEQA Guidelines Section 15061 (b)(3) and is exempt from further CEQA analysis.

NOW, THEREFORE, the San Joaquin Local Agency Formation Commission DOES HEREBY MAKE THE FOLLOWING FINDINGS IN SUPPORT OF THE REORGANIZATION as follows:

FINDING 1. Pursuant to Government Code Section 56720(a), the Commission finds the Reorganization including incorporation of the proposed City of Mountain House is consistent with the intent of CKH, including but not limited to, the policies of Government Code Sections 56001, 56300, 56301 and 56377, and the policies of SJLAFCo. Further, the Commission has considered the factors set forth for changes of organization and reorganizations in Government Code section 56668 as set forth in the Executive Officer's staff report, and Commission policies.

FINDING 2. Pursuant to Government Code Section 56720(b), the Commission has reviewed the spheres of influence of affected local agencies and the Executive Officer's staff report related thereto, and finds the Reorganization is consistent with the those spheres of influence, and further finds that the proposed City of Mountain House Sphere of Influence shall initially be the same as existing MHCSO Sphere of Influence as further illustrated and described in Attachment "B" of this resolution.

FINDING 3. Pursuant to Government Code Section 56720(c), the Commission has reviewed the comprehensive fiscal analysis (CFA) prepared pursuant to Section 56800, which review included the Commission conducting a study session regarding the CFA on July 13, 2022.

FINDING 4. The existing contract between the MHCSO and the Sheriff's Department is only for supplemental law enforcement above the base level provided to unincorporated areas. As an unincorporated area, MHCSO receives a certain level of police protection as part of the duties of the County to all unincorporated areas at a base level cost funded by the County (Base Level Cost). Base Level Cost for base level services is not currently paid for by MHCSO but will be the responsibility of the new City of Mountain House commencing on the effective date.

FINDING 5. The Sheriff's Department did not and has not provided direct data showing expenditures made for base level services. The CFA, which applied and analyzed data collected by various agencies, as more particularly described in the CFA, calculated the contracted Law Enforcement using best practical methods using audited expenditures from MHCSO's FY 2021-22 financials. In the absence of direct data from the Sheriff's Department, the CFA calculated Sheriff base level services using calls for service data provided by the Sheriff's Department and applying MHCSO's percentage share of those calls to the total net cost of Sheriff services for the County. MHCSO, as of FY 2021-22, accounts for 4.85 percent of the total calls for service the Sheriff's Department receives.

FINDING 6. The CFA determined that total law enforcement costs equals net costs for the County by excluding certain law enforcement costs that the future City would not be responsible for as well as those that are accounted for in another departments. These included services classified under the Probations, Detentions, and Corrections category, Special Services Division, Animal Control, and contract administration. The CFA calculations netted out the existing Sheriff's Department/MHCSO supplemental service contract amount to arrive at the Base Level Cost.

FINDING 7. The CFA calculations result in a forecasted Law Enforcement General Fund expenditure of \$3,279,200 in FY 2024-25. The overall Law Enforcement cost of \$5,679,200 (\$2.3 million for the County Sheriff's supplemental policing, \$562,400 for Rank Investigations, \$16,800 for CHP, and \$2.8 million for the Sheriff's base level policing) minus the projected \$2,400,000 covered by the Public Safety Special Tax

(MHCSD Ordinance 96-2) equating to \$3,279,200 to be paid from the General Fund of the proposed City of Mountain House.

FINDING 8. Pursuant to Government Code Section 56720(d), the Commission has reviewed the Executive Officer's staff report and recommendations prepared pursuant to Government Code Section 56665 (which staff report considered the testimony presented at the SJLAFCo August 23, 2023 public workshop) and the September 14, 2023 public hearings.

FINDING 9. Pursuant to Government Code Section 56720(e), Commission finds that the proposed city of Mountain House is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the first three fiscal years following incorporation.

FINDING 10. Pursuant to Government Code Section 56803, the Commission accepts each of the findings and recommendations in the Executive Officer's report and the CFA analysis prepared pursuant to Government Code Section 56800.

FINDING 11. Pursuant to Government Code Section 56301 and Section 56886.5, the Commission has determined that existing agencies cannot provide needed services in a more efficient and accountable manner. Incorporation will allow for increased local accountability. Contracting services such as police and fire protection will still allow the proposed City of Mountain House to take advantage of economies of scale associated with a single multipurpose governmental agency.

FINDING 12. Pursuant to Government Code Section 56001, the Reorganization creating the City of Mountain House, as conditioned, will be best suited to account for community service needs and financial resources. The proposed City of Mountain House represents the most efficient institutional arrangement for establishing community service priorities while allowing public service levels and priorities to be established locally.

FINDING 13. Pursuant to Government Code Section 56375(o) and Section 56810, the property tax exchange between the affected agencies and the proposed City of Mountain House shall be as follows:

a. From County of San Joaquin: Pursuant to Section 56810, the base year property tax to be transferred from the County to the proposed city is \$1,533,435, based on a net cost of services in the base year of \$2,743,175 and an Auditor's Ratio of 55.9 percent. Pursuant to Section 56810(d), all of the base year property tax generated by parcels within the LAFCo Alternative Boundary that will become part of the City shall be transferred from County Road District 5 to the proposed City.

b. From Mountain House Community Services District (MHCSD): Pursuant to Section 56810, the base year property tax to be transferred from MHCSD to the proposed city is \$6,062,638, based on a net cost of services of \$6,525,892 and an Auditor's Ratio of 92.9 percent.

c. From Tracy Rural Fire Protection District (Tracy Rural): Pursuant to Section 56810(d), the base year property tax to be transferred from Tracy Rural to the proposed city is \$8,005, which is all of the Tracy Rural property tax revenues generated by parcels within the LAFCo Alternative that will become part of the City.

FINDING 14. Pursuant to Government Code Section 56812, the Commission has determined that the provisional appropriations limit is \$31,665,091 and it shall be so established for the new City of Mountain House. A permanent appropriations limit will be proposed by the city council and established

by the voters of the new City of Mountain House at the first municipal election held following the first full fiscal year of operation.

FINDING 15. Pursuant to Government Code Section 56815, the Commission has determined that the amount of revenue transferring from the County to the new City of Mountain House is substantially equal to the cost of services transferred from the County to the new City of Mountain House. Furthermore, the calculation required by Section 56815 in the CFA indicates that incorporation will result in a net positive effect on the County.

FINDING 16. Pursuant to Government Code Section 56815, the Commission has determined that the amount of revenue transferring from Tracy Rural is substantially equal to the cost of services similarly transferred. The calculation required by Section 56815 in the CFA indicates that Tracy Rural will experience a net revenue loss of approximately \$5,261. The Commission finds that in light of payments previously made by MHCS D to Tracy Rural related to MHCS D Station 1, there is no negative fiscal impact to Tracy Rural.

FINDING 18. The City of Mountain House shall be incorporated as a general law city, and the Commission finds that the incorporation of the new City of Mountain House is fiscally feasible and efficiently accomplishes the stated reasons for the Reorganization:

- a) To meet the District Strategic Plan Goals. Upon creation of the Mountain House Community Services District it was envisioned that the community would one day incorporate. The District was established with a governing body to manage services that would be provided by a future incorporated city, and current and prior state law anticipates this Reorganization;
- b) To expand local control and accountability over services provided to the community including land use and development services, economic development and animal control;
- c) To increase revenues and control of such revenues to improve local services for the residents of the community; and
- d) To promote and enhance citizen involvement in the local civic process of Mountain House and provide additional accountability through a locally elected city council”

FINDING 19. Pursuant to California Government Code Section 56724, the Commission determines that the proposal application stating that the elected officials of the proposed City of Mountain House to be five (5) member city council with a directly elected mayor and four (4) city council members elected at large throughout the Reorganization area will facilitate residents understanding of and ensure that the values of their elected and appointed officials reflect community expectations.

FINDING 20. In addition to Finding 9 above, the Commission has determined that the CFA conclusion that incorporation of the MHCS D is fiscally feasible is correct and consistent with the determinations of the June 8, 2022 MSR.

FINDING 21. Pursuant to Government Code Section 56668(k), MHCS D has the institutional capacity to incorporate and provide services in that the June 8, 2022 MSR determined, “Most of the planning, operational and financial systems of the MHCS D are continually being improved as the District Staff implement large infrastructure projects and establish new services for the growing community.”

FINDING 22. Pursuant to Government Code Section 56046 the Commission has determined that affected territory is legally inhabited as defined in Government Code Section 56045, having more than 12 registered voters residing therein.

FINDING 23. Pursuant to Government Code Section 57105 the Commission has determined that as to establishment of MHCS D as a subsidiary district of the proposed City of Mountain House, the portion of the territory of MHCS D that is included within the proposed boundaries for the new City of Mountain House meet both of the following requirements: (1) seventy percent (70%) or more of the area of land within MHCS D is included within the boundaries the proposed City of Mountain House; (2) seventy percent (70%) or more of the number of registered voters who reside within MHCS D are included within the boundaries the proposed City of Mountain House.

FINDING 24. Pursuant to State Code of Regulations Section 15003 (g), the purpose of CEQA is not to generate paper, but to compel government at all levels to make decisions with environmental consequences in mind and the Executive Officer of the SJLAFCo prepared an initial study that found the incorporation of the new City of Mountain House with the LAFCo Alternative Boundary, divestiture of certain powers of the MHCS D and assignment thereof to the proposed City of Mountain House and MHCS D being made a subsidiary district of the City of Mountain House would not have a significant adverse effect on the environment. As a result of the initial study SJLAFCo circulated a Notice of Intent to Adopt a Negative Declaration from May 27, 2022 to June 27, 2022 and no comments were received during this time. SJLAFCo intends to adopt a Negative Declaration, while also finding that, in the alternative, in light of CEQA Guidelines Section 15061 (Review of Exemption), the proposed Reorganization/ Project meets the "common sense rule" exemption in that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, CEQA Guidelines Section 15061 (b)(3). For these reasons, the project qualifies as exempt from CEQA and, in the alternative, for a Negative Declaration.

FINDING 25. Pursuant to Government Code Section 56887.5, the affected territory within the boundaries of the Reorganization will not be taxed for any existing bonded indebtedness of any agency whose boundaries are changed as a result of this Reorganization. Any existing bonded indebtedness of the County or any other affected agency whose boundaries are not changed shall remain in effect.

NOW, THEREFORE, the San Joaquin Local Agency Formation Commission **DOES HEREBY RESOLVE, DETERMINE, AND ORDER** as follows:

SECTION 1. SJLAFCo reviewed and considered the information contained in the IS/ND including, without limitation, the Draft IS/ND, any comments made at the public hearing or contained in the administrative record for establishing a sphere of influence, incorporating MHCS D and reorganization prior to taking these actions. SJLAFCo hereby finds that the Final IS/ND contains a complete and accurate reporting of the environmental impacts associated with the proposed actions. SJLAFCo finds that the IS/ND has been completed in compliance with the California Environmental Quality Act and State CEQA Guidelines, that the IS/ND is adequate and complete, that the IS/ND, its reference documents, and this Resolution reflect the independent judgment and analysis of SJLAFCo and, hereby approves the IS/ND, and, in the alternative, finds that the proposed Reorganization meet the "general rule" exemption in that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (CEQA Guidelines Section 15061 (b)(3)) and is exempt from further CEQA analysis.

SECTION 2. Pursuant to California Government Code Section 57077, the Reorganization consisting of (a) an incorporation with the boundaries as shown in Attachment “B” of this resolution, known as the LAFCo Alternative Boundary; (b) the divestiture of the MHCS D power to provide water service, sewer service, garbage service, fire protection, public recreation, street lighting, library buildings and services, convert utilities to underground, police protection, road maintenance, transportation services, graffiti abatement, flood control protection, pest and weed abatement, wildlife habitat mitigation, telecommunications services, and dissemination of information; (c) the establishment of MHCS D as a subsidiary district of the City of Mountain House; d) the annexation to MHCS D to include additional territory to correspond with the LAFCO Alternative Boundary; and e) the detachment of territory from Tracy Rural Fire Protection District as depicted in Exhibit “C” hereto, is hereby approved as specified in this Resolution, subject to the confirmation of the registered voters within the LAFCo Alternative Boundary.

SECTION 3. Pursuant to Government Code Section 57118, the question to registered voters within the LAFCo Alternative Boundary that is the entire territory to be reorganized, on the Reorganization shall be in substantial compliance with the following pursuant to Government Code Section 57133(f), Section 57134, and Section 37135:

“Shall the order adopted on September 14, 2023, by the San Joaquin Local Agency Formation Commission ordering a reorganization affecting the County of San Joaquin, Mountain House Community Services District, and Tracy Rural Fire District, and providing for the incorporation of the City of Mountain House based on the SJLAFCo Alternative Boundary and establishing its sphere of influence, divestiture of certain Mountain House Community Services District powers, annexation of territory to Mountain House Community Services District to correspond with the SJLAFCo Alternative Boundary, establishing the Mountain House Community Services District as a subsidiary district of the City of Mountain House (only for the enforcement of Conditions, Covenants, and Restrictions), and detachment of territory from the Tracy Rural Fire Protection District, be confirmed, subject to the terms and conditions specified in the order as more particularly described and set forth in LAFCo Resolution 23-1526.”

SECTION 4. The effective date of the Reorganization (including the incorporation of the City of Mountain House) shall be July 1, 2024.

SECTION 5. A simple majority of votes cast shall determine the outcome of the election.

SECTION 6. Pursuant to Government Code Section 56722, the Reorganization application proposed and the Commission approves name of the new city as the City of Mountain House, which shall be incorporated as a general law city.

SECTION 7. Pursuant to Government Code Section 57116, the election and terms of office for members of the city council shall be subject to Government Code Sections 57377-57379, inclusive, unless later altered in the manner required by law.

SECTION 8. Pursuant to Section 57116, the election to confirm the question of incorporation shall also present the question of whether members of the city council in future elections shall be elected by district or at large.

SECTION 9. Pursuant to Government Code Section 57116(b), the elected officials of the proposed city shall be a five (5) member city council and shall consist of a directly elected mayor and four (4) city council members, to be elected at large throughout the area to be incorporated at the same election as the incorporation election.

SECTION 10. Pursuant to Government Code Section 57376, the City Council shall, immediately following its organization and prior to performing any other official act, adopt an ordinance providing that all County ordinances applicable immediately prior to the effective date of the incorporation shall remain in full force and effect as City ordinances for a period of 120 days thereafter, or until the City Council has enacted ordinances superseding them, whichever shall occur first. Enforcement of continuing County ordinances in the incorporated area shall be with the City, except insofar as enforcement services are furnished in accordance with Government Code Section 57384.

SECTION 11. Pursuant to Government Code Section 57376, the City Council shall, immediately following its organization and prior to performing any other official act, adopt an ordinance providing that all MHCS D ordinances, policies and procedures, applicable immediately prior to the effective date of the incorporation shall remain in full force and effect as City ordinances for a period of 120 days thereafter, or until the City Council has enacted ordinances superseding them, whichever shall occur first. Enforcement of continuing MHCS D ordinances, policies and procedures in the incorporated area shall be with the City, except insofar as enforcement services are furnished in accordance with Government Code Section 57384.

SECTION 12. On the effective date, all real and personal property interests of MHCS D shall transfer to the City of Mountain House, excepting those related to the enforcement of conditions, covenants, and restrictions.

SECTION 13. On the effective date, the City of Mountain House shall be the successor to all contractual rights and obligations of MHCS D, excepting those related to the enforcement of conditions, covenants, and restrictions.

SECTION 14. The City of Mountain House shall have a city council/city manager form of government pursuant to Government Code Sections 34851–34906. The City Manager shall be appointed by the City Council. The City Council shall promptly adopt an ordinance defining the powers and duties of the City Manager, in accordance with Government Code Section 34852.

SECTION 15. On the effective date, the employees of MHCS D shall become employees of the City of Mountain House and any existing employment contracts, civil service rights, seniority rights, retirement rights, and other employee benefits, rights and responsibilities of the District and/or its employees shall transfer to the City of Mountain House.

SECTION 16. Pension obligations of the MHCS D to the San Joaquin County Employees Retirement Association shall be:

a) On and after the effective date of a resolution of the Board of Retirement of the San Joaquin County Employees' Retirement Association (SJCERA) consenting to membership of the employees of the City of Mountain House pursuant to subdivision (b) of Government Code Section 31557 of the County Employees' Retirement Law of 1937 (CERL), the status of each employee deemed to be an employee of the City of Mountain House pursuant to SECTION 15, with respect to membership in the retirement

system, shall, in all respects, be as if the employee had remained a member of the retirement system without any break in service or change of employer. The City of Mountain House shall be deemed to be a "district," as defined therein, and shall, in all respects, assume all of the rights, obligations, and status previously occupied by MHCS D as a participating district in the retirement system, including, but not limited to, all of the following: the payment of employer contributions, the payment of unfunded actuarial liability, the withholding of employee contributions, the reporting of compensation earnable and pensionable compensation, record retention and audit compliance, the enrollment of eligible employees as members of the retirement system, compliance with restrictions on the employment of retired persons, and the pickup of employee contributions pursuant to Section 414(h)(2) of the Internal Revenue Code and any agreement or resolution implementing that section.

b) The termination of the participation of MHCS D in SJ CERA shall not trigger withdrawal liability pursuant to Government Code Section 31564.2 of the CERL. The City of Mountain House shall assume the prior obligations of the MHCS D pension plan for the payment of unfunded actuarial liability, which shall continue to be included in contribution rates calculated and approved by the SJ CERA Board of Retirement pursuant to the CERL, including, but not limited to, Government Code Sections 31453, 31453.5, 31454, 31581, and 31585, as if no change in the participating employer had occurred.

c) The City of Mountain House shall succeed to the rights, duties, and obligations of the MHCS D pension plan with respect to its replacement benefits program pursuant to Chapter 3.9 (commencing with Section 31899). The rights of each member of the retirement system to participate in the replacement benefits program, as those rights exist at the time of the transfer of rights, duties, and obligations to the authority pursuant to this section, whether the member is actively employed, deferred, or retired, shall continue as if there had been no change in the status of the employer. The transfer of rights, duties, and responsibilities shall not be deemed to be the creation of a new replacement benefit program and the continuation of employees' rights pursuant to this section shall not be deemed the offering of a new plan to any employee for purposes of Section 7522.43 of the Government Code or subdivision (c) of Section 31899 of the CERL.

SECTION 17. On the effective date, any moneys or funds, including cash on hand and moneys due but uncollected, excepting such amount of reserves encumbered for or determined necessary for MHCS D to perform its retained services, and any other obligations of MHCS D shall transfer to the City of Mountain House.

SECTION 18. On the effective date, all priorities of use, or right of use, of water, or capacity rights in any public improvements or facilities or any other property, real or personal, of MHCS D shall transfer to the City of Mountain House, excepting rights related to the enforcement of conditions, covenants, and restrictions.

SECTION 19. On the effective date, the City of Mountain House shall be the successor of MHCS D for the purpose of succeeding to all of the rights, duties, and obligations of MHCS D with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of MHCS D, excepting those contracts and obligations related to the enforcement of conditions, covenants, and restrictions.

SECTION 20. The San Joaquin County Board of Supervisors shall continue to furnish, without additional charge to the area of incorporation, all services furnished to the area prior to incorporation. Such

services shall be furnished for not less than the remainder of the fiscal year during which the incorporation becomes effective, or until the City Council requests discontinuance of a service or services, whichever shall occur first, in accordance with Government Code Section 57384. Prior to the Commission adopting a resolution making determinations, the San Joaquin County Board of Supervisors may request that the new City of Mountain House reimburse the County for the net cost of services provided, in accordance with Government Code Section 57384, subdivision (b). If so requested, the San Joaquin County Board of Supervisors shall adopt a resolution requesting reimbursement from the City of Mountain House for the net cost of services provided during the transition period.

SECTION 21. Notwithstanding the foregoing, the City of Mountain House shall be entitled to provide any service provided by MHCS D or that has been authorized to be provided by official act of MHCS D, and the City of Mountain House shall have all of the rights and authorities granted to MHCS D by state law, including, but not limited to, Public Utilities Code Sections 9610 and 132655, excepting those services, rights and authorities directly related to the enforcement of conditions, covenants, and restrictions.

SECTION 22. In accordance with Government Code Section 56886(i), the County shall transfer the funds accumulated in the Mountain House Housing Trust Fund, and any such funds due but uncollected, pursuant to Chapter 9-1270M of the County Code to the new City of Mountain House. The City shall use funds only for the purposes authorized by Section 9-1270M.7m of the County Code.

SECTION 23. The regular county assessment roll shall be utilized.

SECTION 24. In accordance with Government Code Sections 56886(t), any previously authorized charge, fee, assessment or general or special tax levied by the County, MHCS D or other subject agency, including, but not limited to, franchise fees, business license fees, property transfer tax, sales and use tax, and any taxes, assessments, fees or charges, are hereby extended and continued, which the new City of Mountain House shall be authorized to levy and collect. This includes the continuation and/or extension of special taxes enabled by MHCS D Ordinances 96-1 (Roads and Transportation Services), 96-2 (Public Safety Services), 96-3 (Parks, Recreation, and Community Facilities and Services), and 96-4 (Public Works), Community Facilities Fees (Mountain House Community Services District Code of Ordinances [the "District Code"] §§ MH-3-1100-1111); Transportation Improvement Fee (District Code, §§ MH-3-1200-1211); Water, Wastewater, and Storm Drainage Charges (District Code, §§ MH-3-1300-1310; Annexation Fees (District Code MH-3-1400–MH-3-1409); and Transportation, Operations and Administration [Special] Tax (District Code MH-3-4000-4004); provided, however, this term and condition shall not apply to any previously authorized charge, fee, assessment or general or special tax levied by MHCS D related to its continued covenants, conditions, and restrictions enforcement powers if any. This term and condition is not intended to and does not prevent the Mountain House City Council from repealing or amending the sections of the District Code referenced herein, if otherwise authorized by law.

SECTION 25. The new City of Mountain House shall have the authority to administer special tax and special assessment districts, including, but not limited to, the levying and collecting of special taxes and special assessments, including the determination of the annual special tax rate within authorized limits; the management of redemption, reserve, special reserve, and construction funds; the issuance of bonds which are authorized but not yet issued at the time of the transfer, including not yet issued portions or phases of bonds which are authorized; supervision of construction paid for with bond or special tax or

assessment proceeds; administration of agreements to acquire public facilities and reimburse advances made to the district; and all other rights and responsibilities with respect to the levies, bonds, funds, and use of proceeds that would have applied to the local agency that created the special tax or special assessment district. This authority shall include such authority of the new City of Mountain House to administer the existing Landscape and Lighting Districts within MHCS D immediately prior to the effective date.

SECTION 26. At the earliest possible time after the effective date, the new City of Mountain House shall take necessary actions to participate in regional agencies, plans and programs, specifically including the San Joaquin Council of Governments; San Joaquin Council of Governments, Inc. (Multi-Species Habitat Conservation Plan); County CDGB program; Public Agency Risk Management Association, Sacramento Chapter; and, San Joaquin Local Agency Formation Commission.

SECTION 27. On the effective date the new City of Mountain House shall assume responsibility for and deliver all functions and services currently provided or authorized to provide by the Mountain House Community Services District, excepting enforcement of the Declaration of Covenants, Conditions and Restrictions associated with the Mountain House Master Plan.

SECTION 28. On the effective date, the new City of Mountain House shall be designated as the successor agency to the MHCS D for the purpose of succeeding to all rights, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits and approvals attributable to the MHCS D excepting those associated with the enforcement of Conditions, Covenants and Restrictions within the boundaries of MHCS D.

SECTION 29. To the extent otherwise required by law, the new City of Mountain House shall refer applicable projects, as determined by the new City of Mountain House Community Development Director (or similar position), within the boundaries of the new City of Mountain House, including ministerial and discretionary projects, to the County's Environmental Health Department (EHD) for review and comments. Such projects include, but not limited to, the following to the extent applicable:

a) Any geotechnical drilling shall be conducted under permit and inspection by EHD (San Joaquin County Development Title, Section 9-1115.3 and 9-1115.6).

b) Any existing wells, monitoring wells, or septic systems to be abandoned shall be destroyed under permit and inspection by the EHD (San Joaquin County Development Title, Section 9-605.010 & 9-601.020)

c) Any construction of water wells and monitoring wells shall be done under permit and inspection by the EHD (San Joaquin County Development Title, Section 9-601.010(b)).

SECTION 30. To the extent otherwise required by law, the new City of Mountain House shall note on all applicable maps, plans, standards and specifications that project grading, excavation, and other earth moving activities in or directly adjacent to the December 4, 2003 Chevron crude oil release (located at 23577 S. Mountain House Parkway, APN 209-080-26 in the Specific Plan I, Mountain House Business Park) shall not occur until clean-up has been completed and approved by the California Department of Toxic Substances Control and the California Regional Water Quality Control Board. To the extent applicable, the developer(s) shall provide a letter to the San Joaquin Environmental Health Department

(EHD) and any other appropriate agency that the remediation of the site has been completed prior to issuance of building permits.

SECTION 31. On the effective date, MHCS D shall be established as a subsidiary district of the new City of Mountain House for the sole purpose of enforcement of the Declaration of Covenants, Conditions, and Restrictions. The subsidiary district shall assume all rights, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits and approvals attributable to the enforcement of the Declaration of Covenants, Conditions, and Restrictions.

SECTION 32. On the effective date, the MHCS D as a subsidiary district of the City shall have the same boundaries as the City of Mountain House, and the sphere of influence of MHCS D shall remain unchanged.

SECTION 33. Any territory included within both the boundaries of the new City of Mountain House and the boundaries of MHCS D, that was not included within the boundaries of MHCS D as of the effective date of the Reorganization, shall be subject to the following requirement if independently imposed and/or enforced by the new City of Mountain House: Prior to the issuance of any discretionary or non-discretionary approval by the new City of Mountain House, the applicant shall pay or cause to be paid the entire annexation fee for the associated parcel (as it existed immediately prior to the effective date) as determined pursuant to Chapter MH-4 of Title 3 of the Mountain House Community Services District Code of Ordinances or its successor chapter as may be adopted by the new City of Mountain House. The new City of Mountain House may elect to condition its acceptance of applications on the payment of the annexation fee.

SECTION 34. On the effective date, the City Council shall be designated, and empowered to act, ex officio as the board of directors of the subsidiary district MHCS D and shall continue in existence with all of the powers, rights, duties, obligations, and functions provided for by the principal act except for any provisions relating to the selection or removal of the members of the board of directors of the district in accordance with Government Code Section 57534.

SECTION 35. Pursuant to Government Code Section 56375(o) and Section 56810, and based on Finding 13, the County Auditor shall assign the County of San Joaquin (Tax Code 10001 County General) base property tax of \$1,533, 435 to be transferred from the County of San Joaquin to the proposed new City, adjusted by the change in assessed value to Fiscal Year 2023-2024.

3.79487 percent of each County of San Joaquin tax increment factor, which applied to future changes in property tax, in each MH Tax Rate Area (TRA) shall be transferred to the City of Mountain House and added to the other tax increment factors transferred to the City of Mountain House.

SECTION 36. Pursuant to Government Code Section 56810(d) and consistent with the Section 3.A.12 of the Public Services Allocation Agreement between the County and MHCS D, dated November 18, 2003, and based on Finding 13, the County Auditor shall assign all of County Road District 5 (Tax Code 10527) base property tax in each MH TRA that previously included County Road District 5 to the City of Mountain House.

The tax increment factors of County Road District 5, which apply to future changes in property tax, in each MH TRA that previously included a County Road District 5 tax increment factor shall be transferred

to the City of Mountain House and added to the other tax increment factors transferred to the City of Mountain House.

SECTION 37. Pursuant to Government Code Section 56810 and based on Finding 13, the County Auditor shall assign Mountain House Community Services District (MHCS D Tax Code 26001) base property tax in each TRA to the City of Mountain House to produce the required total property tax of \$6,062,638 to be transferred from MHCS D to the proposed new city, adjusted by the change in assessed value to Fiscal Year 2023-24.

93.7612 percent of the tax increment factors of the MHCS D, which apply to future changes in property tax, in each MH TRA shall be transferred to the City of Mountain House and added to the other tax increment factors transferred to the City of Mountain House.

It is the intention of LAFCO, consistent with the CFA, that the Mountain House Subsidiary District retain 6.2387 percent of the former MHCS D property tax base in each TRA, as adjusted by the change in assessed value to Fiscal Year 2023-24 and retain 6.2387 percent of the former MHCS D tax increment factors in each TRA.

SECTION 38. Pursuant to Government Code Section 56810(d) and based on Finding 13, the County Auditor shall assign all of the Tracy Rural Fire Protection District (Tracy Rural Fire Tax Code 15401) base property tax in each MH TRA that previously included Tracy Rural to the City of Mountain House.

The tax increment factors of Tracy Rural, which apply to future changes in property tax, in each MH TRA that previously included a Tracy Rural tax increment factor shall be transferred to the City of Mountain House and added to the other tax increment factors transferred to the City of Mountain House.

SECTION 39. Prior to the issuance of any permits for ground disturbing activities on Assessor Parcel Numbers 209-060-41&42, 209-080-33, 209-150-27&30, the proposed City of Mountain House shall file an application to SJLAFCo for the detachment of said parcels from the San Joaquin Natural Resource Conservation District and permits for said parcels shall not be issued until a Certificate of Completion for the detachment(s) is/are recorded by the San Joaquin County Recorder's Office.

SECTION 40. In the event that the timely transfer of property and sales tax revenues from the County to the new City of Mountain House does not occur during the transition year, these funds received by the County shall be applied towards reimbursement of County transition year services. Any additional funds received by the County during the transition year, in excess of reimbursements, that otherwise would have accrued to the new City of Mountain House, shall be remitted by the County to the new City of Mountain House.

SECTION 41. Pursuant to Government Code Section 65865.3, on the effective date of the new City of Mountain House any development agreement entered into by San Joaquin County prior to the effective date of the incorporation shall remain valid for the duration of the agreement, or until July 1, 2032, whichever is earlier. The holder of the development agreement and the new City of Mountain House may agree that the development agreement shall remain valid past that date, provided that the term of the agreement does not exceed July 1, 2039. The holder of the development agreement and the new City of Mountain House shall have the same rights and obligations with respect to each other as if the property had remained in the unincorporated territory of San Joaquin County. The new City of Mountain House may modify or suspend the provisions of the development agreement if the new City determines that

the failure of the new City to do so would place the residents of the territory subject to the development agreement, or the residents of the City, or both, in a condition dangerous to their health or safety, or both.

SECTION 42. The Commission assigns the proposal the following short-term designation: “Mountain House Incorporation/ Reorganization”

SECTION 43. MHCS D and/or the City of Mountain House following incorporation, shall defend, indemnify, and hold harmless SJLAFCo, its agents, officers, and employees, from any claim, action, or proceeding against SJLAFCo, its agents, officers, and employees, to attack, set aside, void or annul SJLAFCo’s approval of the Reorganization, adoption of this Resolution, or any of the terms and conditions set forth herein.

SECTION 44. Prior to the issuance of the Certificate of Completion by SJLAFCo, MHCS D shall submit to LAFCo, a final map and geographic description of the affected territory as approved by SJLAFCo conforming to the requirements of the State Board of Equalization – Tax Services Division, and all fees due to SJLAFCo related to processing the Reorganization.

SECTION 45. As allowed under Government Code Section 56107 and Government Code Section 56883, the Commission authorizes the Executive Officer to make non-substantive corrections to this Resolution to address any technical defects, clerical errors, mistakes, irregularities, or omissions.

SECTION 46. Under Government Code Sections 56880-56882, the Executive Officer is hereby authorized and directed to mail copies of this Resolution.

SECTION 47. The Executive Officer is further authorized and directed to prepare, execute, and record a Certificate of Completion, make the required filings with the County Assessor, County Auditor, and the State Board of Equalization as required by Section 57200, et seq., of the Government Code.

SECTION 48. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable.

PASSED AND ADOPTED this 14th day of September 2023 by the following roll call vote:

AYES:

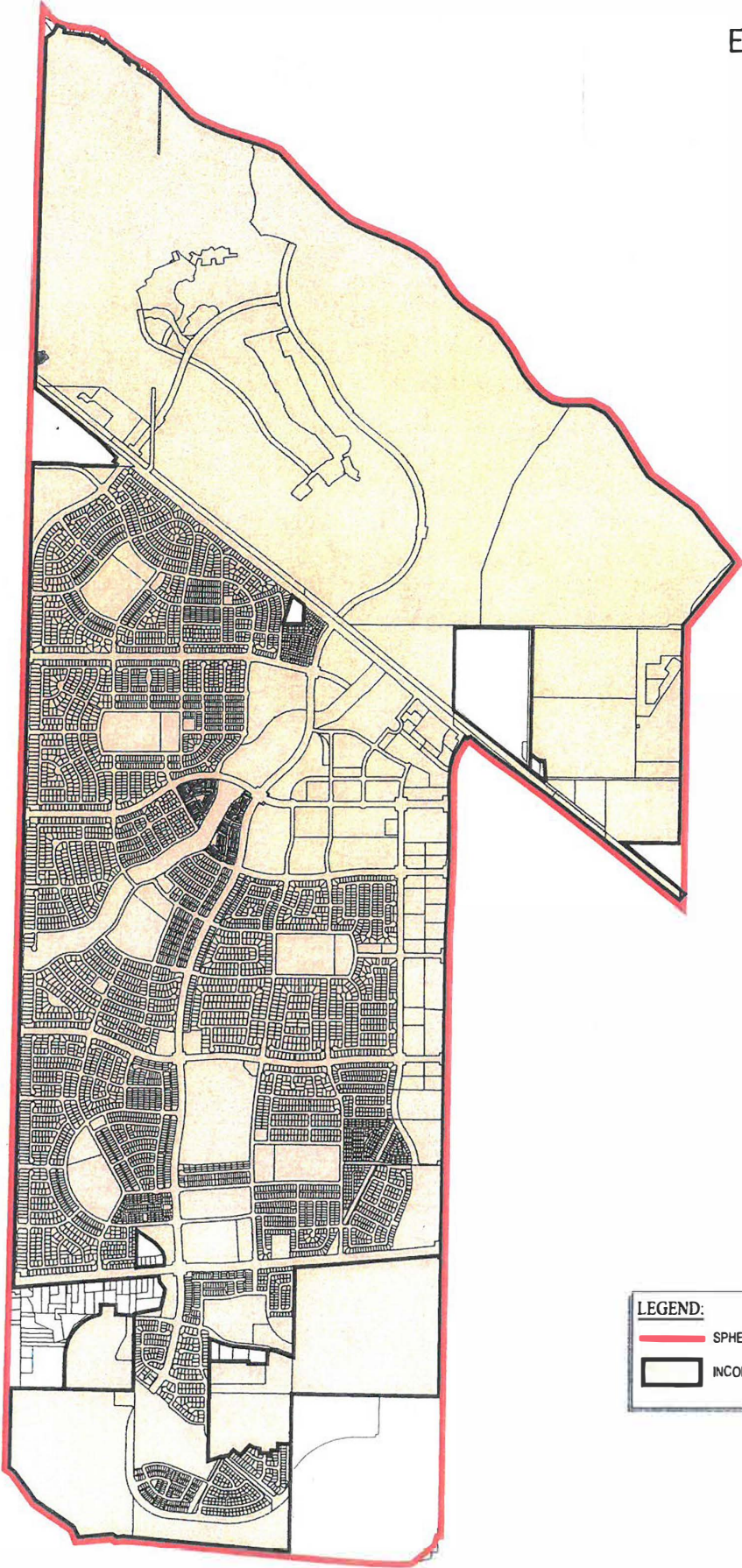
NOES:

ABSTAIN:



TOM PATTI, CHAIRPERSON
SAN JOAQUIN LOCAL AGENCY
FORMATION COMMISSION

ATTEST:

MITZI STITES, COMMISSION CLERK
SAN JOAQUIN LOCAL AGENCY
FORMATION COMMISSION



LEGEND:

-  SPHERE OF INFLUENCE
-  INCORPORATED PROPERTIES



MOUNTAIN HOUSE COMMUNITY SERVICE DISTRICT PROPOSED INCORPORATION AREAS

SCALE: NTS DATE: AUGUST 2023



Exhibit A
DESCRIPTION OF INCORPORATION LIMITS
OF THE CITY OF MOUNTAIN HOUSE
SAN JOAQUIN COUNTY, CALIFORNIA

All that certain real property, situate in the unincorporated territory of the County of San Joaquin, State of California, and being a portion of Rancho El Pescadero, Sections 32, 33, and 34, Township 1 South, Range 4 East, Mount Diablo Meridian, and Sections 3, 4, 5, 8, 9, 10, 15, 16, 17, 20, 21, and 22, Township 2 South, Range 4 East, Mount Diablo Meridian, described as follows:

Commencing at a point common to Sections 9, 10, 15 and 16, Township 2 South, Range 4 East, Mount Diablo Meridian;

- Thence, (1) From said Point of Commencement, South 89°27'57" East 30.00 feet to the eastern line of Mountain House Parkway, and the **Point of Beginning** for this description;
- Thence, (2) From said Point of Beginning, along said eastern line of Mountain House Parkway, the following two (2) courses: S00°29'42"W, a distance of 5,279.77 feet;
- Thence, (3) S00°34'56"W, a distance of 1,704.43 feet;
- Thence, (4) Leaving said eastern line of Mountain House Parkway, S87°11'50"W, a distance of 60.10 feet to a point on the western line of Mountain House Parkway;
- Thence, (5) Along said western line of Mountain House Parkway, N00°34'56"E, a distance of 1,708.10 feet to the southeastern corner of that certain parcel of land described in that certain Final Order of Condemnation recorded August 18, 2005, as Document No. 2005-205304 of Official Records of San Joaquin County;
- Thence, (6) Along the boundary line of said condemnation parcel, the following thirteen (13) courses: N89°08'48"W, a distance of 89.22 feet;
- Thence, (7) N03°56'58"E, a distance of 152.95 feet,
- Thence, (8) N00°29'42"E, a distance of 203.49 feet,
- Thence, (9) N01°26'59"E, a distance of 720.10 feet,
- Thence, (10) N00°29'42"E, a distance of 708.67 feet,
- Thence, (11) N00°27'36"W, a distance of 360.05 feet,
- Thence, (12) N00°29'42"E, a distance of 234.65 feet,

Exhibit A
DESCRIPTION OF INCORPORATION LIMITS
OF THE CITY OF MOUNTAIN HOUSE
SAN JOAQUIN COUNTY, CALIFORNIA

- Thence, (13) N89°30'18"W, a distance of 75.00 feet,
- Thence, (14) N04°32'32"W, a distance of 75.00 feet,
- Thence, (15) S85°23'23"W, a distance of 622.78 feet,
- Thence, (16) S83°53'21"W, a distance of 229.31 feet,
- Thence, (17) S85°23'23"W, a distance of 266.82 feet, and
- Thence, (18) S85°18'27"W, a distance of 1,351.20 feet to a point on the mid-section line of Section 16, T2S, R4E;
- Thence, (19) Along said mid-section line, S00°27'51"W, a distance of 1,540.34 feet;
- Thence, (20) Leaving said mid-section line, N69°21'16"W, a distance of 290.94 feet;
- Thence, (21) N83°24'16"W, a distance of 708.85 feet;
- Thence, (22) N75°36'16"W, a distance of 192.75 feet;
- Thence, (23) N67°35'16"W, a distance of 248.91 feet;
- Thence, (24) S00°26'07"W, a distance of 977.11 feet;
- Thence, (25) S00°26'17"W, a distance of 1,212.00 feet;
- Thence, (26) N69°14'58"E, a distance of 256.24 feet;
- Thence, (27) S62°44'31"E, a distance of 60.82 feet;
- Thence, (28) N27°15'29"E, a distance of 41.00 feet;
- Thence, (29) Easterly, along the arc of a tangent 19.50 foot radius curve to the right, through a central angle of 103°35'31", and an arc distance of 35.25 feet;
- Thence, (30) S49°08'59"E, a distance of 25.15 feet;
- Thence, (31) N40°51'01"E, a distance of 133.95 feet;
- Thence, (32) S51°50'59"E, a distance of 147.66 feet;

Exhibit A
DESCRIPTION OF INCORPORATION LIMITS
OF THE CITY OF MOUNTAIN HOUSE
SAN JOAQUIN COUNTY, CALIFORNIA

- Thence, (33) N37°15'01"E, a distance of 153.08 feet;
- Thence, (34) S52°44'59"E, a distance of 12.25 feet;
- Thence, (35) N37°15'01"E, a distance of 80.11 feet;
- Thence, (36) S60°37'41"E, a distance of 48.20 feet;
- Thence, (37) S67°55'59"E, a distance of 46.45 feet;
- Thence, (38) S79°15'18"E, a distance of 49.18 feet;
- Thence, (39) S02°02'41"W, a distance of 81.30 feet;
- Thence, (40) S87°57'19"E, a distance of 69.00 feet;
- Thence, (41) Northeasterly, along the arc of a tangent 11.00 foot radius curve to the left, through a central angle of 90°00'00", and an arc distance of 17.28 feet;
- Thence, (42) S87°57'19"E, a distance of 62.00 feet;
- Thence, (43) S02°02'41"W, a distance of 51.34 feet;
- Thence, (44) S89°25'59"E, a distance of 100.58 feet;
- Thence, (45) N00°34'01"E, a distance of 95.99 feet;
- Thence, (46) S89°25'59"E, a distance of 111.99 feet;
- Thence, (47) N00°34'01"E, a distance of 114.99 feet;
- Thence, (48) S89°25'59"E, a distance of 193.90 feet to a point on the mid-section line of Section 21, T2S, R4E;
- Thence, (49) Along said mid-section line, S00°34'14"W, a distance of 1,905.52 feet to a point on the northern line of Interstate 205;
- Thence, (50) Along said northern line of Interstate 205, the following ten (10) courses: N84°49'32"W, a distance of 603.00 feet,
- Thence, (51) N83°53'41"W, a distance of 800.12 feet,
- Thence, (52) N85°00'07"W, a distance of 650.01 feet,

Exhibit A
DESCRIPTION OF INCORPORATION LIMITS
OF THE CITY OF MOUNTAIN HOUSE
SAN JOAQUIN COUNTY, CALIFORNIA

- Thence, (53) N81°38'12"W, a distance of 269.64 feet,
- Thence, (54) N86°25'24"W, a distance of 330.18 feet,
- Thence, (55) N84°53'19"W, a distance of 0.35 feet,
- Thence, (56) N86°29'28"W, a distance of 164.44 feet,
- Thence, (57) S82°23'04"W, a distance of 132.76 feet,
- Thence, (58) N55°03'04"W, a distance of 92.50 feet, and
- Thence, (59) S85°12'15"W, a distance of 620.86 feet to a point on the eastern line of the Delta Mendota Canal;
- Thence, (60) Along said eastern line of the Delta Mendota Canal, the following four (4) courses: N21°43'28"W, a distance of 223.40 feet,
- Thence, (61) N55°56'58"W, a distance of 789.53 feet,
- Thence, (62) N35°20'59"W, a distance of 625.74 feet, and
- Thence, (63) N55°07'27"W, a distance of 148.30 feet to a point on the boundary line between San Joaquin County and Alameda County;
- Thence, (64) Along said County line, N01°01'13"E, a distance of 1,374.84 feet to a point on the northern line of Section 20, T2S, R4E;
- Thence, (65) Along said northern line of Section 20, S88°56'50"E, a distance of 2,210.34 feet to the corner common to Sections 16, 17, 20 and 21, T2S, R4E;
- Thence, (66) Along the western line of said Section 16, T2S, R4E, N00°28'06"E, a distance of 1,327.38 feet;
- Thence, (67) Leaving said western line of Section 16, T2S, R4E, N78°48'36"E, a distance of 460.65 feet;
- Thence, (68) N15°08'36"E, a distance of 284.98 feet;
- Thence, (69) N02°15'36"E, a distance of 88.04 feet;
- Thence, (70) N36°34'24"W, a distance of 161.99 feet;

Exhibit A
DESCRIPTION OF INCORPORATION LIMITS
OF THE CITY OF MOUNTAIN HOUSE
SAN JOAQUIN COUNTY, CALIFORNIA

- Thence, (71) N07°58'24"W, a distance of 124.02 feet to a point on the southern line of Grant Line Road, said point hereinafter referred to as Point A;
- Thence, (72) Along said southern line of Grant Line Road, the following two (2) courses: S85°19'29"W, a distance of 411.98 feet, and
- Thence, (73) S85°18'46"W, a distance of 2,201.99 feet to a point on the boundary line between San Joaquin County and Alameda County;
- Thence, (74) Along said County line, N01°01'13"E, a distance of 14,133.67 feet to a point on the northern line of Kelso Road;
- Thence, (75) Along said northern line of Kelso Road, S89°10'13"E, a distance of 1,529.16 feet to a point on the western line of Great Valley Parkway;
- Thence, (76) Along said western line of Great Valley Parkway, the following eight (8) courses: N38°44'03"E, a distance of 53.95 feet,
- Thence, (77) N51°15'37"W, a distance of 80.01 feet,
- Thence, (78) N38°44'23"E, a distance of 83.09 feet,
- Thence, (79) N51°15'35"W, a distance of 73.86 feet,
- Thence, (80) N44°31'12"W, a distance of 120.94 feet,
- Thence, (81) N45°28'48"E, a distance of 3.98 feet,
- Thence, (82) N43°17'03"W, a distance of 203.03 feet, and
- Thence, (83) N46°00'10"W, a distance of 29.28 feet to a point on the southwestern line of Byron Road;
- Thence, (84) Along said southwestern line of Byron Road, N51°15'35"W, a distance of 1,570.70 feet to a point on the boundary line between San Joaquin County and Alameda County;
- Thence, (85) Along said County line, N01°06'11"E, a distance of 5,825.60 feet to the northwestern corner of that certain parcel of land described as New Lot 1 in that certain Notice of Lot Line Adjustment recorded March 5, 2020, as Document No. 2020-028896 of Official Records of San Joaquin County;

Exhibit A
DESCRIPTION OF INCORPORATION LIMITS
OF THE CITY OF MOUNTAIN HOUSE
SAN JOAQUIN COUNTY, CALIFORNIA

- Thence, (86) Along the northern line of said New Lot 1, and (for the purposes of this description) along the deed line described as being along the center line of a levee along the south (left) bank of old river in that certain deed to Shea Mountain House, LLC, recorded May 13, 2005, as Document No. 2005-115427 of Official Records of San Joaquin County, as said deed line (DN 2005-115427) is further shown and so designated on the final map for Tract 3645, filed for record October 22, 2007 in Book 41 of Maps and Plats, at page 50, San Joaquin County records (as noted in the following courses), the following twenty (20) courses: N54°02'13"E, a distance of 241.35 feet,
- Thence, (87) N26°03'13"E, a distance of 164.32 feet to a point on said deed line (DN 2005-115427),
- Thence, (88) Along said deed line, S45°04'52"E, a distance of 49.82 feet,
- Thence, (89) S81°59'52"E, a distance of 89.99 feet,
- Thence, (90) Leaving said deed line, S08°00'08"W, a distance of 84.99 feet,
- Thence, (91) S81°59'52"E, a distance of 499.97 feet,
- Thence, (92) S31°46'48"E, a distance of 18.59 feet,
- Thence, (93) S59°59'52"E, a distance of 209.98 feet,
- Thence, (94) N30°00'08"E, a distance of 87.60 feet to a point on said deed line (DN 2005-115427),
- Thence, (95) Along said deed line, S59°59'52"E, a distance of 31.77 feet,
- Thence, (96) S54°13'52"E, a distance of 199.99 feet,
- Thence, (97) S48°13'52"E, a distance of 189.99 feet,
- Thence, (98) Leaving said deed line, S01°10'08"W, a distance of 99.99 feet,
- Thence, (99) S48°13'52"E, a distance of 79.99 feet,
- Thence, (100) N01°10'08"E, a distance of 99.99 feet to a point on said deed line (DN 2005-115427),
- Thence, (101) Along said deed line, S59°48'52"E, a distance of 199.99 feet,

Exhibit A
DESCRIPTION OF INCORPORATION LIMITS
OF THE CITY OF MOUNTAIN HOUSE
SAN JOAQUIN COUNTY, CALIFORNIA

- Thence, (102) Leaving said deed line, S01°10'08"W, a distance of 99.99 feet,
- Thence, (103) S59°48'52"E, a distance of 289.98 feet,
- Thence, (104) S47°38'52"E, a distance of 199.49 feet, and
- Thence, (105) N01°10'08"E, a distance of 99.99 feet to a point on the traverse line (for the purposes of this description) for Mountain House Community Services District (MHCSD) boundary, as said line is described in Resolution 941 adopted by LAFCO on February 23, 1996;
- Thence, (106) Along said traverse line, the following twenty-one (21) courses S29°38'34"E, a distance of 130.22 feet,
- Thence, (107) S43°00'42"E, a distance of 719.63 feet,
- Thence, (108) S64°54'04"E, a distance of 573.86 feet,
- Thence, (109) S70°30'25"E, a distance of 907.78 feet,
- Thence, (110) S58°30'27"E, a distance of 183.88 feet,
- Thence, (111) S40°08'21"E, a distance of 322.96 feet,
- Thence, (112) S44°46'24"E, a distance of 927.42 feet,
- Thence, (113) S52°47'18"E, a distance of 362.86 feet,
- Thence, (114) S66°36'47"E, a distance of 1,129.73 feet,
- Thence, (115) S53°00'31"E, a distance of 615.68 feet,
- Thence, (116) S37°35'14"E, a distance of 778.81 feet,
- Thence, (117) S56°07'02"E, a distance of 619.63 feet,
- Thence, (118) S33°21'55"E, a distance of 789.15 feet,
- Thence, (119) S35°56'39"E, a distance of 570.06 feet,
- Thence, (120) S61°47'55"E, a distance of 453.28 feet,
- Thence, (121) N89°49'22"E, a distance of 497.03 feet,

Exhibit A
DESCRIPTION OF INCORPORATION LIMITS
OF THE CITY OF MOUNTAIN HOUSE
SAN JOAQUIN COUNTY, CALIFORNIA

- Thence, (122) S49°11'58"E, a distance of 621.96 feet,
- Thence, (123) S31°41'57"E, a distance of 495.18 feet,
- Thence, (124) S34°36'14"E, a distance of 563.36 feet,
- Thence, (125) S54°32'37"E, a distance of 894.48 feet, and
- Thence, (126) S38°30'52"E, a distance of 951.09 feet to a point on the northwestern line of the Westside Irrigation District's Intake Canal;
- Thence, (127) Along said northwestern line, S39°07'30"W, a distance of 1,661.55 feet to a point on the north line of the west half of the southeast quarter of Section 3, T2N, R4E;
- Thence, (128) Along said north line, S89°33'35"E, a distance of 339.46 feet;
- Thence, (129) Along the east line of said west half of the southeast quarter of Section 3, S00°17'30"W, a distance of 2,641.27 feet to south line of said Section 3, said line being the southern line of Bethany Road and the easterly prolongation of said southern line of Bethany Road;
- Thence, (130) Along said south line of Section 3, the following two (2) courses: N89°32'33"W, a distance of 1,331.71 feet, and
- Thence, (131) N89°33'04"W, a distance of 531.20 feet;
- Thence, (132) Leaving said south line of Section 3, S00°26'56"W, a distance of 482.20 feet to a point on the northeastern line of the lands of Union Pacific Railroad, said point hereinafter referred to as Point B;
- Thence, (133) Along said northeastern line, S51°15'35"E, a distance of 2,339.08 feet to a point in the western line of Wicklund Road;
- Thence, (134) Along the southerly prolongation of said western line of Wicklund Road, S00°21'21"W, a distance of 229.63 feet to a point on the southwestern line of Byron Road;
- Thence, (135) Along said southwestern line of Byron Road, the following five (5) courses: N51°15'35"W, a distance of 1,910.51 feet,

Exhibit A
DESCRIPTION OF INCORPORATION LIMITS
OF THE CITY OF MOUNTAIN HOUSE
SAN JOAQUIN COUNTY, CALIFORNIA

- Thence, (136) Northwesternly, along the arc of a tangent 5,689.15 foot radius curve to the left, through a central angle of 05°40'00", and an arc distance of 562.67 feet,
- Thence, (137) N56°55'35"W, a distance of 445.60 feet,
- Thence, (138) Northwesternly, along the arc of a tangent 5,769.16 foot radius curve to the right, through a central angle of 05°40'00", and an arc distance of 570.58 feet, and
- Thence, (139) N51°15'35"W, a distance of 1,094.12 feet to a point on the eastern line of Mountain House Parkway, said point hereinafter referred to as Point C;
- Thence, (140) Along said eastern line of Mountain House Parkway, the following eight (8) courses: S38°44'25"W, a distance of 27.98 feet,
- Thence, (141) N51°15'35"W, a distance of 50.00 feet,
- Thence, (142) Southwesterly, along the arc of a non-tangent 1,119.00 foot radius curve to the left, from which the center of said curve lies S56°02'19"E, through a central angle of 07°35'07", and an arc distance of 148.14 feet,
- Thence, (143) Southwesterly, along the arc of a reverse 275.00 foot radius curve to the right, through a central angle of 11°30'01", and an arc distance of 55.20 feet,
- Thence, (144) Southwesterly, along the arc of a reverse 255.00 foot radius curve to the left, through a central angle of 18°23'20", and an arc distance of 81.84 feet,
- Thence, (145) Southerly, along the arc of a compound 1,136.00 foot radius curve to the left, through a central angle of 18°57'06", and an arc distance of 375.75 feet,
- Thence, (146) S00°32'09"W, a distance of 2,711.41 feet, and
- Thence, (147) S00°31'53"W, a distance of 2,646.31 feet to said **Point of Beginning**.

Together therewith a strip of land lying between said deed line along the centerline of the levee along the south (left) bank of Old River and the south (left) bank of Old River, as said strip is shown and so designated on said final map (41 M&P 50).

Exhibit A
DESCRIPTION OF INCORPORATION LIMITS
OF THE CITY OF MOUNTAIN HOUSE
SAN JOAQUIN COUNTY, CALIFORNIA

Also together therewith a strip of land lying between said traverse line for MHCS D along the south (left) bank of Old River and the south (left) bank of Old River.

Excepting therefrom, the following described parcel of land:

Commencing at the point hereinabove referred to as Point A;

- Thence, (148) From said Point of Commencement, along the southern line of Grant Line Road N85°19'29"E, a distance of 60.16 feet;
- Thence, (149) Leaving said southern line of Grant Line Road, N02°11'00"W, a distance of 69.02 feet;
- Thence, (150) N06°49'00"E, a distance of 78.42 feet to the southwestern corner of Parcel D, as said parcel d is shown and so designated on the final map for Tract 3649, filed for record on October 25, 2013, in Book 41 of Maps and Plats, as page 98, San Joaquin County records, said point being the **Point of Beginning** for this description;
- Thence, (151) From said Point of Beginning, along the western line of said Parcel D, the following four (4) courses: S89°20'09"W, a distance of 114.27 feet,
- Thence, (152) S81°18'24"W, a distance of 114.27 feet,
- Thence, (153) S88°59'31"W, a distance of 124.96 feet, and
- Thence, (154) S81°39'02"W, a distance of 124.96 feet to a point on the eastern line of Parcel P, as said Parcel P is shown and so designated on said final map (41 M&P 98);
- Thence, (155) Along said western line of Parcel P, N00°28'05"E, a distance of 645.31 feet to a point on the northern line of "Grant Line Road Dedication", as said dedication is shown and so designated on said final map (41 M&P 98);
- Thence, (156) S55°49'00"E, a distance of 386.83 feet;
- Thence, (157) S40°04'00"E, a distance of 199.99 feet;
- Thence, (158) S15°38'00"E, a distance of 129.99 feet;
- Thence, (159) S06°49'00"W, a distance of 111.57 feet to said **Point of Beginning**.

Exhibit A
DESCRIPTION OF INCORPORATION LIMITS
OF THE CITY OF MOUNTAIN HOUSE
SAN JOAQUIN COUNTY, CALIFORNIA

Also excepting therefrom, the following described parcel of land:

Commencing at the point hereinabove referred to as Point B;

- Thence, (160) From said point of Commencement, along the northeastern line of the lands of Union Pacific Railroad, N51°15'35"W, a distance of 415.13 feet to the **Point of Beginning** for this description;
- Thence, (161) From said Point of Beginning, continuing along said northeasterly line, N51°15'35"W, a distance of 2,266.81 feet to the western line of Section 3, T2N, R4E;
- Thence, (162) Along said western line of Section 3, N00°40'23"E, a distance of 1,460.78 feet to the northern line of the southwestern quarter of said Section 3, T2N, R4E;
- Thence, (163) Along said northern line, S89°33'35"E, a distance of 1,288.31 feet to the western line of Henderson Road;
- Thence, (164) Along said western line of Henderson Road, S00°37'40"W, a distance of 2,412.97 feet;
- Thence, (165) S51°15'35"E, a distance of 76.26 feet to a point on the eastern line of Henderson Road;
- Thence, (166) Along said eastern line of Henderson Road, N00°37'40"E, a distance of 266.20 feet;
- Thence, (167) Leaving said eastern line of Henderson Road, S51°15'35"E, a distance of 209.00 feet;
- Thence, (168) N00°37'40"E, a distance of 43.00 feet;
- Thence, (169) S79°34'54"E, a distance of 41.24 feet;
- Thence, (170) S00°37'40"W, a distance of 34.50 feet;
- Thence, (171) S89°33'04"E, a distance of 32.00 feet;
- Thence, (172) S00°37'40"W, a distance of 324.77 feet;
- Thence, (173) S51°15'35"E, a distance of 289.60 feet;

Exhibit A
DESCRIPTION OF INCORPORATION LIMITS
OF THE CITY OF MOUNTAIN HOUSE
SAN JOAQUIN COUNTY, CALIFORNIA

Thence, (174) S38°44'38"W, a distance of 50.00 feet to said **Point of Beginning**.

Also excepting therefrom, the following described parcel of land:

Commencing at the point hereinabove referred to as Point C;

Thence, (175) From said Point of Commencement, N54°43'21"W, a distance of 3,567.70 feet to the southeastern corner of that certain 3.06 acre parcel of land shown on that certain Record of Survey filed for record on April 21, 1953, in Book of Surveys Volume 9, parcel 103, San Joaquin County records, said point being the **Point of Beginning** for this description;

Thence, (176) From said Point of Beginning, along the southern line of said 3.06 acre parcel, N89°39'26"W, a distance of 339.38 feet;

Thence, (177) Along the western line of said 3.06 acre parcel, N17°00'34"E, a distance of 510.56 feet to a point on the southwestern line of Byron Road;

Thence, (178) Along said southwestern line of Byron Road, S51°15'35"E, a distance of 249.31 feet to a point on the eastern line of said 3.06 acre parcel;

Exhibit A
DESCRIPTION OF INCORPORATION LIMITS
OF THE CITY OF MOUNTAIN HOUSE
SAN JOAQUIN COUNTY, CALIFORNIA

Thence, (179) Along said eastern line, S00°45'42"W, a distance of 334.27 feet to
said **Point of Beginning**.

Containing a total of approximately 4,152.6 acres (grid) of land, more or less, calculated
to said south (left bank) of Old River, and Containing approximately 4, 143.1 acres (grid)
of land, more or less, calculated to said deed line and said traverse line.

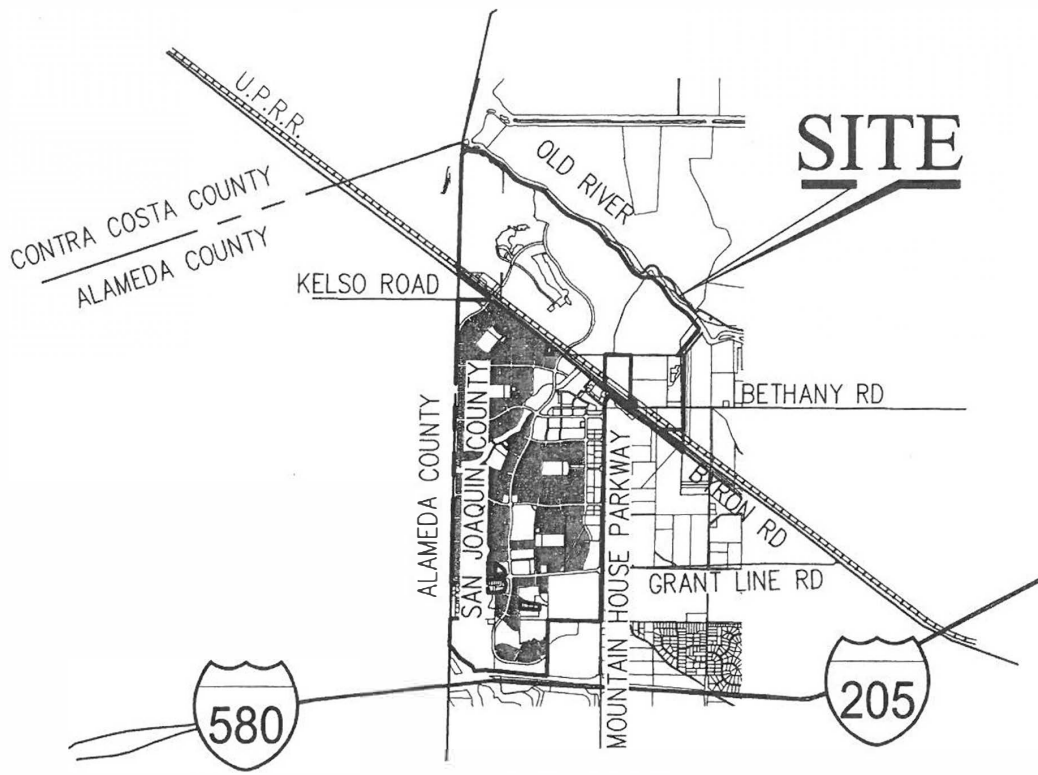
Courses are based on the California Coordinate System of 1983, Zone 3. Distances
shown are grid distances To obtain ground distances divide grid distances by the
combined scale factor of 0.99993260 calculated at the geodetic coordinates of control
point "mh1", as shown on that certain record of survey filed April 14, 2004, in book 35 of
surveys at page 129, San Joaquin county records

For assessment purposes only. This description of land is not a legal property
description as defined in the Subdivision Map Act and may not be used as the basis for
an offer of sale of the land described.

END OF DESCRIPTION

PRELIMINARY

Sabrina Kyle Pack, P.L.S
L.S No. 8164



VICINITY MAP
NOT TO SCALE

BEING A PORTION OF RANCHO EL PESCADERO; SECTIONS 32, 33 AND 34, T1S, R4E, MDM; AND SECTIONS 3, 4, 5, 8, 9, 10, 15, 16, 17, 20, 21, AND 22, T2S, R4E, MDM



DISCLAIMER:
FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED IN THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND DESCRIBED.

DATE: AUGUST 09, 2023

LAFCO
EXHIBIT B - PG-01 - VICINITY MAP
MOUNTAIN HOUSE INCORPORATION



SAN RAMON ▪ (925) 866-0322
ROSEVILLE ▪ (916) 788-4456
WWW.CBANDG.COM
CIVIL ENGINEERS ▪ SURVEYORS ▪ PLANNERS

**San Joaquin
Local Agency Formation Commission**
509 West Weber Avenue Stockton, CA 95203
209-468-3198 FAX 209-468-3199

JUSTIFICATION OF PROPOSAL

Please complete the following information to process an application under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000: (Indicate N/A if Not Applicable)

SHORT TITLE OF THE PROPOSAL: Mountain House Incorporation

TYPE OF PROPOSAL

- | | | |
|--|---|---|
| <input checked="" type="checkbox"/> City Incorporation | <input type="checkbox"/> Sphere of Influence Amendment | <input type="checkbox"/> District Formation |
| <input type="checkbox"/> Consolidation | <input type="checkbox"/> Sphere of Influence Update | <input type="checkbox"/> Annexation |
| <input type="checkbox"/> Detachment | <input type="checkbox"/> Addition of Services | <input type="checkbox"/> District Dissolution |
| | <input type="checkbox"/> Reorganization (involving an Annexation and Detachment(s)) | |

AGENCY CHANGES RESULTING FROM THIS PROPOSAL

Agency or Agencies gaining territory: Mountain House

Agency or Agencies losing territory: Tracy Rural Fire Protection District
San Joaquin Resource Conservation District

NOTIFICATION

Please indicate the names, addresses and telephone numbers of all Applicants, Applicant's Agents, and all affected Agencies who are to receive the hearing notice and the Executive Officer's Report:

<u>Name</u>	<u>Mailing Address</u>	<u>Telephone</u>
Steve Pinkerton, GM Mountain House CSD	251 East Main St., Mountain House CA 95391	(209) 831-2300
John Bakker, Interim Counsel	Meyers Nave 1999 Harrison St., 9 th Floor Oakland CA 95814	(510) 808-2000
Rochelle Henson, Planner MHCS	251 East Main St., Mountain House CA 95391	(209) 831-5648
County Administrator	44 N. San Joaquin St., Sixth Floor, Suite 640, Stockton, CA 95202	(209) 468-3203
Tracy Rural Fire Protection District	793 S. Tracy Blvd., #298 Tracy, CA 95376	(209) 834-7269
San Joaquin Resource Conservation District	7585 Longe St., Stockton, CA 95206	(209) 472-7127

(Attach a separate sheet if necessary.)

PROJECT INFORMATION

Please provide project-related information for the following questions:

- 1. Do the proposed boundaries create an island of non-agency territory? Yes No
- 2. Do the proposed boundaries split lines of assessment or ownership? Yes No
- 3. Does the proposal involve public rights-of-way or easements? Yes No
- 4. Does the proposal involve public land or land assessed by the State? Yes No
- 5. Does any part of the proposal involve land under a Williamson Act Contract or Farmland Security Zone? Yes No
- 6. Does any part of the proposal involve land with a Wildlife/Habitat Easement or Agricultural Land Conservation Easement? Yes No

7. List the affected Assessor Parcel Numbers, Owners of record and Parcel Sizes:

<u>APN</u>	<u>Owner</u>	<u>Acreage</u>
------------	--------------	----------------

See Attached

(Attach a separate sheet if necessary)

8. Physical Location of Proposal: Mountain House generally bound by Old River on the North, Great Valley Parkway to the West, Mountain House Parkway to the East and Interstate 205 to the South

(Street or Road, distance from and name of Cross Street, quadrant of City)

9. Has an application been filed for an underlying project (such as Development Plan, Conditional Use Permit, or Tentative Subdivision Map)? Yes No
 If Yes, please attach a Project Site Plan or Tentative Subdivision Map.
 If No, please provide an estimate of when development will occur: _____

10. List those public services or facilities which will be provided to the affected territory as a result of the proposed action:

All services to be provided Mountain House either by the newly incorporated City staff or by contract.

11. Indicate which of these services or facilities will require main line extensions or facility upgrades in order to serve the affected territory:

All services and facilities will comply with the existing Mountain House Master Plan and Specific Plans.

12. Provide any other justification that will assist the Commission in reviewing the merits of this request. (Attach a separate sheet if necessary) Please see attached



**BEFORE THE BOARD OF DIRECTORS
OF THE MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
RESOLUTION**

R-2022-16

**AN AMENDED RESOLUTION OF APPLICATION BY THE
MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
REQUESTING THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION
TO INITIATE PROCEEDINGS FOR THE
INCORPORATION OF THE CITY OF MOUNTAIN HOUSE**

BE IT RESOLVED by the Board of Directors of the Mountain House Community Services District that:

WHEREAS, the Mountain House Community Services District (“District”) was formed on May 20, 1996 pursuant to LAFC 21-1995, the Community Services District Law of 1955 (Gov. Code, § 61000, *et seq.*), and the Mountain House District Special Law (1994 Cal. Legis. Serv. Ch. 1201 (S.B. 1397)); and

WHEREAS, upon such formation, the District was authorized to provide water service, sewer service, garbage service, fire protection, public recreation, street lighting, library buildings and services, conversion of utilities to underground, police protection, road maintenance, transportation services, graffiti abatement, CC&Rs enforcement, flood control protection, pest and weed abatement, wildlife habitat mitigation, telecommunications services, and dissemination of information; and

WHEREAS, pursuant to Government Code Section 61029 and its statutory predecessors, the Board of Directors of the District was converted from the Board of Supervisors, County of San Joaquin, to a directly elected board of directors in 2008; and

WHEREAS, pursuant to Government Code Section 61105, the Community Services District Law of 2005 retained the District’s authority to provide certain services due to the unique circumstances of the Mountain House community, including the authority to enforce conditions, covenants, and restrictions pursuant to Government Code Section 61601.10 and the provision of facilities for television and telecommunications systems; and

WHEREAS, the District is located within the Byron-Bethany Irrigation District (“BBID”), and this resolution does not propose to change that or alter the boundaries of BBID in any way; and

WHEREAS, pursuant to the authorities described above and the matters stated herein, the Board of Directors of the Mountain House Community Services District (“District”) 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 a reorganization (the “Reorganization”) consisting of (a) an incorporation; (b) the divestiture of the District’s power to provide water service, sewer service, garbage service, fire protection, public recreation, street lighting, library buildings and services, convert utilities to underground, police protection, road maintenance, transportation services, graffiti abatement, flood control protection, pest and weed abatement, wildlife habitat mitigation, telecommunications services, and dissemination of information; and (c) the establishment of the District as a subsidiary district of the City of Mountain House; and

WHEREAS, notice of intent to adopt this resolution of application has not been given to each interested and each subject agency; and

WHEREAS, this proposal is made pursuant to Government Code Section 56654; and

WHEREAS, the reasons for the proposed Reorganization are as follows:

- To meet the District Strategic Plan Goals. Upon creation of the Mountain House Community Services District it was envisioned that the community would one day incorporate. The District was established with a governing body to manage services that would be provided by a future incorporated city, and current and prior state law anticipates this Reorganization;
- To expand local control and accountability over services provided to the community including land use and development services, economic development and animal control;
- To increase revenues and control of such revenues to improve local services for the residents of the community; and
- To promote and enhance citizen involvement in the local civic process of Mountain House and provide additional accountability through a locally elected city council; and

WHEREAS, the territory proposed to be Re-organized through the following actions is inhabited, and a description of the boundaries of the territory, along with a map showing such boundaries, is set forth in Exhibit “A”, attached hereto and incorporated herein. The territory proposed to be Re-organized consists of the territory that is within the current boundaries of the District, and it is proposed that Mountain House Master Plan boundary, which is the current Sphere of Influence of the District, shall become the Sphere of Influence of the City of Mountain House.

WHEREAS, this proposal is consistent with the Sphere of Influence of the affected district(s); and

WHEREAS, the District completed a comprehensive Incorporation Feasibility Analysis, attached hereto as Exhibit “B” and incorporated herein, discussing the viability of a new municipality including a services plan and costs, city boundary, form of government, revenue estimates, budget forecasts and fiscal feasibility and impacts to existing agencies; and

WHEREAS, it is desired to provide that the proposed Reorganization be subject to the following terms and conditions:

1. The effective date of the Reorganization shall be set by San Joaquin County Local Agency Formation Commission and shall be set as early in the fiscal year (beginning July 1) as possible.
2. The name of the proposed City shall be the City of Mountain House.
3. The offices of City Manager, City Clerk, and City Treasurer shall be appointive.
4. Unless altered pursuant to subdivision (b) of Elections Code section 1301, the City's general municipal election shall be held on the first Tuesday after the first Monday in November of each year.
5. The elected officials of the proposed city shall be a five (5) member city council and shall consist of a directly elected mayor and four (4) city council members, to be elected at large throughout the area to be incorporated.
6. Unless later altered in the manner required by law, the terms of office for the mayor and city councilmembers shall be four years (in accordance with Sections 34879 and 34900 of the Government Code) with the initial terms determined pursuant to Sections 57377 and 57379 of the Government Code.
7. The proposed City shall have a city council/city manager form of government pursuant to Government Code sections 34851–34906. The City Manager shall be appointed by the City Council and have the specific appointment and dismissal powers over subordinate appointive officers described in Government Code section 34586, including the City Clerk and City Treasurer. The City Council shall promptly adopt an ordinance defining the powers and duties of the City Manager, in accordance with Government Code section 34852.
8. Upon the effective date of the Reorganization, all real and personal property interests of the District shall transfer to the City of Mountain House, excepting those directly related to the enforcement of conditions, covenants, and restrictions.
9. Upon the effective date of the Reorganization, the City of Mountain House shall be the successor to all contractual rights and obligations of the District, excepting those directly related to the enforcement of conditions, covenants, and restrictions.
10. Upon the effective date of the Reorganization, the employees of the District shall become employees of the City of Mountain House and any existing employment contracts, civil service rights, seniority rights, retirement rights, and other employee benefits and rights of the District and/or its employees shall transfer to the City of Mountain House.
11. Upon the effective date of the Reorganization, any moneys or funds, including cash on hand and moneys due but uncollected, excepting such amount of reserves

determined necessary for the District to perform its retained services, and any other obligations of the District shall transfer to the City of Mountain House.

12. Upon the effective date of the Reorganization, the fixing and establishment of priorities of use, or right of use, of water, or capacity rights in any public improvements or facilities or any other property, real or personal, of the District shall transfer to the City of Mountain House, excepting those real and person property rights directly related to the enforcement of conditions, covenants, and restrictions.
13. Upon the effective date of the Reorganization, the City of Mountain House shall be the successor of the District for the purpose of succeeding to all of the rights, duties, and obligations of the District with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the District, excepting those contracts and obligations directly related to the enforcement of conditions, covenants, and restrictions.
14. The San Joaquin County Board of Supervisors shall continue to furnish, without additional charge to the area of incorporation, all services furnished to the area prior to incorporation. Such services shall be furnished for not less than the remainder of the fiscal year during which the incorporation becomes effective, or until the city council requests discontinuance of a service or services, whichever shall occur first, in accordance with Government Code Section 57384. Prior to the Commission adopting a resolution making determinations, the Board of Supervisors may request that the City reimburse the County for the net cost of services provided, in accordance with Government Code Section 57384, subdivision (b).
15. Notwithstanding the foregoing, the City of Mountain House shall be entitled to provide any service provided by the District or that has been authorized to be provided by official act of the District, and the City of Mountain House shall have all of the rights and authorities granted to the District by state law, including, but not limited to, Public Utilities Code Sections 9610 and 132655, excepting those services, rights and authorities directly related to the enforcement of conditions, covenants, and restrictions.
16. The amount of property tax revenue to be exchanged by each local agency affected by the reorganization shall be determined by the San Joaquin County Local Agency Formation Commission in accordance with California Government Code Section 56842.
17. The City of Mountain House shall be authorized, but not required, to continue levying any previously authorized charge, fee, assessment or general or special tax levied within the subject territory by the District, specifically including the Community Facilities Fees (Mountain House Community Services District Code of Ordinances [the "District Code"] §§ MH-3-1100-1111); Transportation Improvement Fee (District Code, §§ MH-3-1200-1211); Water, Wastewater, and Storm Drainage Charges (District Code, §§ MH-3-1300-1310); Annexation Fees (District Code MH-3-1400–MH-3-1409); and Transportation, Operations and Administration [Special]

Tax (District Code MH-3-4000-4004), excepting those fees and charges directly related to the enforcement of conditions, covenants, and restrictions. This term and condition is not intended to and does not prevent the Mountain House City Council from repealing or amending the sections of the District Code referenced herein.

18. The City of Mountain House shall have the authority to administer special tax and special assessment districts, including, but not limited to, the levying and collecting of special taxes and special assessments, including the determination of the annual special tax rate within authorized limits; the management of redemption, reserve, special reserve, and construction funds; the issuance of bonds which are authorized but not yet issued at the time of the transfer, including not yet issued portions or phases of bonds which are authorized; supervision of construction paid for with bond or special tax or assessment proceeds; administration of agreements to acquire public facilities and reimburse advances made to the district; and all other rights and responsibilities with respect to the levies, bonds, funds, and use of proceeds that would have applied to the local agency that created the special tax or special assessment district. This authority shall include such authority to administer the existing Landscape and Lighting Districts within the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Mountain House Community Services District that:

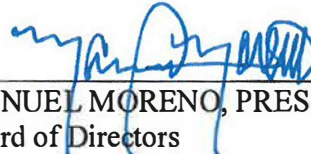
1. This Resolution of Application is hereby approved and adopted.
2. The Local Agency Formation Commission of San Joaquin County is hereby requested to take proceedings for the proposed change(s) of organization that include the territory as described in Exhibit "A," according to the terms and conditions stated above and in the manner provided by the Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000.
3. The General Manager is hereby authorized to take such actions necessary and convenient to deliver this Resolution to the Local Agency Formation Commission of San Joaquin County and to effect the purposes of this Resolution.

PASSED AND ADOPTED this 11th day of May, 2022, by the following vote of the Board of Directors of the Mountain House Community Services District, to wit:

AYES: DHILLON, LUCID, MORENO, TINGLE

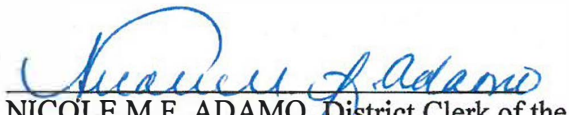
NOES:

ABSENT: SU



MANUEL MORENO, PRESIDENT
Board of Directors
Mountain House Community Services District
County of San Joaquin, State of California

ATTEST:



NICOLE M.F. ADAMO, District Clerk of the
Board of Directors of the Mountain House
Community Services District

Exhibit A – Proposed Boundary Map
Exhibit B – Feasibility Analysis



Exhibit A

Boundary Map

Exhibit B

Incorporation Feasibility Analysis completed by Berkson Associates, October 2, 2020

FINAL
INITIAL STUDY AND NEGATIVE DECLARATION

FOR THE

MOUNTAIN HOUSE INCORPORATION

JULY 2023

Prepared for:

San Joaquin County LAFCo
344 North San Joaquin Street, Suite 374
Stockton, CA 95202
(209) 468-3198

Prepared by:

De Novo Planning Group
1020 Suncast Lane, Suite 106
El Dorado Hills, CA 95762
(916) 580-9818

D e N o v o P l a n n i n g G r o u p

A Land Use Planning, Design, and Environmental Firm



FINAL
INITIAL STUDY AND NEGATIVE DECLARATION
FOR THE
MOUNTAIN HOUSE INCORPORATION

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Prepared for:

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1020 Suncast Lane, Suite 106
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(916) 580-9818

Proposed Negative Declaration for the Mountain House Incorporation Project

Lead Agency:

San Joaquin County LAFCo
344 North San Joaquin Street, Suite 374
Stockton, CA 95202

Project Title: Mountain House Incorporation Project

Project Location: The proposed Project area is located along the Alameda County-San Joaquin County border, near the foothills of the Diablo range and north of Interstate 205 (I-205) in the southwestern portion of San Joaquin County, California. The City of Tracy located to the southeast, across I-205, and the City of Livermore is located approximately eight miles to the southwest.

The existing landform consists of gently northeast-sloping terrain. Topographic features are limited to areas along Mountain House Creek, and the levee bordering Old River. The Union Pacific Railroad Mococo Subdivision crosses the northern portion of the site and two minor creeks traverse the site, the larger of the two being Mountain House Creek. Major highway access is available from Interstate 580 (I-580) and I-205. Local road access is available via Grant Line Road, Mountain House Parkway, and Byron Road, all of which connect to I-205 and other points.

For purposes of this Initial Study, the Project area is comprised of two Study Areas. Study Area 1 consists of approximately 6.47 square miles (8,062 parcels) and is generally bound by I-205 to the south, Old River to the north, and the Alameda County line to the east. Along the eastern edge is Mountain House Parkway and the Wicklund Cut, an irrigation inlet off Old River.

Study Area 2 consists of approximately 6.70 square miles (8,137 parcels), including all of the land comprising Study Area 1, as well as an additional 0.23 square miles (75 additional parcels) of land that is located within the existing Master Plan, but not included as part of the proposed Mountain House Incorporation Boundary, as described further below.

The Project area is generally developed with a mix of residential, parks and schools, and some commercial and industrial uses, consistent with the Land Use Plan contained within the Master Plan and subsequent Specific Plans. Undeveloped areas are primarily located within the northernmost and southernmost portions of the Project area.

Project Description: The San Joaquin County Local Agency Formation Commission (LAFCo) has received an application from the MHCSO to incorporate the existing district boundary (Study Area 1). As discussed, this existing boundary comprises a smaller area than the Master Plan area and MHCSO SOI, which represent the community's potential boundaries at buildout. LAFCo is evaluating two proposals: one filed by MHCSO (Study Area 1: Proposed Mountain House Incorporation Boundary); and one developed by LAFCo as an alternative to the proposal (Study Area 2: Mountain House Incorporation Alternative Boundary). LAFCo proposes an alternative boundary to eliminate islands of unincorporated County land that would occur with incorporation of the existing MHCSO boundary (Study Area 1), as proposed.

The project analyzed in this Initial Study involves the incorporation of Mountain House and the creation of a subsidiary district in order to enforce Declaration of Covenants, Conditions and Restrictions (CC&Rs) for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The existing MHCSO would divest all of its current powers except enforcement of CC&Rs and become a subsidiary district with the new City Council as its Board of Directors. The Project includes a change in organization; no modifications to the San Joaquin County 2035 General Plan (2035 General Plan) Land Use Map, the land use designations, or intensities/densities identified within the General Plan 2035 Land Use Element are not proposed under either Study Area 1 or Study Area 2.

Mountain House is also proposing the creation of a subsidiary district in order to enforce CC&Rs. This is an existing power of the CSD, but cannot be enforced by cities. The existing CSD would divest all of its current powers except enforcement of CC&Rs and become a subsidiary district with the new City Council as its Board of Directors.

Findings:

In accordance with the California Environmental Quality Act, the San Joaquin County Local Agency Formation Commission has prepared an Initial Study to determine whether the proposed project may have a significant adverse effect on the environment. The Initial Study reflect the independent judgment of San Joaquin County Local

Agency Formation Commission staff. On the basis of the Initial Study, the San Joaquin County Local Agency Formation Commission hereby finds:

The proposed project could not have a significant adverse effect on the environment. The San Joaquin County Local Agency Formation Commission (LAFCo) intends to adopt a Negative Declaration, while also finding that, in light of CEQA Guidelines section 15061 (Review of Exemption), the proposed Project meets the "common sense rule" exemption in that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (CEQA Guidelines section 15061 (b)(3)). For these reasons, the project qualifies as exempt from CEQA and LAFCo intends to adopt a Notice of Exemption concurrently with the adoption of the Negative Declaration.

The Initial Study, which provides the basis and reasons for this determination, is attached and/or referenced herein and is hereby made a part of this document.

Signature _____ Date _____

TABLE OF CONTENTS

Initial Study Checklist 3

 Project Title 3

 Lead Agency Name and Address 3

 Contact Person and Phone Number 3

 Background 3

 Project Location and Setting 5

 Project Description 6

 Requested Entitlements and Other Approvals 6

Environmental Factors Potentially Affected 15

Determination 15

Evaluation Instructions 16

Evaluation of Environmental Impacts 17

Environmental Checklist..... 18

 I. AESTHETICS..... 18

 II. AGRICULTURE AND FORESTRY RESOURCES..... 20

 III. AIR QUALITY 21

 IV. BIOLOGICAL RESOURCES 22

 V. CULTURAL RESOURCES 24

 VI. ENERGY 25

 VII. GEOLOGY AND SOILS 26

 VIII. GREENHOUSE GAS EMISSIONS..... 28

 IX. HAZARDS AND HAZARDOUS MATERIALS 30

 X. HYDROLOGY AND WATER QUALITY 32

 XI. LAND USE AND PLANNING 34

 XII. MINERAL RESOURCES..... 36

 XIII. NOISE 37

 XIV. POPULATION AND HOUSING..... 38

 XV. PUBLIC SERVICES 39

 XVI. RECREATION..... 41

 XVII. TRANSPORTATION 42

 XVIII. TRIBAL CULTURAL RESOURCES..... 43

XIX. UTILITIES AND SERVICE SYSTEMS 44
XX. WILDFIRE 47
XXI. MANDATORY FINDINGS OF SIGNIFICANCE 48
References 49

LIST OF FIGURES

Figure 1: Regional Location 7
Figure 2: Study Area 1 – Proposed Mountain House Incorporation Boundary. 9
Figure 3: Study Area 2 – Mountain House Incorporation Alternative Boundary 11
Figure 4: Mountain House Master Plan Land Uses 13

INITIAL STUDY CHECKLIST

PROJECT TITLE

Mountain House Incorporation

LEAD AGENCY NAME AND ADDRESS

San Joaquin County LAFCo
344 North San Joaquin Street, Suite 374
Stockton, CA 95202
(209) 468-3198

CONTACT PERSON AND PHONE NUMBER

Jim Glaser, Executive Director
344 North San Joaquin Street, Suite 374
Stockton, CA 95202
(209) 468-3198

BACKGROUND

Mountain House is a master-planned development located in San Joaquin County (County) along the Alameda County-San Joaquin County border, approximately three miles northwest of the City of Tracy. Envisioned as a self-sufficient community offering employment, goods, services, and recreation, Mountain House was proposed to accommodate a portion of the growth projected by the County's General Plan in an orderly, well-organized development pattern.

In 1990, the San Joaquin County Community Development Department initiated review of the Mountain House General Plan Amendment. The General Plan Amendment would add a new community of Mountain House to the San Joaquin County General Plan 1995 (General Plan 1995). The Mountain House project was analyzed in an EIR pertaining to an Amendment to the General Plan 1995. The General Plan 1995 Amendment Final EIR (FEIR) was certified in March 1992; however, the Board of Supervisors voted not to grant the Amendment to the General Plan 1995.

The Mountain House new community was also evaluated as one of five new or expanded communities that were proposed for inclusion in the San Joaquin County General Plan 2010 (General Plan 2010). The San Joaquin County Comprehensive Planning Program FEIR analyzed the impacts of new growth proposed in the updated General Plan 2010, including the Mountain House community. In July 1992, the County Board of Supervisors certified the FEIR, but voted not to include the Mountain House project in the General Plan 2010.

A General Plan 2010 Amendment application was subsequently submitted. A Supplemental Environmental Impact Report (SEIR) was prepared to review the revised application requesting amendment to the General Plan 2010. On February 25, 1993 the County Board of Supervisors certified the SEIR and approved the Mountain House General Plan 2010 Amendment. Policies in the General Plan 2010 required a proposed new community to submit a comprehensive Master Plan for the project, as well as a Public Financing Plan, followed by one or more Specific Plans. Only after the adoption of these three subsequent plans could a new community project apply to the County for development permits (e.g., subdivision maps and use permits).

Subsequent to the approved Mountain House General Plan 2010 Amendment, a Draft Master Plan (Master Plan) for the Mountain House project, as well as the first Draft Specific Plan (Specific Plan I) were prepared. A FEIR for the Mountain House Master Plan and Specific Plan I (SCH

#90020776) was also prepared to evaluate applications associated with the following:

- Draft Master Plan for the 4,784-acre project site;
- Draft Specific Plan I for development of three subareas on the site, totaling 1,345 acres. The three subareas include Central Mountain House (primarily residential); Mountain House Business Park in the southeastern portion of the site (primarily business park offices and freeway commercial); and Old River Industrial Park in the eastern portion of the site, north of Byron Road (primarily industrial and public land uses);
- Amendment to the General Plan 2010 land use map. Significant changes included the elimination of a previously approved 500-foot open space buffer zone along the western site boundary and the inclusion of Grant Line Village into the project site;
- Reclassification of the project site from AG-40 to AU-20, and specific zoning for the Specific Plan I subareas;
- Various General Plan 2010 text amendments; and
- Draft Development Agreement (limited to consistency with other plans).

The Mountain House Master Plan and Specific Plan I FEIR was certified and the Mountain House Master Plan and Specific Plan I were adopted by the Board of Supervisors on November 10, 1994.

The Master Plan intends to provide approximately 15,700 units of housing and services for approximately 44,000 people at buildout forecast for 2040. The Land Use Plan contained within the Master Plan serves to establish the generalized location and categories of land use for the entire Mountain House community. The Land Use Plan identifies the most prevalent land uses in Mountain House as Residential, consisting of approximately 2,486.2 gross acres, or 58 percent of the Planning Area; Open Space and Parks consisting of approximately 524.4 gross acres, or 12 percent of the Planning Area; Commercial consisting of approximately 443.1 gross acres, or 10 percent of the Planning Area; Public (including schools) consisting of approximately 422.9 gross acres, or 10 percent of the Planning Area; Industrial consisting of approximately 382.1 gross acres, or nine percent of the Planning Area; and Mixed-Use consisting of approximately 58.2 gross acres, or one percent of the Planning Area. The Master Plan also contains goals and policies to guide community form and design, and the provision of community facilities and urban services. Additional design regulations and requirements are found in the County Development Title, the Mountain House Community Services District (MHCS D) Design Manual, and Design Guidelines for the community.

Specific Plan I (SP I) is the first of three phased Specific Plans and covers the first stage of development within Mountain House. It addresses 1,348 acres of the overall community, including three of the 12 neighborhoods planned for Mountain House and a complementary balance of commercial, industrial and public uses. The Specific Plan Area consists of three subareas: Central Mountain House, a 1,040-acre subarea located centrally within the Mountain House community; Mountain House Business Park, a 143.5-acre subarea located at the Mountain House Parkway freeway interchange in the southeast corner of the Mountain House community; and Old River Industrial Park, a 164.5-acre subarea located in the northeastern portion of the Mountain House community, between the Old River and Byron Road. Other improvements outside these three subareas consist of a water treatment plant located north of Byron Road, raw water pumping and conveyance, and other infrastructure improvements.

The MHCS D became a "Special District", of the State of California, on April 16, 1996, pursuant to Division 3 of Title 6 of the Government Code. The MHCS D was created by the County of San

Joaquin to provide services within the boundaries of the Master Planned Mountain House Community. Presently, the MHCS D boundary encompasses 3,471 acres, or about 72.6 percent of the 4,784-acre (approximately 7.5 square mile) Master Plan area. The MHCS D Sphere of Influence (SOI) boundaries are the same as the Master Plan boundaries and represent ultimate buildout of the District. In December 2008, MHCS D elected and seated its first 5-member Board of Directors.

Specific Plan II (SP II) was adopted February 8, 2005. SP II fully implements the Master Plan for the SP II Planning Area, which encompasses approximately 2,300 acres and includes seven of the 12 Mountain House neighborhoods, the Town Center, commercial areas, and associated parks, schools, open space and infrastructure. SP II establishes the location and acreages of land uses within the SP II Area and provides zoning classifications in accordance with the County General Plan, the Master Plan and the County Development Title. An Initial Study (SCH #1990020776) was prepared by the County, which determined the 1994 FEIR prepared for the Master Plan remains valid and the project is within the scope of the 1994 FEIR.

Specific Plan III, the third of three Specific Plans that implement the Master Plan, was adopted November 22, 2005. SP III fully implements the Master Plan for the SP III Planning Area, which consists of approximately 816 acres in the southeastern region of the Master Plan area (also known as College Park). In addition to implementing the Master Plan goals and objectives, SP III establishes the framework for land use and development standards that govern the community build-out of the neighborhoods within its planning area. SP III also added a major new land use objective to the Master Plan to accommodate a satellite campus within the community for Delta Community College. SP III also identifies the public infrastructure and services needed to support development in the planning area. It defines the permitted uses, development density, building setbacks, building heights, and other development standards to be utilized for projects in the planning area. A FEIR for the SP III (SCH #2003102074) was prepared to evaluate impacts related to implementation of the Specific Plan, including associated amendments to the Mountain House Master Plan, development of a community college, Tentative Maps, and other proposed entitlements.

In 2015, MHCS D began investigating the feasibility of incorporating as a city to expand its control over local services and to increase revenues to improve services. Incorporation of Mountain House and the creation of a subsidiary district in order to enforce Declaration of Covenants, Conditions and Restrictions (CC&Rs) is the subject of this Initial Study, as described below.

PROJECT LOCATION AND SETTING

The proposed Project area is located along the Alameda County-San Joaquin County border, near the foothills of the Diablo range and north of Interstate 205 (I-205) in the southwestern portion of San Joaquin County, California; refer to [Figure 1, Regional Vicinity](#). The City of Tracy located to the southeast, across I-205, and the City of Livermore is located approximately eight miles to the southwest.

The existing landform consists of gently northeast-sloping terrain. Topographic features are limited to areas along Mountain House Creek, and the levee bordering Old River. The Union Pacific Railroad Mococo Subdivision crosses the northern portion of the site and two minor creeks traverse the site, the larger of the two being Mountain House Creek. Major highway access is available from Interstate 580 (I-580) and I-205. Local road access is available via Grant Line Road, Mountain House Parkway, and Byron Road, all of which connect to I-205 and other points.

For purposes of this Initial Study, the Project area is comprised of two Study Areas. Study Area 1 consists of approximately 6.47 square miles (8,062 parcels) and is generally bound by I-205 to

the south, Old River to the north, and the Alameda County line to the east. Along the eastern edge is Mountain House Parkway and the Wicklund Cut, an irrigation inlet off Old River; refer to [Figure 2, *Study Area 1 – Proposed Mountain House Incorporation Boundary*](#).

Study Area 2 consists of approximately 6.70 square miles (8,137 parcels), including all of the land comprising Study Area 1, as well as an additional 0.23 square miles (75 additional parcels) of land that is located within the existing Master Plan, but not included as part of the proposed Mountain House Incorporation Boundary, as described further below. Refer to [Figure 3, *Study Area 2 – Mountain House Incorporation Alternative Boundary*](#).

The Project area is generally developed with a mix of residential, parks and schools, and some commercial and industrial uses, consistent with the Land Use Plan contained within the Master Plan and subsequent Specific Plans. Undeveloped areas are primarily located within the northernmost and southernmost portions of the Project area.

PROJECT DESCRIPTION

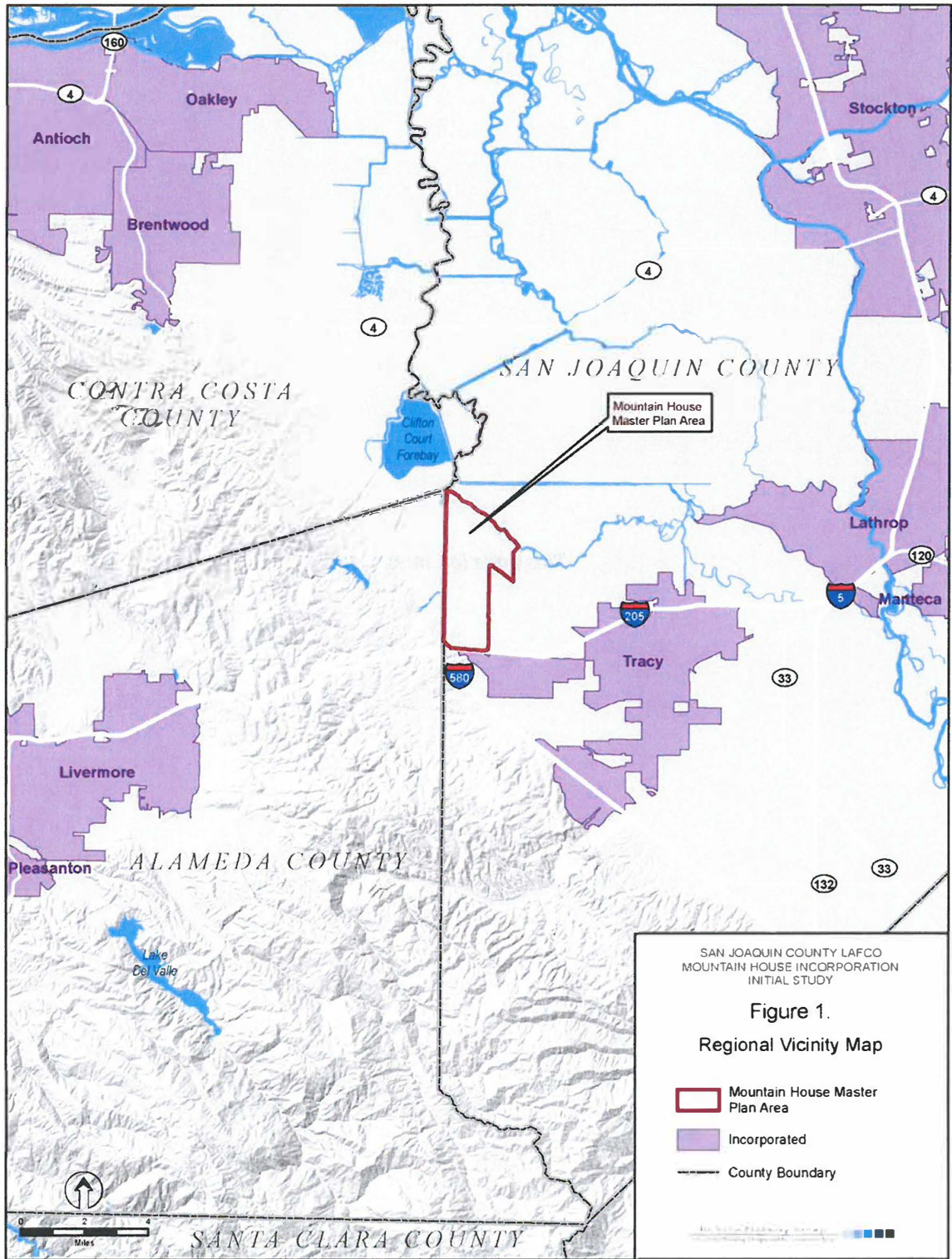
The San Joaquin County Local Agency Formation Commission (LAFCo) has received an application from the MHCSO to incorporate the existing district boundary (Study Area 1). As discussed, this existing boundary comprises a smaller area than the Master Plan area and MHCSO SOI, which represent the community's potential boundaries at buildout. LAFCo is evaluating two proposals: one filed by MHCSO (Study Area 1: Proposed Mountain House Incorporation Boundary); and one developed by LAFCo as an alternative to the proposal (Study Area 2: Mountain House Incorporation Alternative Boundary). LAFCo proposes an alternative boundary to eliminate islands of unincorporated County land that would occur with incorporation of the existing MHCSO boundary (Study Area 1), as proposed.

The project analyzed in this Initial Study involves the incorporation of Mountain House and the creation of a subsidiary district in order to enforce Declaration of Covenants, Conditions and Restrictions (CC&Rs) for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The existing MHCSO would divest all of its current powers except enforcement of CC&Rs and become a subsidiary district with the new City Council as its Board of Directors. The Project includes a change in organization; no modifications to the San Joaquin County 2035 General Plan (2035 General Plan) Land Use Map, the land use designations, or intensities/densities identified within the General Plan 2035 Land Use Element are not proposed under either Study Area 1 or Study Area 2; refer to [Figure 4, *Mountain House Master Plan Land Uses*](#).

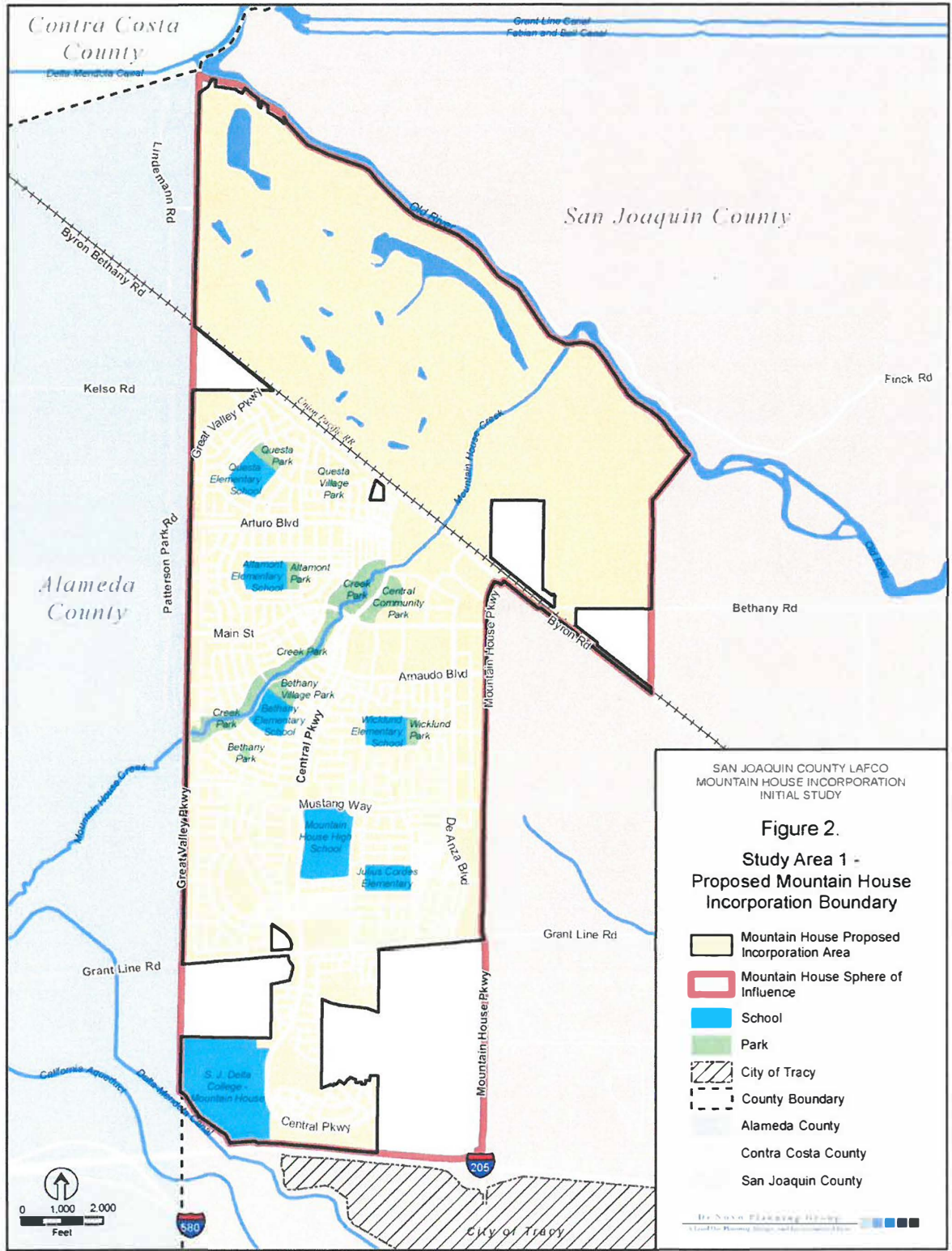
Mountain House is also proposing the creation of a subsidiary district in order to enforce CC&Rs. This is an existing power of the CSD, but cannot be enforced by cities. The existing CSD would divest all of its current powers except enforcement of CC&Rs and become a subsidiary district with the new City Council as its Board of Directors.

REQUESTED ENTITLEMENTS AND OTHER APPROVALS

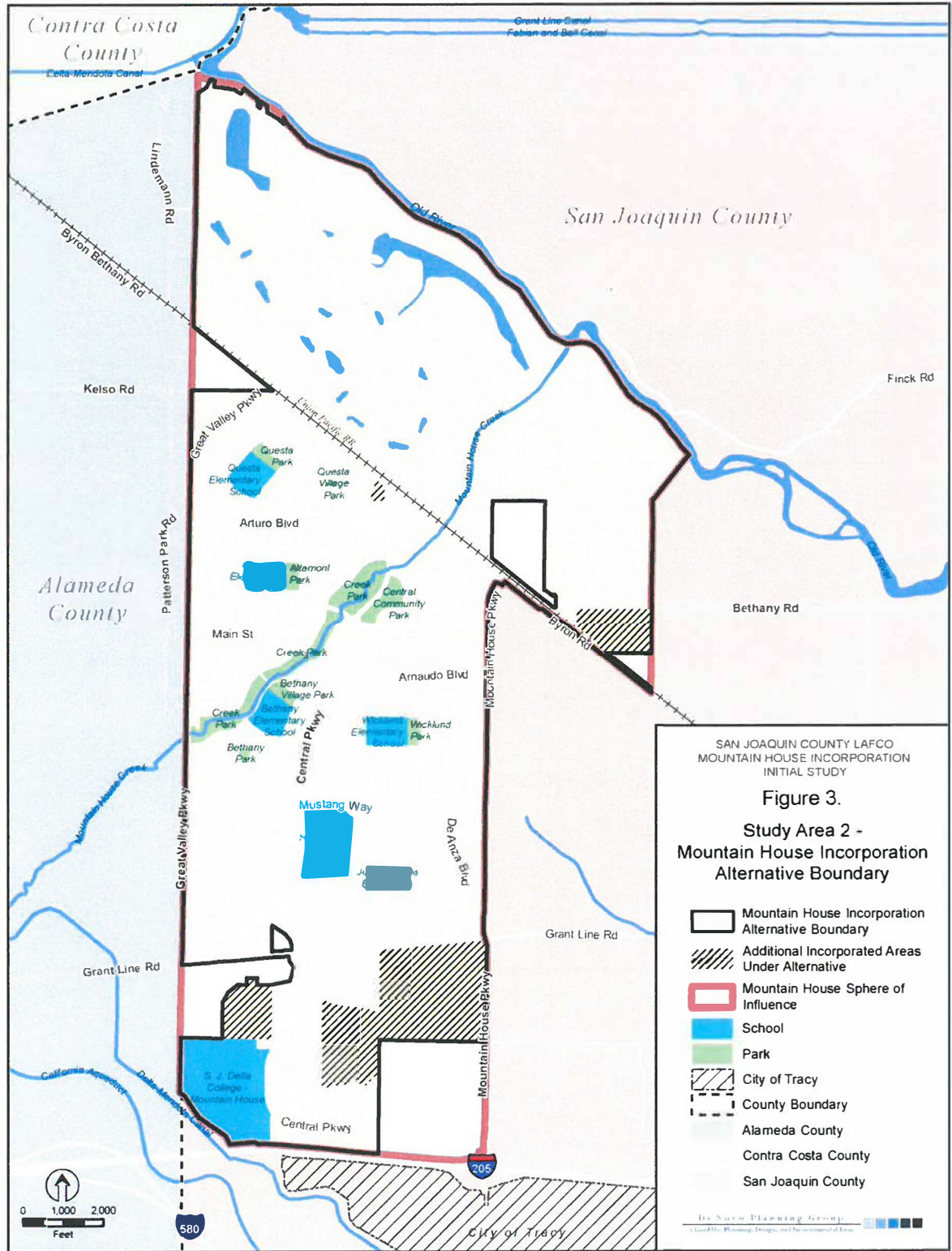
California has established a Local Agency Formation Commission (LAFCo) for every county. LAFCos have numerous powers, but those of primary concern are the power to act on local agency or district boundary changes and to adopt spheres of influence (SOI). LAFCos are required to review and ultimately approve or disapprove proposals for changes of organization and reorganization consistent with written policies, procedures and guidelines adopted by the Commission (Section 56375). Accordingly, the San Joaquin LAFCo is the Lead Agency for the proposed project, pursuant to the State Guidelines for Implementation of CEQA, Section 15050.



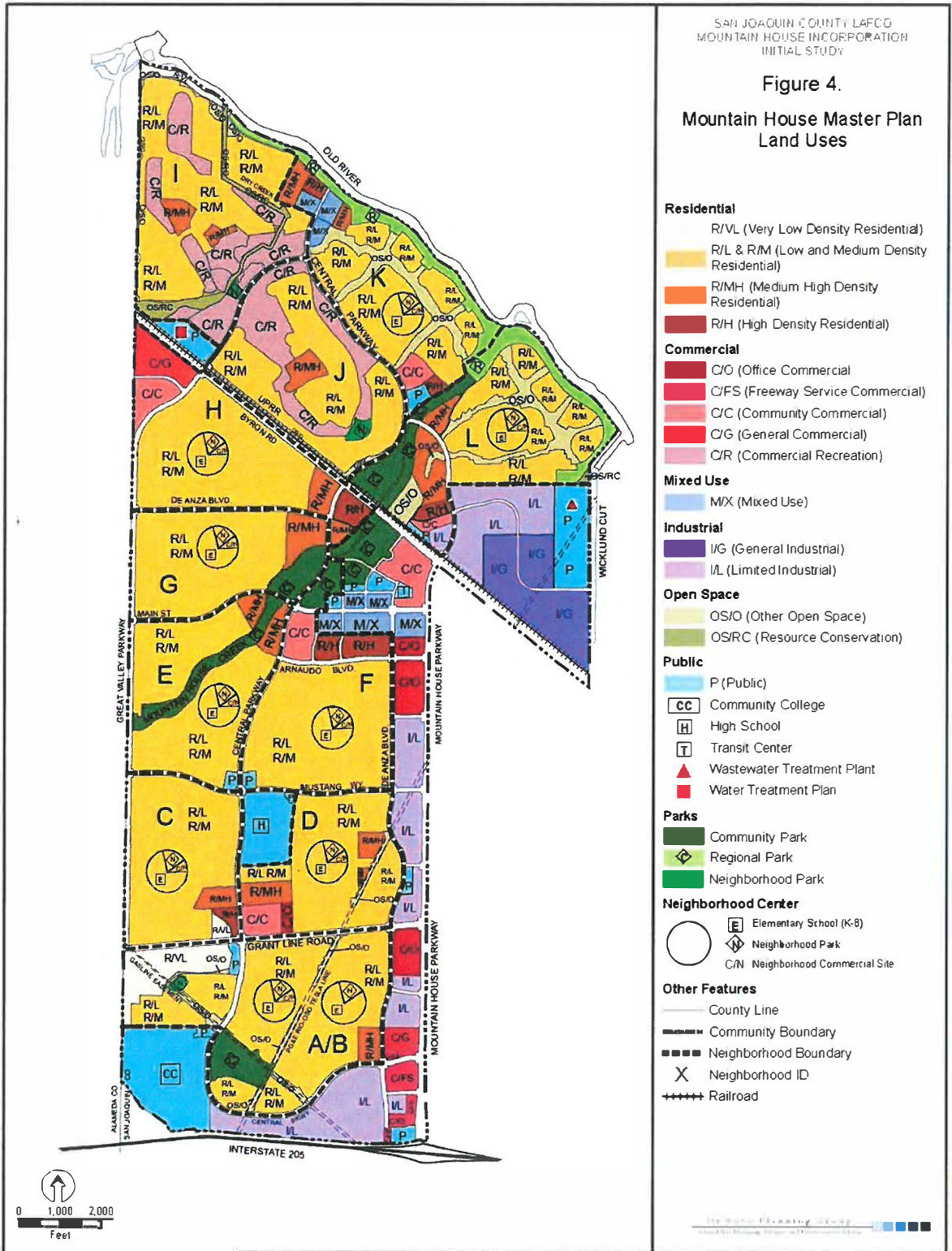
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ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED

None of the environmental factors listed below would have potentially significant impacts as a result of development of this project, as described on the following pages.

	Aesthetics		Agriculture and Forestry Resources		Air Quality
	Biological Resources		Cultural Resources		Energy
	Geology and Soils		Greenhouse Gasses		Hazards and Hazardous Materials
	Hydrology and Water Quality		Land Use and Planning		Mineral Resources
	Noise		Population and Housing		Public Services
	Recreation		Transportation		Tribal Cultural Resources
	Utilities and Service Systems		Wildfire		Mandatory Findings of Significance

DETERMINATION

On the basis of this initial evaluation:

X	I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
	I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
	I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
	I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
	I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Signature

Date

EVALUATION INSTRUCTIONS

- 1) A brief explanation is required for all answers except "No Impact" answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A "No Impact" answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A "No Impact" answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
- 2) All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
- 3) Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. "Potentially Significant Impact" is appropriate if there is substantial evidence that an effect may be significant. If there are one or more "Potentially Significant Impact" entries when the determination is made, an EIR is required.
- 4) "Negative Declaration: Less Than Significant With Mitigation Incorporated" applies where the incorporation of mitigation measures has reduced an effect from "Potentially Significant Impact" to a "Less Than Significant Impact." The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures from Section XVII, "Earlier Analyses," may be cross-referenced).
- 5) Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration. Section 15063(c)(3)(D). In this case, a brief discussion should identify the following:
 - a) Earlier Analysis Used. Identify and state where they are available for review.
 - b) Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
 - c) Mitigation Measures. For effects that are "Less than Significant with Mitigation Measures Incorporated," describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.
- 6) Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
- 7) Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.
- 8) This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project's environmental effects in whatever format is selected.
- 9) The explanation of each issue should identify:
 - a) The significance criteria or threshold, if any, used to evaluate each question; and
 - b) The mitigation measure identified, if any, to reduce the impact to less than significant.

EVALUATION OF ENVIRONMENTAL IMPACTS

In each area of potential impact listed in this section, there are one or more questions which assess the degree of potential environmental effect. A response is provided to each question using one of the four impact evaluation criteria described below. A discussion of the response is also included.

- **Potentially Significant Impact.** This response is appropriate when there is substantial evidence that an effect is significant. If there are one or more "Potentially Significant Impact" entries, upon completion of the Initial Study, an EIR is required.
- **Less than Significant With Mitigation Incorporated.** This response applies when the incorporation of mitigation measures has reduced an effect from "Potentially Significant Impact" to a "Less Than Significant Impact". The Lead Agency must describe the mitigation measures and briefly explain how they reduce the effect to a less than significant level.
- **Less than Significant Impact.** A less than significant impact is one which is deemed to have little or no adverse effect on the environment. Mitigation measures are, therefore, not necessary, although they may be recommended to further reduce a minor impact.
- **No Impact.** These issues were either identified as having no impact on the environment, or they are not relevant to the project.

ENVIRONMENTAL CHECKLIST

This section of the Initial Study incorporates the most current Appendix "G" Environmental Checklist Form contained in the CEQA Guidelines. Impact questions and responses are included in both tabular and narrative formats for each of the environmental topic areas.

I. AESTHETICS

<i>Would the project:</i>	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
a) Have a substantial adverse effect on a scenic vista?				X
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?				X
c) In non-urbanized areas, substantially degrade the existing visual character or quality of public views of the site and its surroundings? (Public views are those that are experienced from publicly accessible vantage point). If the project is in an urbanized area, would the project conflict with applicable zoning and other regulations governing scenic quality?				X
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?				X

Responses to Checklist Questions

Responses a), b), c), d):

The Project area is located along the Alameda County-San Joaquin County border, near the foothills of the Diablo range and north of I-205 in the southwestern portion of San Joaquin County. The existing landform consists of gently northeast-sloping terrain, with topographic features limited to areas along Mountain House Creek, and the levee bordering Old River. There are no State scenic highways within the Project area; however, a portion of I-580 between I-205 and I-5, located approximately 0.5 miles southwest of the Project area, is officially designated as a scenic highway by the California Department of Transportation (Caltrans) (California Department of Transportation, 2022).

The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to aesthetic resources.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to aesthetics. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. Therefore, no aesthetic-related impacts would occur as a result of the proposed Project.

II. AGRICULTURE AND FORESTRY RESOURCES

<i>Would the project:</i>	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?				X
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?				X
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 1222(g)) or timberland (as defined in Public Resources Code section 4526)?				X
d) Result in the loss of forest land or conversion of forest land to non-forest use?				X
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?				X

Responses to Checklist Questions

Responses a), b), c), d), e): The Project area is generally developed with a mix of residential, parks and schools, and some commercial and industrial uses. Undeveloped areas are primarily located within the northernmost and southernmost portions of the Project area. The Project area is not designated as Prime Farmland, Unique Farmland, or Farmland of Statewide Importance, as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency (California Department of Conservation, 2022a). The 2035 General Plan does not designate any land within the Project area agricultural use and there is no land within the Project area under a Williamson Act contract (Conservation Biology Institute, 2022). There are no timber resources or forest land within the Project area.

The proposed Project does not involve site-specific development; the Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. As the Project area does not contain any agriculture or forestry resources or any lands zoned for agriculture or forestry, no impacts would occur in this regard.

III. AIR QUALITY

<i>Would the project:</i>	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
a) Conflict with or obstruct implementation of the applicable air quality plan?				X
b) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard?				X
c) Expose sensitive receptors to substantial pollutant concentrations?				X
d) Result in other emissions (such as those leading to odors) adversely affecting a substantial number of people?				X

Responses to Checklist Questions

Responses a), b), c), d): The Project area is located within the San Joaquin Valley Air Basin (SJVAB), which is within the jurisdictional boundary of the San Joaquin Valley Air Pollution Control District (SJVAPCD). This agency is responsible for monitoring air pollution levels and ensuring compliance with federal and State air quality regulations within the SJVAB and has jurisdiction over most air quality matters within its borders.

The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impacts related to air quality.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to air quality. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. Therefore, no air quality-related impacts would occur as a result of the proposed Project.

IV. BIOLOGICAL RESOURCES

<i>Would the project:</i>	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				X
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or US Fish and Wildlife Service?				X
c) Have a substantial adverse effect on state or federally protected wetlands (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?				X
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?				X
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?				X
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?				X

Responses to Checklist Questions

Response a), b), c), d), e), f): The Project area is generally developed, with undeveloped areas primarily located within the northernmost and southernmost portions of the Project area. Mountain House Creek runs through the Project area and Old River forms the northern boundary. The Project area is located within the boundaries of the San Joaquin County Multi-Species Habitat Conservation and Open Space Plan (SJMSCP).

The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to biological resources.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the

remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to biological resources, including the SJMSCP. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. Therefore, no impacts to biological resources would occur as a result of the proposed Project.

V. CULTURAL RESOURCES

<i>Would the project:</i>	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
a) Cause a substantial adverse change in the significance of a historical resource pursuant to Section 15064.5?				X
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to Section 15064.5?				X
c) Disturb any human remains, including those interred outside of formal cemeteries?				X

Responses to Checklist Questions

Responses a), b), c): According to CEQA Guidelines Section 15064.5, a historical resource is a resource listed in, or determined to be eligible for listing in, the California Register of Historical Resources (CRHR); a resource included in a local register of historical resources; or any object, building, structure, site, area, place, record, or manuscript that a lead agency determines to be historically significant. A resource is considered historically significant if it meets at least one of the following criteria:

- Associated with events that have made a significant contribution to the broad patterns of local or regional history or the cultural heritage of California or the United States;
- Associated with the lives of persons important to local, California or national history;
- Embodies the distinctive characteristics of a type, period, region or method of construction or represents the work of a master or possesses high artistic values; or
- Has yielded, or has the potential to yield, information important to the prehistory or history of the local area, California or the nation.

Archaeological resources are the physical remains of past human activities and can be either prehistoric or historic in origin.

The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to cultural resources

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to cultural resources. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. Therefore, no impacts to cultural resources would occur as a result of the proposed Project.

VI. ENERGY

<i>Would the project:</i>	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
a) Result in potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation?				X
b) Conflict with or obstruct a state or local plan for renewable energy or energy efficiency?				X

Responses to Checklist Questions

Response a), b): Appendix F of the State CEQA Guidelines requires consideration of the potentially significant energy implications of a project. CEQA requires mitigation measures to reduce “wasteful, inefficient and unnecessary” energy usage (Public Resources Code Section 21100, subdivision [b][3]). According to Appendix F of the CEQA Guidelines, the means to achieve the goal of conserving energy include decreasing overall energy consumption, decreasing reliance on natural gas and oil, and increasing reliance on renewable energy sources. In particular, the proposed Project would be considered “wasteful, inefficient, and unnecessary” if it were to violate state and federal energy standards and/or result in significant adverse impacts related to project energy requirements, energy inefficiencies, energy intensiveness of materials, cause significant impacts on local and regional energy supplies or generate requirements for additional capacity, fail to comply with existing energy standards, otherwise result in significant adverse impacts on energy resources, or conflict or create an inconsistency with applicable plan, policy, or regulation.

The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any energy-related impacts.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to energy. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. Therefore, no energy-related impacts would occur as a result of the proposed Project.

VII. GEOLOGY AND SOILS

<i>Would the project:</i>	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
a) Directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving:				X
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.				X
ii) Strong seismic ground shaking?				X
iii) Seismic-related ground failure, including liquefaction?				X
iv) Landslides?				X
b) Result in substantial soil erosion or the loss of topsoil?				X
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?				X
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial direct or indirect risks to life or property?				X
e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?				X
f) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?				X

Responses to Checklist Questions

Responses a), b), c), d), e), f): The Alquist-Priolo Earthquake Fault Zoning Act was passed in 1972 to mitigate the hazard of surface faulting to structures for human occupancy. The Act's main purpose is to prevent the construction of buildings used for human occupancy on the surface trace of active faults. The Act requires the State Geologist to establish regulatory zones, known as "Alquist-Priolo Earthquake Fault Zones," around the surface traces of active faults and to issue appropriate maps. If an active fault is found, a structure for human occupancy cannot be placed over the trace of the fault and must be set back from the fault (typically 50 feet).

Liquefaction is a phenomenon where earthquake-induced ground vibrations increase the pore pressure in saturated, granular soils until it is equal to the confining, overburden pressure. Engineering research of soil liquefaction potential indicates that generally three basic factors must exist concurrently in order for liquefaction to occur. These factors include: a source of ground shaking, such as an earthquake, capable of generating soil mass distortions; a relatively loose silty and/or sandy soil; and, a relatively shallow groundwater table (within approximately 50 feet below ground surface) or completely saturated soil conditions that will allow positive pore pressure generation. Landslides are mass movements of the ground that include rock falls, relatively shallow slumping and sliding of soil, and deeper rotational or transitional movement of soil or rock.

According to the California Geological Survey, the Project area is not within an earthquake fault zone and has not been evaluated for liquefaction or landslide potential (California Geological Survey, 2022). The Public Health and Safety Element in the 2035 General Plan identifies the western area of the County, which includes the Project area, as an area susceptible to earthquake movement due to its geology and a number of Quaternary (current period of geologic time) thrust faults and lateral faults. According to the County's Local Hazard Mitigation Plan (LHMP), the Project area is surrounded by expansive soils (County of San Joaquin, 2017). The faults closest to the Project area include the Midway Fault, Black Butte Fault, and Vernalis Fault.

Paleontological resources refer to any fossilized remains, traces, or imprints of organisms, preserved in or on the earth's crust, that are of paleontological interest and that provide information about the history of life on earth. According to the 2035 General Plan, approximately 96,788 acres (11 percent of the County) in San Joaquin County have been surveyed for cultural resources as of June 2008. The County's cultural sites include 262 prehistoric archeological sites, 239 historic archeological sites, and 14 multi-component archeological sites.

The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to geology and soils.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to geology and soils. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. Therefore, no impacts related to geology and soils would occur as a result of the proposed Project.

VIII. GREENHOUSE GAS EMISSIONS

<i>Would the project:</i>	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?				X
b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gasses?				X

Existing Setting

Various gases in the Earth's atmosphere, classified as atmospheric greenhouse gases (GHGs), play a critical role in determining the Earth's surface temperature. Solar radiation enters Earth's atmosphere from space, and a portion of the radiation is absorbed by the Earth's surface. The Earth emits this radiation back toward space, but the properties of the radiation change from high-frequency solar radiation to lower-frequency infrared radiation.

Greenhouse gases, which are transparent to solar radiation, are effective in absorbing infrared radiation. As a result, this radiation that otherwise would have escaped back into space is now retained, resulting in a warming of the atmosphere. This phenomenon is known as the greenhouse effect. Among the prominent GHGs contributing to the greenhouse effect are carbon dioxide (CO₂), methane (CH₄), ozone (O₃), water vapor, nitrous oxide (N₂O), and chlorofluorocarbons (CFCs).

Emissions of GHGs contributing to global climate change are attributable in large part to human activities associated with the industrial/manufacturing, utility, transportation, residential, and agricultural sectors. In California, the transportation sector is the largest emitter of GHGs, followed by the industrial sector (California Energy Commission, 2021).

Carbon dioxide equivalents are a measurement used to account for the fact that different GHGs have different potential to retain infrared radiation in the atmosphere and contribute to the greenhouse effect. This potential, known as the global warming potential of a GHG, is also dependent on the lifetime, or persistence, of the gas molecule in the atmosphere. Expressing GHG emissions in carbon dioxide equivalents takes the contribution of all GHG emissions to the greenhouse effect and converts them to a single unit equivalent to the effect that would occur if only CO₂ were being emitted.

Consumption of fossil fuels in the transportation sector was the single largest source of California's GHG emissions in 2019, accounting for 41 percent of total GHG emissions in the state. This category was followed by the industrial sector (24%), the electricity generation sector (both in-state and out of-state sources) (14%), and the residential sector (8%) (California Energy Commission, 2021).

Responses to Checklist Questions

Responses a), b): The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at

this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to greenhouse gas emissions.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to greenhouse gas emissions. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. Therefore, no impacts related to greenhouse gas emissions would occur as a result of the proposed Project.

IX. HAZARDS AND HAZARDOUS MATERIALS

Would the project:	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?				X
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?				X
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?				X
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?				X
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard or excessive noise for people residing or working in the project area?				X
f) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?				X
g) Expose people or structures, either directly or indirectly, to a significant risk of loss, injury or death involving wildland fires?				X

Responses to Checklist Questions

Responses a), b), c), d), e), f), g): There are no public airports within two miles of the Project area. The California Department of Forestry and Fire Protection (Cal Fire) designates the Project area as a Local Responsibility Area, non-Very High Fire Hazard Severity Zone (California Department of Forestry and Fire Protection, 2007).

The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to hazards and hazardous materials.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the

remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to hazards and hazardous materials. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. Therefore, no impacts related to hazards and hazardous materials would occur as a result of the proposed Project.

X. HYDROLOGY AND WATER QUALITY

Would the project:	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
a) Violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or ground water quality?				X
b) Substantially decrease groundwater supplies or interfere substantially with groundwater recharge such that the project may impede sustainable groundwater management of the basin?				X
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would:				
(i) Result in substantial erosion or siltation on- or off-site;				X
(ii) Substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or offsite;				X
(iii) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff; or				X
(iv) Impede or redirect flood flows?				X
d) In flood hazard, tsunami, or seiche zones, risk release of pollutants due to project inundation?				X
e) Conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan?				X

Responses to Checklist Questions

Response a), b), c), d), e): The Project area is located in the San Joaquin Delta of the San Joaquin River Basin. The San Joaquin River Basin is bound by the Diablo Range on the west and the Sierra Nevada to the east. The San Joaquin River flows in a southeast to northwest direction from the Sierra Nevada through San Joaquin County into the Delta, San Francisco Bay, and ultimately the Pacific Ocean. Old River, a distributary of the San Joaquin River, forms the northern boundary of the Project area. Mountain House Creek runs through the Project area.

Based on Federal Emergency Management Agency (FEMA) National Flood Insurance Program maps, most of the City is located in Zone X (area of minimal flood hazard) (Federal Emergency Management Agency, 2022). A small portion in the north, bordering Old River, is designated Zone A and AE (special flood hazard area subject to inundation by the one-percent annual chance flood).

The Pacific Ocean is located approximately 50 miles west of the Project area. According to the 2035 General Plan, the San Luis Dam and New Melones Dam have the potential to inundate

portions of Mountain House in the event of a dam failure. Both dams are located approximately 50 miles from Mountain House.

The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to hydrology and water quality.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to hydrology and water quality. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. Therefore, no impacts related to hydrology and water quality would occur as a result of the proposed Project.

XI. LAND USE AND PLANNING

Would the project:	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
a) Physically divide an established community?				X
b) Cause a significant environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect?				X

Responses to Checklist Questions

Response a), b): The Project area is located along the Alameda County-San Joaquin County border, near the foothills of the Diablo range and north of Interstate 205 (I-205) in the southwestern portion of San Joaquin County. As discussed in the Project Description, the Project area is comprised of two Study Areas: Study Area 1, which consists of approximately 6.47 square miles (8,062 parcels) and Study Area 2, which consists of approximately 6.70 square miles (8,137 parcels), including all of the land comprising Study Area 1, as well as an additional 0.23 square miles (75 additional parcels) of land that is located within the existing Master Plan, but not included as part of the proposed Mountain House Incorporation Boundary. The Project area is generally developed with a mix of residential, parks and schools, and some commercial and industrial uses, consistent with the Land Use Plan contained within the Master Plan and subsequent Specific Plans. Undeveloped areas are primarily located within the northernmost and southernmost portions of the Project area.

The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to land use and planning.

Buildout of the Mountain House area consistent with the 2035 General Plan Land Use Map, Master Plan, and subsequent Specific Plans has been anticipated. Incorporation of Mountain House would not physically divide an established community, as the incorporation boundaries would primarily include portions of the Master Plan that are already developed. Study Area 1 is consistent with the MHCSD boundaries. The boundaries proposed under Study Area 1 would exclude some land, primarily outside of, but along the periphery of the MHCSD boundaries. These parcels include developed and undeveloped parcels. The developed parcels are primarily very low density residential located south of Grant Line Road and north of Kelso Road. Although located within the Master Plan area, these residences are physically disconnected from surrounding development within the MHCSD by existing roadways or large areas of undeveloped land. Incorporation consistent with Study Area 1 would not introduce new roadways or other physical barriers that would physically divide these developed parcels. Study Area 2 includes properties outside of the MHCSD; however, these areas have been included within the Master Plan from its inception and anticipated as part of full buildout of the Mountain House Master Plan. Incorporation consistent with either Study Area 1 or Study Area 2 would not create any physical barriers that would divide an established community.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. Thus, the Project would not result in a significant environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigation an environmental effect. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts related to land use and planning. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA.

The Project would not result in any impact related to physically dividing an established community, nor would it conflict with any adopted land use or other related plans, policies, or regulations. Therefore, no impacts related to land use and planning would occur as a result of the proposed Project.

XII. MINERAL RESOURCES

Would the project:	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?				X
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?				X

Responses to Checklist Questions

Responses a), b): According to the 2035 General Plan, mineral resources within the County consist primarily of sand and gravel aggregate, with limited mining of peat, gold, and silver. No mineral extraction operations are known to exist in or adjacent to the Project area (California Department of Conservation, 2022b).

The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the General Plan 2035 Land Use Map, land use designations, or intensities/densities identified within the General Plan 2035 Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to mineral resources.

As previously noted, although the proposed Project does not involve site-specific development, the Project does anticipate future development. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to mineral resources. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. Any future developments facilitated by the incorporation of Mountain House would be required to be reviewed for site-specific impacts. Potential development would be in compliance with all applicable federal, State, and local regulations regulating mineral resources. If necessary, mitigation would be recommended to reduce potential impacts to mineral resources to a less than significant level. Therefore, no impacts to mineral resources would occur as a result of the proposed Project.

XIII. NOISE

	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporated</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
a) Generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?				X
b) Generation of excessive groundborne vibration or groundborne noise levels?				X
c) For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?				X

Responses to Checklist Questions

Response a), b), c): The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to noise.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to noise. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. The Project area is not located within the vicinity of a private airstrip or an airport land use plan and would not expose people residing or working in the area to excessive noise levels due to aircraft. Therefore, no impacts related to noise would occur as a result of the proposed Project.

XIV. POPULATION AND HOUSING

Would the project:	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
a) Induce substantial unplanned population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?				X
b) Displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere?				X

Responses to Checklist Questions

Response a), b): The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, including the removal of any existing residential uses resulting in the displacement of people or housing, and therefore, would not result in any impact related to population and housing.

Buildout of the Mountain House area consistent with the 2035 General Plan Land Use Map, Master Plan, and subsequent Specific Plans has been anticipated. The proposed Project would not allow for substantial unplanned population growth, either directly or indirectly, beyond what was anticipated by these plans. Study Area 1 is consistent with the MHCS D service area boundaries and is currently served by infrastructure and services; the proposed incorporation, consistent with Study Area 1, would not result in an extension of roads or other infrastructure that would result in substantial unplanned population growth. Study Area 2 includes properties outside of the MHCS D; however, these areas have been included within the Master Plan from its inception and anticipated as part of full buildout of the Mountain House Master Plan. Thus, incorporation consistent with Study Area 2 would not induce substantial unplanned population growth.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to population and housing. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. Therefore, no impacts related to population and housing would occur as a result of the proposed Project.

XV. PUBLIC SERVICES

	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
a) Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:				
i) Fire protection?				X
ii) Police protection?				X
iii) Schools?				X
iv) Parks?				X
v) Other public facilities?				X

Responses to Checklist Questions

Response a): Fire and emergency services for Mountain House are provided by the Mountain House Fire Department through a contract with the French Camp McKinley Fire District (Mountain House Community Services District Fire Department, 2022). Police protection services for Mountain House are provided by the San Joaquin County Sheriff's Department (Mountain House Community Services District, 2022a). Mountain House is located within the boundaries of the Lammersville Joint Unified School District. The Stockton-San Joaquin County Public Library system operates the Kathleen Buffleben Branch Library in Mountain House.

The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to public services.

Buildout of the Mountain House area consistent with the 2035 General Plan Land Use Map, Master Plan, and subsequent Specific Plans has been anticipated. The proposed Project would not require new or physically altered governmental facilities. Study Area 1 is consistent with the MHCS and is currently provided with public services; therefore, the proposed incorporation would not result in physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which could cause significant environmental impacts. Study Area 2 includes properties outside of the MHCS; however, these areas are within the Master Plan and are anticipated for development. According to the Municipal Services Review and Sphere of Influence Plan (MSR), the MHCS presently provides adequate public facilities and services for the existing population within the SOI, which coincides with the ultimate MHCS community buildout boundaries (7.5 square miles). Additionally, the MHCS has the ability to provide additional public facilities and services for any probable need of future populations within the SOI. Upon incorporation, no significant changes are anticipated to the provision of fire and police protection services, schools, parks, or other public facilities.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to public services. The new City would continue to collaborate with other agencies in planning expansions and new facilities, shared facilities and activities, and other joint planning actions. Future development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA, including the provision of or potential need for new or physically altered governmental facilities. Therefore, no impacts related to public services would occur as a result of the proposed Project.

XVI. RECREATION

	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?				X
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?				X

Responses to Checklist Questions

Responses a), b): The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to recreation.

The proposed Project does not involve site-specific development, including any recreational facilities; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. Study Area 1 is consistent with the MHCS D boundary and parks and recreation facilities have been constructed to serve existing development. Study Area 2 includes property not currently within the MHCS D; however, parks and recreation facilities within the MHCS D are available to and currently serve these residents. Incorporation to include these properties would not change existing conditions and therefore would not result in an increased use of existing parks resulting in substantial physical deterioration. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to recreation. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA, including the potential for adverse physical effects on the environment associated with construction or expansion of any recreational facilities. Therefore, no impacts related to recreation would occur as a result of the proposed Project.

XVII. TRANSPORTATION

Would the project:	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
a) Conflict with a program plan, ordinance, or policy addressing the circulation system, including transit, roadway, bicycle, and pedestrian facilities?				X
b) Would the project conflict or be inconsistent with CEQA Guidelines Section 15064.3, subdivision (b)?				X
c) Substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?				X
d) Result in inadequate emergency access?				X

Responses to Checklist Questions

Response a), b), c), d): The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to transportation.

The proposed Project does not involve site-specific development or any modifications to existing roadways providing emergency access; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to transportation. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. The Project would not conflict with a program, plan, ordinance, or policy addressing the circulation system, including transit, roadway, bicycle, and pedestrian facilities, nor would it conflict with or be inconsistent with CEQA Guidelines section 15064.3, subdivision (b). Therefore, no impacts related to transportation would occur as a result of the proposed Project.

XVIII. TRIBAL CULTURAL RESOURCES

	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
a) Would the project cause a substantial adverse change in the significance of a tribal cultural resource, defined in Public Resources Code Section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is:				
i) Listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code Section 5020.1(k)?				X
ii) A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1? In applying the criteria set forth in subdivision (c) of Public Resources Code Section 5024.1, the lead agency shall consider the significance of the resources to a California Native American tribe.				X

Responses to Checklist Questions

Responses a), b): The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to tribal cultural resources.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to tribal cultural resources. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. Therefore, no impacts related to tribal cultural resources would occur as a result of the proposed Project.

XIX. UTILITIES AND SERVICE SYSTEMS

Would the project:	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
a) Require or result in the relocation or construction of new or expanded water, wastewater or storm water drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects?				X
b) Have sufficient water supplies available to serve the project and reasonably foreseeable future development during normal, dry and multiple dry years?				X
c) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the projects projected demand in addition to the providers existing commitments?				X
d) Generate solid waste in excess of State or local standards, or in excess of the capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals?				X
e) Comply with federal, state, and local management and reduction statutes and regulations related to solid waste?				X

Responses to Checklist Questions

Responses a), b), c), d), e): Water service in the Project area is provided by the MHCSO. Raw water is purchased the Byron Bethany Irrigation District (BBID) and sourced from the Sacramento-San Joaquin Delta via the California Aqueduct (Mountain House Community Services District, 2017). The raw water is treated for potable use by MHCSO's Water Treatment Plant (WTP). The WTP has a current capacity for 15 million gallons per day (mgd) with expansion potential to 20 mgd to meet the ultimate buildout of the MHCSO SOI. The MHCSO Municipal Services Review determined that an adequate long-term water supply is available for the full build out of the Mountain House community and SOI. The MHCSO is currently in the process of preparing its 2020 Urban Water Management Plan and Water Shortage Contingency Plan (Mountain House Community Services District, 2022b).

The MHCSO provides wastewater collection and treatment in Project area. The wastewater treatment and disposal system was designed and built to serve buildout of the community with phasing for expansion of equipment within the treatment plant to be added as necessary to meet development needs (Mountain House Community Services District, 2017). Approximately 80 percent of the MHCSO service area drains by gravity to the treatment plant through a backbone collection system. The remaining 20 percent is and will be pumped to the treatment plant through lift stations and force mains. The wastewater treatment plant currently has capacity to process 3.0 mgd of wastewater and has a design capacity of 5.4 mgd. The MHCSO Municipal Services Review determined that this capacity is sufficient to treat all of the wastewater projected to be generated within the Mountain House Master Plan and SOI.

The MHCSD provides storm water drainage infrastructure in the Project area. It is designed to prevent flooding on streets and sidewalks by capturing flows and conveying them to the nearest storm drain.

The MHCSD contracts refuse collection services from West Valley Disposal for disposal of solid waste, recyclables, and green waste (Mountain House Community Services District, 2022c). Solid waste generated within unincorporated San Joaquin County, of which the Project area is a part, is primarily disposed of at the Foothill Sanitary. In 2019, approximately 47 percent of solid waste from unincorporated San Joaquin County was disposed of at the Foothill Sanitary Landfill; the North County Landfill & Recycling Center and the Forward Landfill received approximately 33 and 18 percent of solid waste, respectively (CalRecycle, 2022a). Foothill Sanitary Landfill has a maximum permitted throughput of 1,500 tons per day (CalRecycle, 2022b). The facility's maximum capacity is 138,000,000 cubic yards and has a remaining capacity of 125,000,000 cubic yards. It is anticipated that Foothill Sanitary Landfill would continue to receive a majority of the solid waste from the City post-incorporation. Solid waste generated within the Project area could be accommodated at the Foothill Sanitary Landfill or a combination of disposal facilities that currently receive solid waste for disposal.

The Modesto Irrigation District (MID) provides electricity and Pacific Gas and Electric (PG&E) provides gas service within the Project area. Telecommunications services are provided by a variety of service providers, including AT&T and Xfinity.

The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not result in any impact related to utilities and service systems.

Buildout of the Mountain House area consistent with the 2035 General Plan Land Use Map, Master Plan, and subsequent Specific Plans has been anticipated. The proposed Project would not result in development beyond what was anticipated by the plans. Study Area 1 is consistent with the MHCSD and currently served by infrastructure and services; therefore, the proposed incorporation would not require or result in the relocation or construction of new or expanded water, wastewater or storm water drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects. Study Area 2 includes properties outside of the MHCSD; however, these areas are within the Master Plan and are anticipated for development. According to the MSR, the MHCSD presently provides adequate public facilities and services, which include water, wastewater and stormwater, for the existing population within the SOI, which coincides with the ultimate MHCSD community buildout boundaries (7.5 square miles). Additionally, the MHCSD has the ability to provide additional public facilities and services for any probable need of future populations within the SOI. Upon incorporation, no significant changes are anticipated to the provision water, wastewater, storm water, or other public services by other agencies.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for

consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts associated with utilities and service systems. The new City would continue to collaborate with other agencies in planning expansions and new facilities, shared facilities and activities, and other joint planning actions. Future development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA, including the relocation or construction of new or expanded water, wastewater or storm water drainage, electric power, natural gas, or telecommunications facilities. Therefore, no impacts related to utilities and service systems would occur as a result of the proposed Project.

XX. WILDFIRE

<i>Would the project:</i>	<i>Potentially Significant Impact</i>	<i>Less Than Significant with Mitigation Incorporation</i>	<i>Less Than Significant Impact</i>	<i>No Impact</i>
If located in or near state responsibility areas or lands classified as very high fire hazard severity zones, would the project:				
a) Substantially impair an adopted emergency response plan or emergency evacuation plan?				X
d) Due to slope, prevailing winds, and other factors, exacerbate wildfire risks, and thereby expose project occupants to, pollutant concentrations from a wildfire or the uncontrolled spread of a wildfire?				X
c) Require the installation or maintenance of associated infrastructure (such as roads, fuel breaks, emergency water sources, power lines or other utilities) that may exacerbate fire risk or that may result in temporary or ongoing impacts to the environment?				X
d) Expose people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage changes?				X

Responses to Checklist Questions

Response a), b), c), d): The Project area is located within the San Joaquin County Operational Area. The County's Emergency Operations Plan, adopted in 2022, establishes the coordinated emergency management system, which includes prevention, protection, response, recovery and mitigation within the Operational Area (County of San Joaquin, 2022). There are no State Responsibility Areas (SRAs) within the Planning area. The California Department of Forestry and Fire Protection (Cal Fire) designates the Project area as a Local Responsibility Area, non-Very High Fire Hazard Severity Zone (California Department of Forestry and Fire Protection, 2007).

The proposed Project does not involve site-specific development; the Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. As the Project area is not located within a designated SRA, no impacts would occur in this regard.

XXI. MANDATORY FINDINGS OF SIGNIFICANCE

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
a) Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?				X
b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?				X
c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?				X

Responses to Checklist Questions

Response a), b), c): The Project proposes the incorporation of Mountain House and the creation of a subsidiary district in order to enforce CC&Rs for both incorporation boundary scenarios (Study Area 1 and Study Area 2). The Project includes a change in organization and no modifications to the 2035 General Plan Land Use Map, land use designations, or intensities/densities identified within the 2035 General Plan Land Use Element are proposed at this time. The Project would not result in any physical environmental changes, as defined by CEQA, and would not substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory.

The proposed Project does not involve site-specific development; the 2035 General Plan anticipates continued urbanization of the area, including continued development of the remaining vacant lands. Since the proposed incorporation proposes no changes to the land use regulatory framework, the permissible land uses and associated densities of future development would not be affected. As future development is considered, each project would be reviewed for consistency with policies, programs, and the established regulatory framework aimed to reduce potential impacts to biological and cultural resources. Such development projects would also be analyzed for potential environmental impacts, consistent with the requirements of CEQA. As part of the environmental review, the potential for cumulative impacts associated with the specific project would be assessed. The proposed Project would not cause substantial adverse effects on human beings, either directly or indirectly. Therefore, no impact would occur relative to this topic.

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**COMPREHENSIVE FISCAL ANALYSIS
OF THE PROPOSED INCORPORATION OF THE
CITY OF MOUNTAIN HOUSE**

SEPTEMBER 5, 2023



TABLE OF CONTENTS

INTRODUCTION	1
Key Findings of this CFA	1
Recommended LAFCO Findings and Determinations	3
Study Area Description	4
BACKGROUND.....	8
Mountain House Master Plan and the Creation of MHCS D	8
Proponents Incorporation Application.....	10
Legal Process and Requirements.....	10
Assumed Timing of Incorporation	11
2021-22 Base Year	11
July 1, 2024, Presumed Effective Date of Incorporation	12
Twelve Month Transition Period	12
Methodology and Data Collection.....	13
Collection of Data.....	13
Responses to Data Requests.....	14
Use of Other City Budget Information in Developing this Report	14
THE INCORPORATION PROPOSAL	16
Plan for Services	16
Municipal Services Cities May Provide.....	16
Existing Municipal Service – MHCS D.....	16
Existing Municipal Service – County of San Joaquin	17
Existing Joint Services – MHCS D and County of San Joaquin.....	17
Existing Fire Services – MHCS D and Tracy Rural Fire Protection District	17
Proposed Service Plan	18
Level of Service Changes Anticipated by Incorporation.....	19
Form of Government.....	19
Assumed Municipal Organization	19
Proposed Subsidiary District.....	24
Peer Cities Analysis	24
GROWTH AND DEVELOPMENT	27

Mountain House Master Plan	27
Mountain House Specific Plans I, II and III	27
Land Use	28
CFA Development Forecast	28
<i>Population Forecasting</i>	31
BUDGET PROJECTIONS	34
PROJECTED REVENUES	34
New Taxes and Fees	35
General Fund Revenues.....	36
<i>Property Taxes</i>	36
<i>Assessed Value Growth Forecast</i>	45
<i>Sales Taxes</i>	50
<i>Property Transfer Taxes</i>	52
<i>Community Development Fees</i>	54
<i>Business License Fees</i>	56
<i>Transient Occupancy Tax</i>	56
<i>Motor Vehicle License Fees or Property Tax In-Lieu Fees</i>	56
<i>Off-Highway Vehicle License Subventions</i>	56
<i>Franchise Fees</i>	57
<i>Fines and Forfeitures</i>	57
<i>Law Enforcement Fees for Services</i>	57
<i>Interest Earnings</i>	57
Special Taxes and Lighting and Landscaping Assessments	59
<i>Forecast and Use of Special Taxes upon Incorporation</i>	61
<i>Lighting and Landscaping Maintenance District Revenues</i>	63
<i>Projected Special Tax and Lighting and Landscaping District Revenues</i>	63
PROJECTED EXPENDITURES	65

City Council	66
City Clerk.....	68
Administration	70
City Attorney / Legal Services.....	72
Finance	74
Community Development.....	76
Public Works	79
Animal Control.....	82
Law Enforcement	84
Parks and Recreation	87
Fire Protection.....	89
Library Services	91
Non-Departmental.....	93
Contingency and Reserve Fund	95
Subsidiary District	95
IMPACTS ON EXISTING AGENCIES	98
MHCS D Impacts	98
County Impacts	98
Tracy Rural Fire Protection District Impacts	99
County Transition Year Repayments.....	100
Revenue Neutrality Mitigation Payments	100
<i>Offsetting Capital Improvement Assistance from MHCS D to Tracy Rural</i>	<i>101</i>
Provisional Appropriations Limit	101
CONCLUSIONS	103
<i>MHCS D Proposed Boundary</i>	<i>103</i>
<i>Alternative Scenarios</i>	<i>103</i>
APPENDIX 1 - FUND SUMMARY – PROPOSED BOUNDARY	105
APPENDIX 2 - ROAD FUND	106
Road Fund Revenue Details.....	106
<i>Gas Tax Funds.....</i>	<i>106</i>
<i>Measure K (2006)</i>	<i>106</i>
APPENDIX 3 - LIGHTING & LANDSCAPE MAINTENANCE DISTRICTS	108
APPENDIX 4 - AFFORDABLE HOUSING FUND	109
Affordable Housing Fund Revenue Details	109
APPENDIX 5 - SUBSIDIARY DISTRICT COST DETAIL	111
APPENDIX 6 - FUND SUMMARY - LAFCO ALTERNATIVE BOUNDARY.....	112

APPENDIX 7 - FUND SUMMARY - PROPOSED BOUNDARY: LOW GROWTH..... 113
APPENDIX 8 - FUND SUMMARY - LAFCO ALTERNATIVE BOUNDARY: LOW GROWTH..... 114
APPENDIX 9 - SPECIAL TAX FUNDS SUMMARY – PROPOSED BOUNDARY..... 115
APPENDIX 10 - SAN JOAQUIN COUNTY AUDITOR RESPONSE(S) TO RFI (MARCH AND JULY 2023) 116
APPENDIX 11 – POLICE PROTECTION SERVICES AGREEMENT & 2017 BUDGET MEMO.. 117

TABLE OF FIGURES

Figure 1 – Annual General Fund Projections, All Scenarios..... 3
 Figure 2 – Mountain House Population Comparison 5
 Figure 3 – Proposed Boundary..... 6
 Figure 4 – LAFCO Alternative Boundary..... 7
 Figure 5 – Mountain House Master Plan..... 9
 Figure 6 – Plan for Services, Proposed Incorporation 18
 Figure 7 – Organizational Chart 21
 Figure 8 – Payroll Cost Comparison 23
 Figure 9 – Peer Cities Analysis 26
 Figure 10 – Land Use by Assessed Valuation 28
 Figure 11 – Growth Forecast..... 30
 Figure 12 – Population Forecast 32
 Figure 13 – Employee Projections..... 33
 Figure 14 – Base Level Sheriff Cost Calculation..... 40
 Figure 15 – Tracy Rural Property Tax Transfer Summary..... 43
 Figure 16 – Property Tax Share Transfer..... 44
 Figure 17 – Assessed Value Forecast 46
 Figure 18 – Division of MHCSD Property Tax Share to Subsidiary District & City..... 48
 Figure 19 – Property Tax Revenues 49
 Figure 20 – Sales Taxes..... 51
 Figure 21 – Property Transfer Taxes 53
 Figure 22 – Community Development Fees..... 55
 Figure 23 – Miscellaneous Revenues 58
 Figure 24 – Special Tax Rates 60
 Figure 25 – Base Year Special Tax Revenues 61
 Figure 26 – Special Tax Revenue Uses FY 2025-26..... 62
 Figure 27 – Special Taxes and Lighting and Landscaping Assessments 64
 Figure 28 – City Council 67
 Figure 29 – City Clerk 69
 Figure 30 – Administration..... 71
 Figure 31 – City Attorney..... 73
 Figure 32 – Finance 75
 Figure 33 – Community Development..... 78
 Figure 34 – Public Works..... 81
 Figure 35 – Animal Control..... 83
 Figure 36 – Law Enforcement 86
 Figure 37 – Recreation 88
 Figure 38 – Additional Tracy Rural Lands in LAFCO Alternative 89
 Figure 39 – Fire Protection 90
 Figure 40 – Library..... 92
 Figure 41 – Non-Departmental..... 94
 Figure 42 – General Fund Reserves 95
 Figure 43 – Subsidiary District Total Forecast 97
 Figure 44 – Fiscal Impact on County..... 99
 Figure 45 – Fiscal Impact on Tracy Rural 100
 Figure 46 – Appropriations Limit..... 102

LIST OF ACRONYMS USED

AB: Assembly Bill

AV: Assessed Value

LLMD: Lighting and Landscape Maintenance Districts

BLS: Bureau of Labor Statistics

CC&Rs: Covenants, Conditions, and Restrictions

CDTFA: California Department of Tax and Fee Administration

CFA: Comprehensive Fiscal Analysis

CHP: California Highway Patrol

CKH: Cortese Knox Hertzberg

CPI: Consumer Price Index

DOF: California State Department of Finance

EIR: Environmental Impact Report

FY: Fiscal Year

GIS: Geographic Information Systems

LAFCO: Local Agency Formation Commission

LLMD: Lighting and Landscape Maintenance Districts

MHCSD: Mountain House Community Services District

MVS: Marshall and Swift Valuation Service

NPDES: National Pollution Discharge Elimination System

OPR: Governor's Office of Planning and Research

SB: Senate Bill

SCH: State Clearing House

SCO: State Controller's Office

VLF: Motor Vehicle License Fees

INTRODUCTION

On February 23, 2021, the Mountain House Community Services District (“MHCS D” or “proponents”) filed an application for incorporation of the City of Mountain House with San Joaquin Local Agency Formation Commission (“LAFCO”). If approved by LAFCO and subsequently eligible voters, incorporation would result in reorganization of MHCS D to the City of Mountain House (“City”).

Since the original filing in February 2021, the MHCS D Board of Directors amended the original application three times. First, on May 11, 2022, the MHCS D Board of Directors approved an Amended Resolution of Application for Incorporation to LAFCO which clarified that MHCS D would divest all of its statutorily authorized powers except the power to enforce Covenants, Conditions, & Restrictions (“CC&Rs”), with the City assuming the divested powers, and would be established as a subsidiary district of the City. Later, on November 2nd, 2022, MHCS D applied for the annexation of several additional parcels located in the Mountain House General Plan area. And finally, in April of 2023, additional undeveloped land near the eastern end of the community was included in the incorporation application.

The process for incorporation is governed by the Cortese Knox Hertzberg Local Government Reorganization Act of 2000, Government Code Sections 56000-57550 (“CKH Act”) as implemented by LAFCO. The process generally includes preparation of various documents that are reviewed by LAFCO. If Commission, LAFCO’s governing body, elects to approve the application, it advances to the voters of the subject area for final decision.

Among the requirements of the CKH Act is that the LAFCO Executive Officer prepare or cause to be prepared this Comprehensive Fiscal Analysis (“CFA”) that would become part of the Executive Officer’s report submitted to the Commission at a public hearing. The purpose of the CFA is to document the anticipated costs, revenues, and effects of the proposed incorporation, as well as present other information as may be necessary. Among the agencies affected by incorporation are the County of San Joaquin (“County”), Tracy Rural Fire Protection District (“Tracy Rural”) and MHCS D. For the most part, if incorporated, the duties of these agencies would shift to the responsibility of the new City, with some notable exceptions.

LAFCO retained RSG, Inc. (“RSG”) to prepare this CFA. RSG is a California-based community development consulting firm with over 30 years of experience working on fiscal analyses and special studies for similar clients, including municipal service reviews, annexation fiscal analyses, and incorporation fiscal analyses. Incorporations in California are increasingly rare due to the difficulty of proving the financial viability of an unincorporated area, voter acceptance and approval of the incorporation proposal, and various hurdles in state law. RSG was the fiscal consultant that prepared the Comprehensive Fiscal Analysis for the proposed incorporation of Olympic Valley (Placer County) that was abandoned by the proponents, and prior to that the incorporation of Oakhurst (Madera County) which failed at the polls.

KEY FINDINGS OF THIS CFA

This CFA conducted a thorough analysis of data provided by a variety of public agencies and stakeholders using data from the latest fiscal year as required by Section 56800, which in this case is the year ending June 30, 2022 (FY 2021-22). LAFCO requested that RSG prepare the analysis for the proponents’ proposed boundary (“Proposed Boundary”) as presented in MHCS D’s amended application, as well as for the Executive Officer’s alternative boundary that adds several unincorporated islands adjacent to the Proposed Boundary (“LAFCO Alternative Boundary”). This CFA also analyzes two lower growth rate scenarios resulting in a total of four different forecasts of revenues and expenditures in this CFA.

Figure 1 provides a table and graph summarizing the annual General Fund revenues and expenditure impacts of incorporation for each of the four scenarios analyzed. Overall, this CFA has concluded that incorporation of Mountain House as proposed and under the various alternative scenarios **may be feasible in that annual General Fund revenues are projected to exceed expenditures.**

The major findings of the CFA show the following:

- Projected General Fund Revenue Surplus (before Potential Revenue Neutrality Payments): Based on the assumptions and analysis described herein, the City's potential General Fund, accounting for Special Tax fund revenues used for municipal services, **will produce a surplus in each year of the analysis.**

See Appendix 1 for a forecast of the General Fund for the City of Mountain House under the Proposed Boundary and Appendix 9 for a forecast of the Special Tax funds.

- Retention of CC&R Enforcement in the MHCS D as a Subsidiary District of the City: The application for incorporation proposes to divest MHCS D of all of its statutorily authorized powers except the power to enforce Covenants, Conditions & Restrictions ("CC&Rs") within its boundaries and establishing MHCS D as a subsidiary district of the City. A small transfer of property taxes will fund the Subsidiary District to cover its costs of operations.
- Revenue Neutrality Payment Estimates: Section 56815 of the CKH Act establishes the ability for agencies detrimentally affected by incorporation to negotiate for payments when revenues lost to a new city are not offset by a substantially equal amount of decreased expenditures. These payments, known as revenue neutrality payments, are negotiated between the proponents and the affected agencies based on information in the CFA.

This CFA concludes that the County will not suffer from a loss of net revenues due to incorporation and therefore the **County would not be entitled to revenue neutrality payments** from the new city.

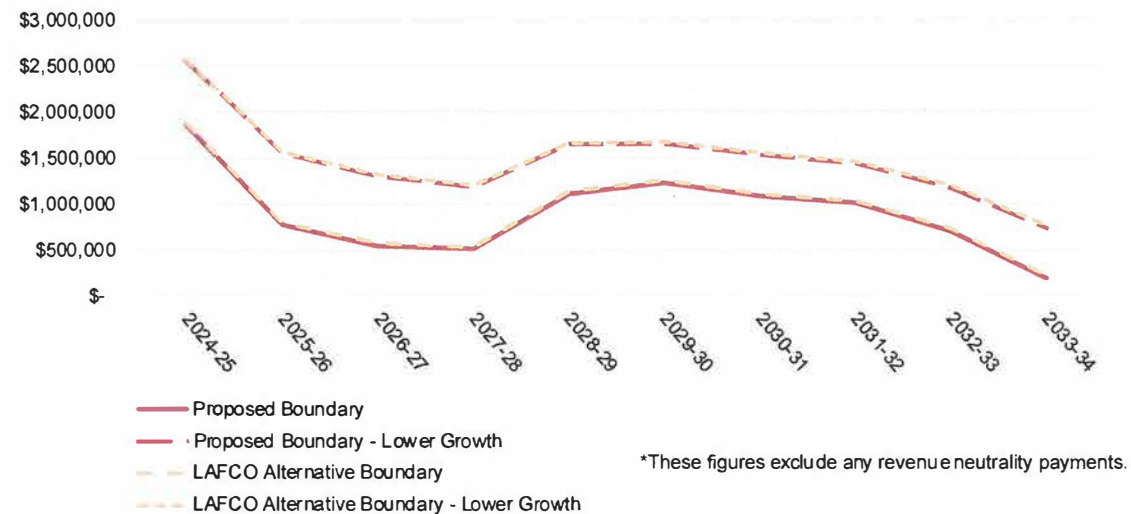
Tracy Rural Fire Protection District ("Tracy Rural") may experience a minor net revenue loss and even if Tracy Rural were to receive revenue neutrality payments, the impact is anticipated to be negligible to the City. As explained on page 101, Tracy Rural has benefitted from substantial capital improvement assistance from MHCS D that may offset any claim for revenue neutrality payments.

- Incorporation Projected to be Feasible Under Different Boundary and Growth Alternatives: RSG determined that the three alternatives to the proponents' incorporation scenario are also feasible as projected General Fund revenues exceeding expenditures in our forecast. The alternatives are as follows; a financial summary of each can be found in the appendices, and more detailed findings can be found in the conclusions.
 - Alternative 1: Proposed Boundary (Lower Growth)
 - Alternative 2: LAFCO Alternative Boundary
 - Alternative 3: LAFCO Alternative Boundary (Lower Growth)

Figure 1 illustrates the annual General Fund revenue, expenditures, and surplus/(deficit) projected for the transition year and the ten-year forecast using the Proposed Boundary scenario. For illustrative purposes, we compared the projected annual General Fund surplus/(deficit) resulting from the three alternatives as well.

Figure 1 – Annual General Fund Projections, All Scenarios

Year	Proposed Boundary			Alternative Scenarios: Surplus/(Deficit)		
	Revenues	Expenditures	Surplus / (Deficit)	Proposed Boundary - Lower Growth	LAFCO Alternative Boundary	LAFCO Alternative Boundary - Lower Growth
TY 2024-25	\$ 14,054,547	\$ 12,190,050	\$ 1,864,497	\$ 2,562,175	\$ 1,882,129	\$ 2,574,736
1 2025-26	15,593,351	14,812,379	780,972	1,548,177	802,740	1,561,419
2 2026-27	17,209,383	16,657,998	551,385	1,302,137	575,717	1,316,607
3 2027-28	17,957,153	17,443,541	513,612	1,187,810	536,565	1,203,784
4 2028-29	18,138,053	17,026,481	1,111,572	1,644,525	1,138,757	1,661,459
5 2029-30	19,484,603	18,258,511	1,226,093	1,649,694	1,253,487	1,670,713
6 2030-31	20,332,003	19,246,372	1,085,631	1,530,200	1,112,757	1,553,184
7 2031-32	21,589,303	20,581,012	1,008,291	1,434,659	1,035,209	1,461,725
8 2032-33	22,315,974	21,610,648	705,326	1,167,206	734,156	1,203,951
9 2033-34	23,064,509	22,866,157	198,352	742,535	228,048	772,883



RECOMMENDED LAFCO FINDINGS AND DETERMINATIONS

Based on the major findings of the CFA, RSG recommends LAFCO to make the following key findings and determinations:

- Find the proposed city is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the first three fiscal years following incorporation pursuant to Government Code Section 56720 (see Appendix 1).
- Determine the following property tax exchange between the affected agencies and the proposed city shall be as follows:
 - From County of San Joaquin: Pursuant to Section 56810, determine the base year property tax to be transferred from the County to the proposed city is \$1,533,435, based

on a net cost of services in the base year of \$2,743,175 and an Auditor's Ratio of 55.9 percent (see Figure 16).

- From MHCS D: Pursuant to Section 56810, determine the base year property tax to be transferred from MHCS D to the proposed city is \$6,062,638, based on a net cost of services of \$6,525,892 and an Auditor's Ratio of 92.9 percent (see Figure 16). This amount is equivalent to 15.00 percent of the general tax levy, which the County Auditor Controller can be directed to remit as a term and condition of incorporation (see page 35 et seq.).
- To be detached from Tracy Rural: Pursuant to Section 56810(d), determine the base year property tax to be transferred from Tracy Rural to the proposed city is \$8,005, based on property tax revenues generated by the eight (8) parcels that will become part of the City (see Figure 15).
- Determine that a provisional appropriations limit of \$31,765,559 is established pursuant to Government Code Section 56812 (see Figure 46).
- Revenue Neutrality. Pursuant to Section 56815, determine the following:
 - Determine that the amount of revenue transferring from the County to the proposed city is substantially equal to the cost of services similarly transferred (see Figure 44).
 - Determine that the amount of revenue transferring from Tracy Rural is substantially equal to the cost of services similarly transferred as a result of its minor net revenue loss being offset by recent capital improvement assistance from MHCS D (see Figure 45 and page 93).

STUDY AREA DESCRIPTION

The Proposed Boundary is comprised of 4,448 acres within the Mountain House Master Plan ("Master Plan") area. Located in the western portion of the County, the Proposed Boundary is in the southern San Joaquin and Sacramento River Delta region, north of Interstate 205 ("I-205"), northwest of the City of Tracy, and south of the Old River. Land use within the Proposed Boundary consists mainly of single-family residential, with very little commercial or industrial uses.

Based on the Proposed Boundary, the City would be the eighth incorporated city in the County, and would have the sixth largest population of the incorporated cities in the County as shown in Figure 2. This is based on the calculated Fiscal Year ("FY") 2021-22 population of 27,032.

Figure 2 – Mountain House Population Comparison

<u>City Name</u>	<u>Population¹</u>
Stockton	322,489
Tracy	94,538
Manteca	86,859
Lodi	66,570
Lathrop	31,331
Mountain House²	27,032
Ripon	15,979
Escalon	7,362
<u>Total Cities (with Mountain House)</u>	<u>652,160</u>
<u>Unincorporated (Less Mountain House)</u>	<u>132,138</u>

¹ Population sourced from DOF January 1, 2022 Population Estimates

² Mountain House Proposed Boundary population as projected in FY 2021-22

Figure 3 shows the Proposed Boundary while
Figure 4 shows the LAFCO Alternative Boundary.

Figure 3 – Proposed Boundary

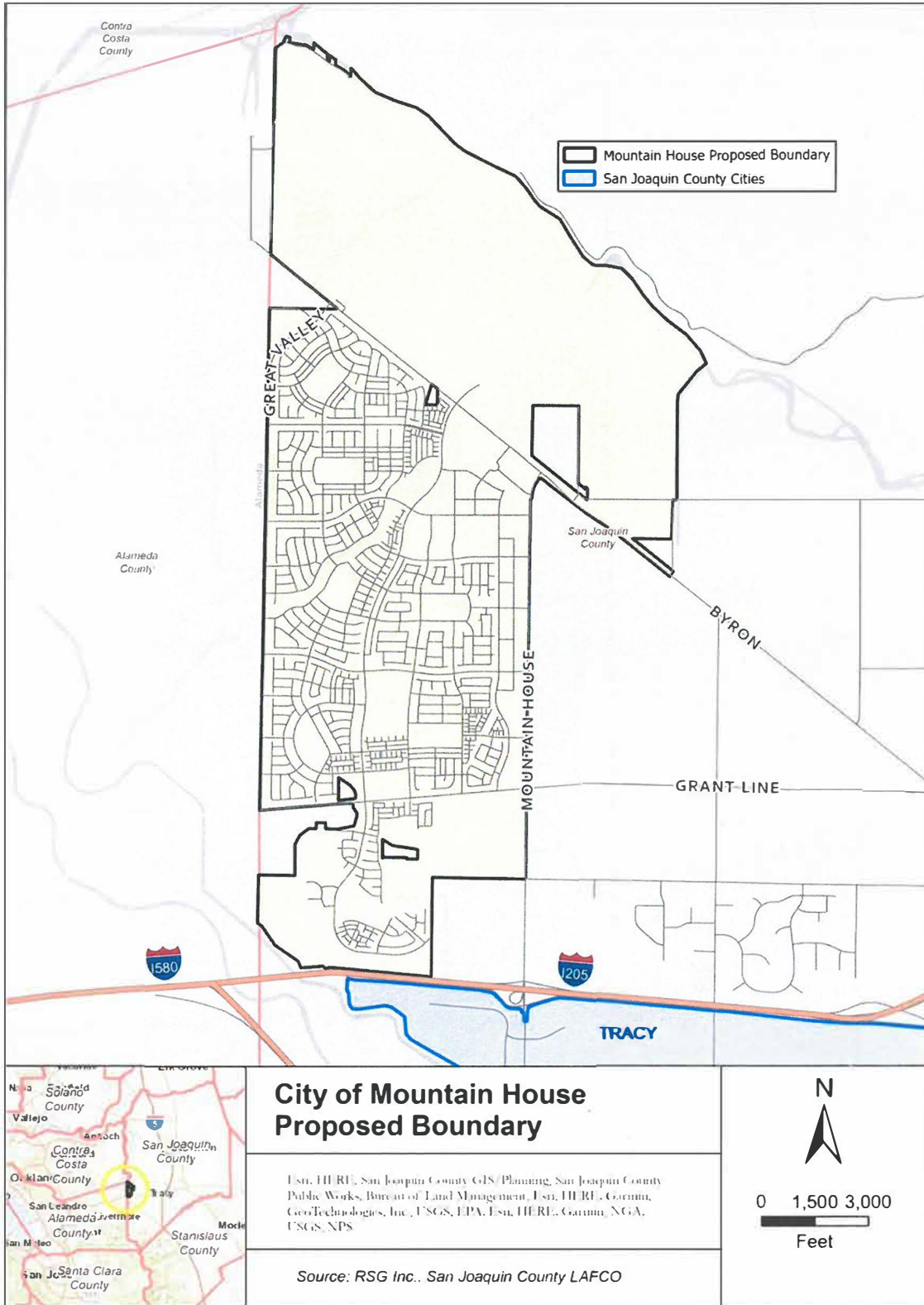
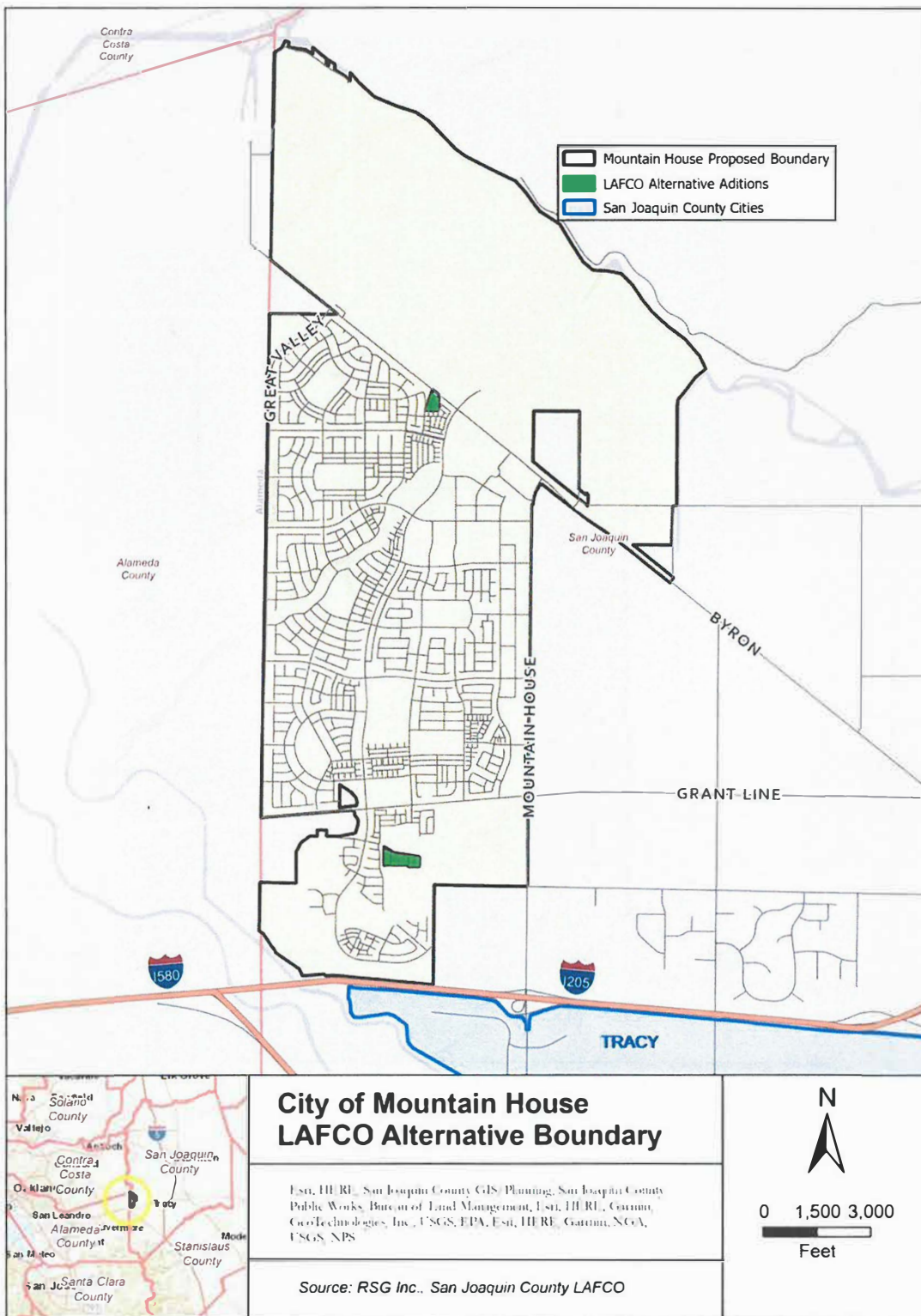


Figure 4 – LAFCO Alternative Boundary



BACKGROUND

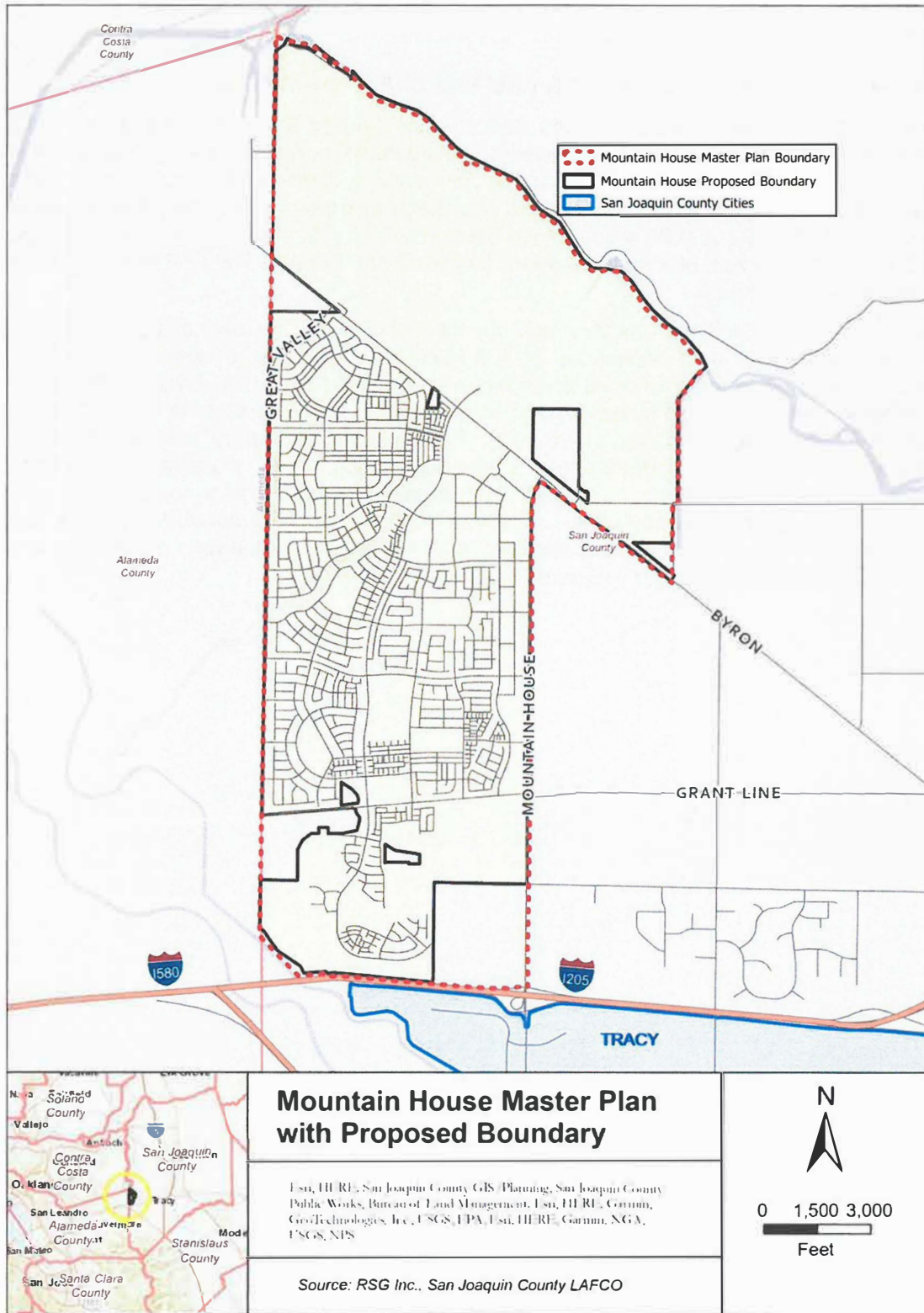
MOUNTAIN HOUSE MASTER PLAN AND THE CREATION OF MHCS D

The Master Plan was adopted by the San Joaquin County Board of Supervisors in 1993. Shortly thereafter in 1996, the Board of Supervisors created the Mountain House Community Services District to fund and deliver municipal services to the community as it developed. According to the proponents, it was anticipated that the MHCS D would eventually incorporate as a city. This is evidenced by the adoption of SB 1397 in 1994 which added Section 56833.5. to the Government Code, now numbered 56802 in the CKH Act, related to payment for the comprehensive financial analysis for incorporation of the MHCS D territory.

As of the 2020 Decennial Census, which was the last time the area was officially tallied, the Mountain House Master Plan area possesses 24,499 residents.¹ This area encompasses approximately 7.5 square miles, while the Proposed Boundary encompasses a slightly smaller 6.95 square miles. As mentioned earlier, the estimated population of the Proposed Boundary in FY 2021-22 is 27,032, an almost 3,000 resident increase since 2020. The Proposed Boundary, and by extension the Master Plan area, experienced a tremendous amount of growth in recent years, averaging a 15 percent increase in residents per year since 2010. The growth is attributed to the elevated pace by which residential developments have been approved and built. The Proposed Boundary is predominantly single-family homes with few commercial and industrial developments. Figure 5 presents a map of the Master Plan area and the Proposed Boundary.

¹ The 2020 Census geographic unit for Mountain House generally aligns with the Master Plan area more than the MHCS D boundary.

Figure 5 – Mountain House Master Plan



PROPOSERS INCORPORATION APPLICATION

On January 13, 2021, the MHCS D Board of Directors adopted a Resolution of Application requesting that the San Joaquin LAFCO initiate proceedings for the incorporation of the City of Mountain House. MHCS D submitted to LAFCO the application for City Incorporation of the City of Mountain House in February 2021. The application included the Resolution of Application, boundary map, and preliminary Incorporation Feasibility Analysis, completed by Berkson Associates in October 2020. At the request of LAFCO staff, MHCS D then amended its application for incorporation in May of 2022 to clarify that the MHCS D would remain in existence after incorporation as a subsidiary district, divesting all of its powers with the exception of the power to enforce CC&Rs. Later in November of 2022, MHCS D applied for the annexation of several parcels in the overarching Mountain House Master Plan area. MHCS D desired that these parcels be included in the incorporated City boundary. Additional parcels were added to the annexation push in April of 2023 for a final boundary analyzed in this CFA.

LEGAL PROCESS AND REQUIREMENTS

LAFCOs are local agencies mandated by the State to:

- Coordinate the orderly formation of local governmental agencies
- Preserve agricultural land resources
- Discourage urban sprawl

Typically, during a LAFCO Staff review of an incorporation proposal, LAFCO Staff and the CFA consultant consider alternative boundaries or plans for services. LAFCOs are tasked with determining whether the incorporation of a proposed city is financially feasible and the extent that the transfer of assets, services, responsibilities and more from the county and other affected agencies are to be mitigated for fiscal imbalance caused by the incorporation.

Section 56800 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CHK Act”) requires the LAFCO Executive Officer to prepare, or cause to be prepared by contract, a CFA establishing minimum, though somewhat outdated and obsolete, procedures and requirements for incorporation proposals. Pursuant to AB 2838,² the Governor’s Office of Planning and Research (“OPR”) prepared *A Guide to the LAFCO Process for Incorporations*, in October 2003 (“Guidelines”). The Guidelines provide suggestions on the appropriate content of a CFA and a “suggested process to address the legal requirement of ensuring that incorporations are revenue neutral,” as described later within the CFA. To supplement the Guidelines, LAFCOs may adopt their own policies, procedures, and regulations for incorporations, although the San Joaquin LAFCO has not adopted any additional incorporation policies. Further, because the guidelines are now nearly 20 years old, aspects of how new cities are financed have changed. RSG adapted the methodology, where appropriate, to ensure this CFA is realistic and accurate, and noted such deviations in this CFA.

The CFA serves as a basis for the LAFCO Executive Officer’s Report and Recommendation and Terms and Conditions. The LAFCO Board will consider the CFA when making its decision on the incorporation proposal at a public hearing. The CFA is the basis for revenue neutrality negotiations between the proponents and the County, which will occur prior to the public hearing on the incorporation. Following revenue neutrality negotiations, LAFCO may update the CFA and set an effective date of incorporation. Ultimately, the effective date of incorporation depends on the successful processing of an incorporation application, subject to a protest hearing and a majority approval by eligible registered voters.

² Chapter 761, Statutes of 2000

ASSUMED TIMING OF INCORPORATION

The timing of incorporation is subject to actions that have yet to be scheduled, including completion of this CFA in final form, negotiations on any terms and conditions (including but not limited to revenue neutrality), Commission actions, and ultimately a vote by the registered voters within the proposed boundaries.

The tentative schedule that RSG employed for this proposal is as follows:

February 23, 2021	MHCSD submitted an Application of Incorporation to LAFCO
May 11, 2022	Board approved an Amended Resolution of Application for Incorporation to LAFCO.
November 2, 2022	MHCSD submitted an application for the annexation of additional territory to be included in the CFA.
May 23, 2023	Draft CFA circulated to LAFCO
June 13, 2023	Draft CFA circulated to MHCSD
July 2023	Final CFA circulated to County, and public review period
August 2023	Community workshop
August 2023	LAFCO completes Certificate of Filing
September 2023	LAFCO Commission Public Hearing
March 2024	Election for incorporation (tentative)
July 1, 2024	Incorporation effective, transition period (12 months) begins

To prepare this CFA, RSG made certain assumptions about the timing of these future events, described in the sections below.

2021-22 Base Year

This CFA presents a realistic forecast of operating revenues and expenditures for the new City over a ten-year period to provide LAFCO with additional information beyond the statutory three-year requirement in CKH. Pursuant to Government Code Section 56800, "data used for the analysis shall be from the most recent fiscal year for which data are available, preceding the issuances of the certificate of filing." Consequently, this CFA assumes that public review will begin in the summer of 2023 and a certificate of filing will be issued by LAFCO during or before that period.

RSG developed this CFA using actual revenues and expenditures from the last audited fiscal year of 2021-22, which is the "base year" of this forecast; in all cases, base year data reflects 2021-22 actual costs, revenues, and service levels. Where applicable, projected cost and revenue estimates were based on 2022-23 figures provided by the MHCSD, County, and other official sources. Overall, RSG notes that these 2022-23 costs and revenues to be materially consistent with 2021-22 base year figures.

Should there be a significant delay in the incorporation process and issuance of the certificate of filing is pushed back, data from 2022-23 may become available. This would make 2022-23 the "most recent fiscal year for which data is available." In that instance, it is possible that this CFA would have to be updated to establish 2022-23 as the base year and utilize actual revenues and expenditures from that year instead. An updated base year may cause material changes to the findings and conclusions expressed in this CFA.

July 1, 2024, Presumed Effective Date of Incorporation

For the purposes of this Report, provided all procedural actions are completed, including LAFCO approval and a successful election in March 2024, the effective date of incorporation for the City of Mountain House is assumed to be July 1, 2024. The flow of revenues to the new City is dependent upon the establishment of an effective date, and a change in the effective date of incorporation may materially change the financial analysis in the short term.

While a 12-month transition period is common, RSG also believes that the transition for this incorporation will be less complex compared to other incorporations given that the CSD provides many services that would be transitioned to the new City.

Twelve Month Transition Period

The transition period is the time between the effective date of the incorporation and the time when the new City must assume full-service responsibility, in this case from July 1, 2024, to June 30, 2025. The one-year transition period would afford the new City the opportunity to hire additional staff, initiate contracts for services, and generally prepare for full assumption of municipal services in the following fiscal year. Some, but not all, future municipal costs and revenues would begin to be flow to the new City during some portion of the transition period, while other costs and revenues may still flow to the County. A full year of all City property taxes are assumed to be received.

To mitigate the potential adverse fiscal impacts on the City during the transition period if assumptions in this CFA about the timely transfer of funds do not occur, LAFCO's Terms and Conditions could provide a mechanism to address the potential issue. For example, in the event that property tax revenues assumed in this CFA cannot be shifted from MHCS D and from the County to the new city in FY 2024-25, LAFCO Terms and Conditions could specify that these revenues shall be applied towards reimbursement of County transition year services; any additional funds received by the County during the transition year, in excess of reimbursements, that otherwise would have accrued to the City would be remitted by the County to the City.

The effective date of the new City can Impact the cash flow of the jurisdiction. Revenues are received at varying times throughout the fiscal year and may be delayed and not immediately available. The timing of receipt of these revenues is more of a factor of the applicable statutes that direct the apportionment of such revenues. As such, no new city can collect all revenues immediately beginning on the effective date. RSG has noted these exceptions in this CFA.

In accordance with Section 57384 of the CKH Act, during the transition year, if the City requests, the County could continue to be responsible for maintaining its current level of service for MHCS D and provide a loan for such net costs to the City after the effective date of incorporation. The City would then be responsible for reimbursing the County for the costs to provide services during the transition year. Under Section 57384, a city has up to five years to reimburse the County for the net cost, unless the Board of Supervisors agrees to a longer period, or unless waived by the County. Revenues such as property taxes that may flow to the County instead of the City during the transition period, contrary to the assumptions in this CFA, could be applied towards the City's repayment to the County for transition period services.

METHODOLOGY AND DATA COLLECTION

This CFA analyzes data collected from various agencies and applies that information into a future service plan that will increase service levels compared to services today in the community. RSG employed a combination of our experience performing similar studies, current applicable law and practices, and the Guide for the LAFCO Process for Incorporations (“Guidelines”) in developing our methodology and analysis contained in this CFA.

As the Guidelines state:

“Existing law does not provide an exact formula for establishing the first year’s expenditures for a new city. Budget projections are based on a series of judgment decisions related to other established cities, experience, and the type and level of services. In addition, the level of services provided and the type of provider (either the new city or a contract entity) will impact the annual projection of cost. OPR recommends that LAFCO clearly identify the assumptions underlying the projection of costs. These projections can also be based on a review of the budgets of similarly sized cities.”³

RSG used such judgment and best practices in compiling data and developing forecast of costs and revenues in this Report, as described below. Because the Guidelines were created in 2003 and laws involving how cities may collect taxes and fees have changed, the Guidelines in and of themselves do not appropriately reflect today how new cities may collect revenues and expenditures; RSG had to adapt the Guidelines where appropriate to ensure that the CFA reflects current laws and practices involving fiscal analysis and local government finance.

Collection of Data

Based on the current plan for services and the applicable providers, RSG compiled information for base year costs and revenues from agencies affected by incorporation. (See Figure 6 for the Plan for Services for the list of affected agencies.) The primary data sources for this CFA include the County, MHCS staff and reports, the County Sheriff’s Department, a survey of comparable cities, and ESRI Business Analyst.

The following is a detailed schedule of the data requests sent:

February 21, 2023	On behalf of the LAFCO Executive Officer, RSG sent a data request to MHCS requesting construction-growth data.
February 24, 2023	On behalf of the LAFCO Executive Officer, RSG also sent a data request to the MHCS requesting financial, staff, and public property data.
February 28, 2023	On behalf of the LAFCO Executive Officer, RSG sent data requests to the San Joaquin County Auditor Controller, San Joaquin County Registrar of Voters, San Joaquin County Administrator, San Joaquin County Sheriff’s Department, San Joaquin County Community Development Department (“County CDD”), Tracy Rural, and California Department of Tax and Fee Administration (“CDTFA”).
March – July, 2023	On behalf of LAFCO Executive Officer, RSG sent follow up inquiries to the County CDD, the San Joaquin County Sheriff’s Department, and San Joaquin County Auditor Controller for additional data needs including: a fee

³ A Guide to the LAFCO Process for Incorporations, October 2003, Governor’ Office of Planning and Research, page 34

revenue breakdown of the Base Year⁴, a law enforcement calls for service percentage, a pro-ration of the total Sheriff budget, revenues received by the Sheriff in the MHCS D, and an Auditor's Ratio for the MHCS D.

Responses to Data Requests

In response to these requests, various agencies provided responses between March and July, 2023. A summary list of what was received is provided below:

- Auditor Controller: County and MHCS D Auditor's Ratio, MHCS D and Tracy Rural property tax increment, Assessed Valuation Reports, and total property tax revenues.
- Registrar of Voters: Total registered voters in Proposed Boundary and LAFCO Alternative Boundary.
- County Administrator: Sales tax data in MHCS D according to consultant HDL.
- Sheriff's Department: Supplemental contract invoices, agreements, and spreadsheet; base level service costs in spreadsheet analysis, spreadsheet of revenues levied, calls for service totals.
- County CDD: Affordable housing fund balance and historical cash flow, fee revenue query, consulting contract costs, and fee schedules.
- Tracy Rural: Calls for service and cost of service estimate.
- CDTFA: Sales tax data for MHCS D Zip Code.

RSG analyzed, assessed, and filed each response as received. LAFCO and RSG followed up with the various parties for questions, clarification, or additional data requests to understand the methodology used to derive submitted responses.

RSG utilized the responses in conjunction with other data sources, best practices, and RSG staff knowledge from similar projects and communities. RSG prepared projections for the proposed City of Mountain House based on input from MHCS D staff, historical growth trends, and planned developments, and are intended to be realistic in nature. While RSG has made every effort to accurately ascertain service demands, costs, and any resulting revenues, several factors may influence budget projections including decisions that may be made by a future city council, regional or national economic impacts, changes to state or federal law, or natural disasters.

Use of Other City Budget Information in Developing this Report

The Guidelines advise LAFCO that budget projections can be based on a review of the budgets of similarly sized cities. In our experience, no two cities are exactly alike, but we do find it helpful to compare cities similar to Mountain House and identify costs or services that the new city may experience. RSG considers budgets of existing California cities that are relatively comparable in terms of location, incorporation date, demographics, growth trends, operating budgets, and other factors.

RSG considered different cities and exercised judgment in selecting the appropriate "comparable cities" depending on the nature of the cost (or revenue) involved. In each case, considerable effort was taken to ensure that the existing level of services was driving the selection of the assumption used.

⁴ County CDD provided a breakdown of the fee revenues received before and after a new fee schedule went into effect on January 31st, 2022.

The “comparable cities” include three recently incorporated cities (Eastvale, Wildomar, and Menifee) as well as four other cities (Lathrop, Yucca Valley, Oakley, and Yucaipa). See page 24 for more information on how these other cities’ financial information was used in the development of this CFA.

THE INCORPORATION PROPOSAL

PLAN FOR SERVICES

Municipal services in all analyzed boundaries are currently the responsibility of three entities: the MHCSO, the County, and Tracy Rural. These entities provide services either directly, concurrently, or through a contract with a separate agency or organization. As a result of incorporation, all of these services will shift to the responsibility of the new city, with the exception of the enforcement of CC&Rs as explained later.

This section describes the plan for how services are expected to transition from affected agencies to the new city.

Municipal Services Cities May Provide

By law, all cities must provide the following services:

- General legislative functions
- Land use planning and control over land use and development
- Law enforcement
- Animal control services
- Maintenance of public roads and other public property owned by the city

California cities may also choose to provide the following services:

- Fire protection and suppression
- Libraries
- Parks and recreational services
- Street lighting
- Street median maintenance
- Water
- Wastewater treatment and disposal
- Solid waste disposal
- Social services or other community services

Cities cannot perform all the services exercised by other public agencies. For example, cities are not authorized to enforce CC&Rs recorded on title of real property, while certain community services districts may perform these enforcement duties. This is relevant because MHCSO currently does enforce CC&Rs within its jurisdiction, so an entity other than the new City would have to be responsible for these services following incorporation. The proponents' proposal includes a request for LAFCO to divest MHCSO of all of its powers with the exception of the power to enforce CC&Rs, and to establish MHCSO as a subsidiary district of the City.

Existing Municipal Service – MHCSO

As a community services district, MHCSO currently provides a multitude of municipal services and, with the exception of CC&R enforcement, the City will continue to provide them after incorporation.

As confirmed with the corresponding 2022 Municipal Services Review, the services provided by MHCS D include:

- Road maintenance
- Parks and recreation
- Supplemental policing services (provided by San Joaquin County Sheriff) pursuant to the 2004 Police Protection Services Agreement between the County and MHCS D (“County/CSD Police Protection Services Agreement”), contained herewith in Appendix 11⁵
- CC&R Enforcement (to be provided by MHCS D after establishment as a subsidiary district of the new City upon incorporation)
- Domestic water (provided by the Byron-Bethany Irrigation District)
- Gas (provided by Pacific Gas and Electric (“PG&E”))
- Library Services (provided in conjunction with Stockton–San Joaquin County Unified Library System)
- Solid waste collection/disposal (provided by West Valley Disposal)

Existing Municipal Service – County of San Joaquin

The County is currently responsible for the provision of several types of local municipal services to MHCS D. These services will become the responsibility of the new City upon incorporation:

- Animal Control (provided by San Joaquin County Sheriff’s Department – Animal Services Division)
- Base level policing services in the unincorporated areas pursuant to the County/CSD Police Protection Services Agreement⁶
- Building and safety (provided by County CDD, minor MHCS D input)
- Code enforcement (provided by County CDD)
- Engineering (provided by County CDD, minor MHCS D input)

Existing Joint Services – MHCS D and County of San Joaquin

MHCS D and the County both provide some aspect of the following services. Upon incorporation, these services will become the sole responsibility of the new City:

- General government
- Land-use planning (County CDD, with MHCS D advisory)

Existing Fire Services – MHCS D and Tracy Rural Fire Protection District

MHCS D and Tracy Rural both provide the following services. Upon incorporation, these services will transfer to the new City:

⁵ Per the Police Protection Services Agreement dated June 15, 2004, the County provides supplemental contract law enforcement beyond a basic level of service provided to unincorporated areas.

⁶ The 2004 Police Protection Services Agreement, a 2017 budget adjustment memo, and the 2022 Mountain House Municipal Service Review (“MSR”) all confirm the County’s responsibility to provide basic level law enforcement outside of the supplemental contract.

- Fire protection/EMS services
 - within MHCSD, provided under contract with French Camp McKinley Rural County Fire Protection District (“French Camp Fire District”)
 - outside of MHCSD but in Proposed Boundary, provided by Tracy Rural

Proposed Service Plan

Incorporation may affect the way some services are delivered to the City. Upon incorporation, the County’s local municipal service responsibility in the MHCSD would transfer to the new City, along with portions of the revenue and costs generated within the City boundaries.

Per Government Code Section 56810, the Plan for Services matrix in Figure 6 presents the MHCSD’s submitted Plan for Services and RSG’s assessment of the level of service change following the transition from current to anticipated service providers.

Figure 6 – Plan for Services, Proposed Incorporation

Public Service	Responsibility/ Provider	Anticipated Provider	Service Change
Animal Services	County/SJSO Animal Control	New City— Contract with SJSO Animal Control	No Change
Building and Safety	San Joaquin County	New City— City Staff and Contract Services	New Provider
Cable Television/Broadband Telecommunications	Franchise Agreement	Franchise Agreement	No Change
CC&R Enforcement	MHCSD	MHCSD (Subsidiary District)	No Change
Code Enforcement	San Joaquin County	New City— City Staff and Contract Services	New Provider
Domestic Water	Private Operator / BBID	Private Operator / BBID	No Change
Engineering	San Joaquin County & MHCSD	New City— City Staff and Contract Services	No Change
Fire Protection/EMS	Responsibility: MHCSD ² & Tracy Rural	New City— Contract with French Camp Fire District ²	New Provider
Gas	PG&E	PG&E	No Change
General Government	San Joaquin County & MHCSD	New City— City Staff and Contract Services	New Provider
Land Use Planning	San Joaquin County (Authority) & MHCSD (Some Services)	New City— City Staff and Contract Services (Authority and Services)	New Provider
Library	MHCSD with the Stockton- San Joaquin County Unified Library System	New City with the Stockton— San Joaquin County Unified Library System	No Change
Parks & Recreation	MHCSD	New City— City Staff and Contract Services	No Change
Police Services	San Joaquin County Sheriff w/ MHCSD & San Joaquin County ¹	New City— Contract with County Sheriff, Neighboring City, or Form Own Dept.	No Change
Public Education	Lammersville Unified School District	Lammersville Unified School District	No Change
Road Maintenance	MHCSD	New City— City Staff and Contract Services	No Change

Solid Waste Collection/Disposal	Responsibility: MHCS ³	Responsibility: New City	No Change
Stormwater Services	Responsibility: MHCS	Responsibility: New City	No Change
Traffic Control & Accident Investigation	California Highway Patrol	New City— Contract with County Sheriff, Neighboring City, or Form Own Dept.	No Change
Wastewater/Sanitation	Private Operator	Private Operator	No Change

¹ Provider: Contract with San Joaquin County Sheriff only for supplemental policing services

² Provider: Contract with French Camp McKinley Rural County Fire Protection District

³ Provider: Tracy Delta/West Valley Disposal

Level of Service Changes Anticipated by Incorporation

Because of the extent of municipal services provided by MHCS today, incorporation is not expected to make many dramatic changes in the level of service in most circumstances. However, RSG does note two service areas where we believe incorporation would customarily result in increased levels of services:

- **General Government:** While the MHCS Board of Directors is elected by voters within its jurisdiction, not all local governmental decisions are made by the MHCS; land use decisions and other municipal services administered by the County are subject to the decisions of the County Board of Supervisors, for which one Supervisor represents the Mountain House area. With incorporation, five members of the city council will be locally elected and accountable for all municipal services. This is customarily considered an increased level of service due to higher representation.
- **Land Use Planning:** While MHCS has an advisory role in land use policy in its jurisdiction, land use decisions are ultimately up to the County Planning Commission and Board of Supervisors. In addition to the access to more locally elected officials and appointed members of a city planning commission, there may also be added convenience for attending meetings and filing applications within the community versus going out of the community as they do today. This is customarily considered an increased level of service due to higher representation.

FORM OF GOVERNMENT

RSG assumed that the City of Mountain House would incorporate as a General Law City under the State Constitution. General Law cities make up most of the cities in California, and such cities adhere to the State Constitution more closely than charter cities which can more directly dictate how they are governed through their respective charters.

According to the Application for Incorporation, the proposed new City would be governed by the City Council, which would retain a City Manager to be responsible for the day-to-day operations of the City. The proponents’ application, based on its amended version from May 11, 2022, mentions that members of the City Council will include one directly elected Mayor and four City Council members elected at-large, for a total of five members on the City Council.

Assumed Municipal Organization

The proponents’ application indicates that the City is proposed as a “contract city,” meaning that the City would have limited permanent staff and contract remaining services through public agencies and/or private consultants. Since 1970, nearly 85 percent of cities that incorporated have at least a

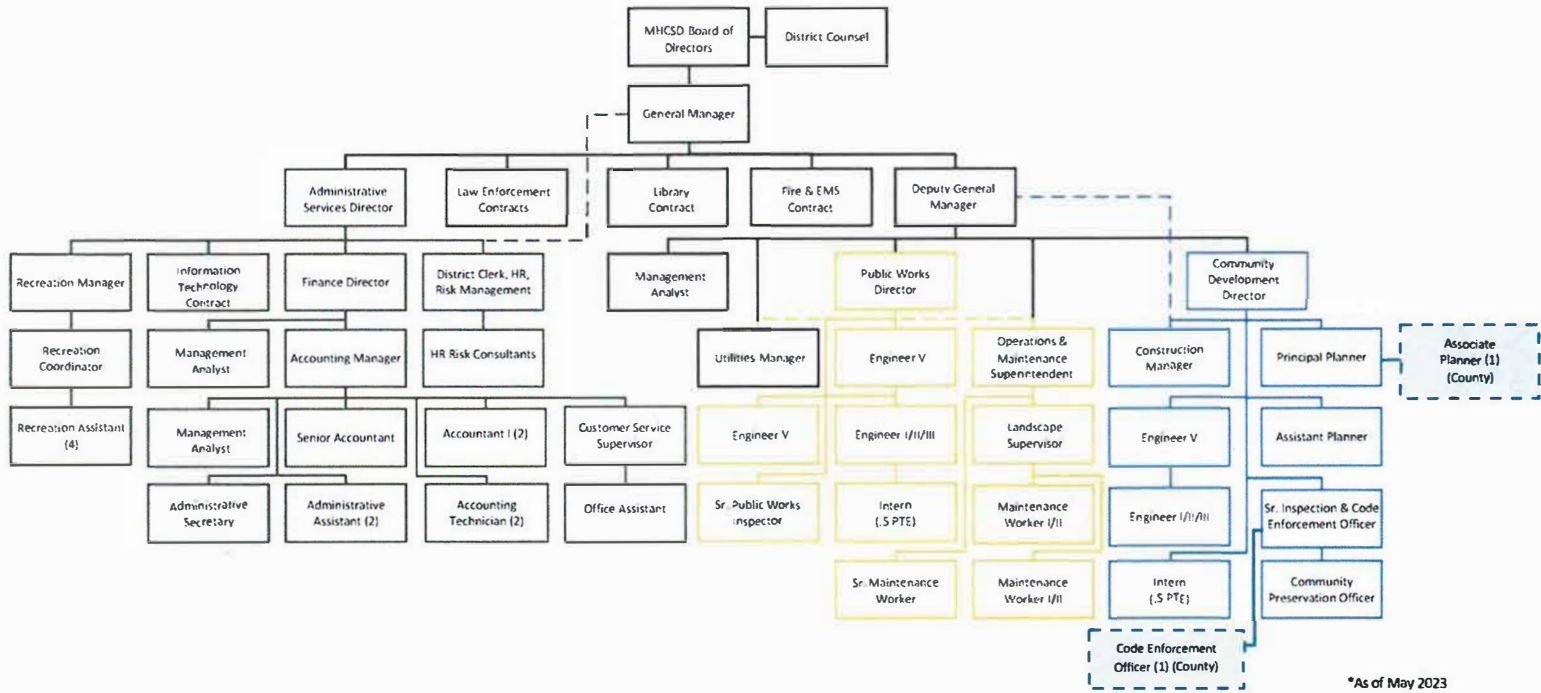
portion of public services provided by contract rather than permanent employees.⁷ One advantage of contract cities is the ability to scale quickly as service demands dictate.

Figure 7 presents the FY 2023-24 organizational chart of MHCSD staff as of March 2023, inclusive of services provided through contracts.⁸ For FY 2021-22, MHCSD has a total of 40 authorized positions, of which 31 are presently filled. Incorporation may result in the need to add additional permanent staff as explained in this CFA.

Contract services include law enforcement, library services, fire and emergency services, information technology, animal services, risk management, and legal services.

⁷ California Contract Cities Association

⁸ According to the FY 2022-23 Annual Operating Budget and conversations with MHCSD staff.



*As of May 2023

Figure 7 – Organizational Chart

RSG assumed 11 full-time staff will be added to the City by FY 2025-26 (the first year after the transition year), nine from filling vacancies and two from additional workload because of incorporation. As of March 2023, the nine vacant positions are existing budgeted positions of the MHCSD including a Deputy General (City) Manager, Management Analyst, Accounting Technician, Engineer II, Principal Planner, Maintenance Worker II, Engineer V, Utility Manager, and a Recreation Coordinator.

Upon incorporation, RSG has assumed that two additional full-time personnel would be needed to meet the City's municipal responsibilities, including an additional Associate Planner and a Code Enforcement Officer, to administer the planning and code enforcement responsibilities currently completed by the County CDD, separate and apart from the CC&R enforcement responsibilities which will remain with MHCSD. The City will also need to hire or designate a Building Official pursuant to the California Building Code. For the purposes of this CFA, RSG assumed the existing Construction Manager will acquire the duties of a Building Official upon incorporation.

The two additional personnel from the increased workload will have payroll and benefits established by the City Council if incorporation is successful. The nine existing vacancies will initially have salaries and benefits set by the MHCSD, unless they are hired after incorporation. For the purposes of this CFA, RSG estimated payroll and benefit costs for these new positions, while also maintaining current payroll and benefits associated with the existing MHCSD staff that are assumed to fully transition over to the new City. All salaries we projected using FY 2021-22 salaries and benefits schedules provided by the MHCSD in response to the RFIs. Each salary projection includes a benefits ratio also based on data provided by the MHCSD. According to this data, the ratio of benefits to salary for MHCSD employees varies by position from 41 percent to 101 percent with an average of 63 percent.

This CFA also analyzed personnel costs from comparable cities and their relation to the City's proposed costs. The average benefits to salary ratio for each of the seven comparable cities previously mentioned was 32 percent. Staffing costs for the City under the Proposed Boundary would therefore be an outlier among comparable cities. However, this was to be expected based on Base Year data provided from the MHCSD. MHCSD staff indicated that benefits were high because some employees took advantage of more expensive insurance plans. A summary of the analysis of various compensation levels and benefit ratios is presented in Figure 8.



Item Detail and Assumptions	Difference from Average		Proposed City Mountain House	Eastvale	Wildomar	Menifee	Lathrop	Yucca Valley	Oakley	Yucaipa
Total Population in 2021¹			27,039	69,929	36,632	106,627	31,331	21,813	44,533	54,494
City Employees										
<i>Total Number of Employees in 2021²</i>			31	51	31	322	116	86	127	223
<i>Benefits Ratio</i>	31%		63%	15%	82%	29%	27%	28%	24%	17%
Permanent Employee Salaries & Benefits³										
Management										
City Manager	(2,524)	50%	\$320,694	\$292,514.00	\$333,317	\$396,806	\$349,484	\$291,631	\$241,400	\$357,375
City Clerk	25,054	54%	\$277,039	\$184,521.00	\$505,171	\$242,662	\$225,732	\$135,899	\$212,995	\$256,909
Finance										
Administrative Services Director	N/A	52%	\$314,071	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Finance Director	103,148	47%	\$279,455	\$172,145.00	N/A	\$154,064	\$273,924	N/A	\$221,330	\$60,070
Management Analyst	51,976	55%	\$158,824	\$97,421.00	N/A	\$93,638	N/A	N/A	\$129,486	N/A
Accounting Manager	102,190	66%	\$263,098	\$111,502.00	N/A	N/A	\$195,288	N/A	\$173,355	\$163,486
Customer Service Supervisor	N/A	85%	\$208,455	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Senior Accountant	158,936	41%	\$266,580	N/A	N/A	\$110,248	N/A	N/A	\$124,992	\$87,690
Accountant I	63,345	55%	\$140,055	N/A	N/A	N/A	N/A	\$76,710	N/A	N/A
Accounting Technician I	39,807	86%	\$112,340	\$41,129.00	N/A	\$74,197	\$102,275	N/A	N/A	\$106,224
Office Assistant I	60,775	101%	\$90,105	\$25,723.00	N/A	N/A	N/A	\$15,035	N/A	\$47,233
Community Development										
Community Development Director	113,515	47%	\$337,612	\$203,874.00	N/A	\$270,546	\$234,692	\$187,275	N/A	N/A
Senior Code Enforcement Officer	N/A	67%	\$195,789	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Code Enforcement Officer	80,723	74%	\$159,038	N/A	N/A	\$62,166	N/A	N/A	\$64,262	\$108,518
Administrative Secretary	35,546	57%	\$119,390	N/A	N/A	\$83,488	\$97,911	\$70,133	N/A	N/A
Engineer V	92,843	50%	\$243,269	N/A	N/A	N/A	N/A	N/A	\$150,426	N/A
Engineer II	N/A	52%	\$192,584	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Senior Public Works Inspector	102,903	91%	\$194,727	N/A	N/A	\$125,450	N/A	\$34,438	\$115,584	N/A
Associate Planner	\$49,682	62%	\$150,884	N/A	\$121,139	\$81,264	\$98,119	\$106,511	N/A	N/A
Public Works										
Public Works Director	2,773	44%	\$206,905	N/A	N/A	\$177,800	\$247,163	\$187,275	\$264,316	\$144,107
Operations and Maintenance Superintendent	(9,274)	61%	\$136,676	N/A	N/A	N/A	\$174,534	\$117,365	N/A	N/A
Maintenance Worker II	(30,626)	87%	\$57,879	N/A	N/A	\$87,054	\$100,466	\$82,531	N/A	\$83,967
Senior Maintenance Worker	(7,271)	73%	\$85,106	N/A	N/A	\$94,638	N/A	N/A	N/A	\$90,116
Engineer V	(19,666)	50%	\$162,107	N/A	N/A	\$167,172	\$186,170	N/A	N/A	\$191,977
Landscape Supervisor	(6,105)	70%	\$112,984	N/A	N/A	N/A	N/A	\$102,513	\$135,664	N/A
Construction Manager	N/A	59%	\$162,107	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative Assistant	12,183	66%	\$89,378	N/A	\$67,093	\$83,488	\$69,418	\$50,488	\$109,712	\$82,974
Utility Manager	9,855	66%	\$139,371	N/A	N/A	N/A	\$129,516	N/A	N/A	N/A
Recreation										
Recreation Manager	66,688	57%	\$193,974	N/A	N/A	N/A	\$127,286	N/A	N/A	N/A
Other Compensation³										
City Council Stipend Per Member	0		\$12,436	\$12,693	\$20,233	\$20,384	\$3,600	\$16,814	\$5,270	\$8,060
Contract Attorney	110,542		\$383,017	\$390,000	\$104,400	N/A	\$323,026	N/A	N/A	N/A

Note: Only directly employed personnel are included. "N/A" indicates that a position is either contracted, not explicitly provided, or covered via a stipend as opposed to a salary.

¹ Department of Finance

² California State Controller's Government Compensation in California Website

³ City Salary Schedules and Budgets for 2021-22 and California State Controller's Government Compensation in California Website

Figure 8 – Payroll Cost Comparison

Proposed Subsidiary District

The incorporation proposal requests that LAFCO divest MHCS D of all of its statutorily authorized powers under the Community Services District Law, Government Code Sections 61000-61250, with the exception of the power to enforce CC&Rs, and requests that the single power MHCS D be established as a subsidiary district of the New City.⁹ Under state law and as confirmed by LAFCO Special Counsel, cities are not authorized to enforce CC&Rs.

Accordingly, in consultation with LAFCO Special Counsel and the proponents, LAFCO has directed RSG to assume that the MHCS D would become a subsidiary district of the new City solely for the purpose of enforcement of CC&Rs within the new City.

To fund these costs, RSG has assumed that a portion of the property taxes currently collected by the Subsidiary District would be retained to the extent needed for funding the cost of CC&R enforcement. This CFA estimates the amount of property taxes necessary for the Subsidiary District.

Peer Cities Analysis

Pursuant to Government Code Section 56800(a)(1), a CFA should compare the estimated costs to provide services in the proposed city with the costs of cities with similar population, similar geographic size, and similar level and range of services. The term “peer cities” may carry different meanings depending on the context. For example, cities may be demographically similar, located in the same region or market and/or share common economic conditions.

For the purposes of this CFA, RSG had to consider several factors including land use, demographics, market, size, and most importantly city budget to identify cities for which we could compare the results of our analysis of the Proposed Boundary. In this case, a CFA peer city means:

1. a city in California that is relatively new since older cities tend to have much higher shares of property taxes that skew the usefulness of the city budget,
2. a city of population relatively like the Proposed Boundary,
3. a community located in a suburban area,
4. a general law (and not charter) city,
5. a city that relies at least somewhat on contract providers for municipal services,
6. and has a similar land use profile (both in terms of the types of uses but the population growth trends in recent years), and
7. Has a similar budget, at least on a per capita basis, and plan for services.

Initially, RSG reviewed the budgets and service models for 23 cities with the closest population and population growth rates to the new City, but none of them are “similar” by a strict interpretation of Section 56800(a)(1). In most cases, these cities were significantly older, differed in the size of their annual budget, or had varying population growth rates and sizes. For this reason, RSG had to expand the size of cities to find cities that are otherwise better comparisons to Mountain House, with the goal of adjusting for situations where populations were materially different (such as using costs per capita versus total costs).

Ultimately, RSG selected seven cities throughout the State that we believe would be most similar to the proposed City of Mountain House. As shown on Figure 9, the seven peer cities include Eastvale, Menifee, and Wildomar, recently incorporated and relatively fast growing cities in suburban Riverside County, as well as Lathrop, which like Mountain House is located in San Joaquin County and has a

⁹ Per the MHCS D May 11, 2022 Amended Application for Incorporation

similar population to Mountain House, plus three other cities, Yucca Valley, Oakley, and Yucaipa, which had relatively similar population sizes, population growth rates, and annual operating budgets to the new City.



City	Mountain House	Eastvale	Wildomar	Menifee	Lathrop	Yucca Valley	Oakley	Yucaipa
County	San Joaquin	Riverside	Riverside	Riverside	San Joaquin	San Bernardino	Contra Costa	San Bernardino
Fiscal Year Reviewed	2025-26	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22	2021-22
Demographic Data								
Population	32,451	69,929	36,632	106,627	31,331	21,813	44,533	54,494
Service Data								
Class	General Law	General Law	General Law	General Law	General Law	General Law	General Law	General Law
Employees	31	51	31	322	116	86	127	223
Service Area (Sq. Miles)	6.95	13.12	23.69	46.47	21.93	40.02	15.85	27.89
Year Incorporated	2023	2010	2008	2008	1989	1991	1999	1989
Fiscal Data								
Assessed Value	\$5,087,400,000	\$11,367,479,540	\$3,914,676,493	\$12,199,752,253	\$5,085,525,381	\$1,996,105,782	\$5,398,682,304	\$5,089,900,079
Sales Tax Rate ¹	7.75%	7.75%	8.75%	8.75%	8.75%	8.75%	8.75%	7.75%
Property Taxes	9,619,000	3,154,800	7,061,390	17,391,094	4,860,000	4,602,315	7,640,000	12,797,932
Sales Taxes	611,400	52,000,000	2,010,146	9,425,000	4,750,000	4,250,000	2,000,000	5,170,214
Property Transfer Taxes	700	290,000	165,446	900,000	-	171,215	250,000	186,819
Community Development Fees	3,412,951	352,600	894,514	3,639,715	742,529	106,191	3,100,000	503,045
Investment Earnings	26,600	350,000	96,849	952,318	200,000	80,000	700,000	553,932
Total Annual General Fund Revenues	\$15,593,351	\$27,722,060	\$15,222,500	\$74,661,280	\$22,634,881	\$15,132,782	\$24,911,110	\$31,053,445
Total Annual General Fund Expenditures	\$14,812,379	\$29,655,494	\$15,620,100	\$74,835,100	\$26,772,978	\$14,547,527	\$27,953,559	\$29,823,916
Services Provided								
General Government ²	1,571,381	9,298,355	2,192,110	7,993,313	8,153,563	2,139,961	2,591,362	2,521,464
Public Safety ³	4,733,939	19,521,772	9,365,095	26,028,557	9,835,206	5,164,539	11,705,674	16,051,158
Community Development ⁴	6,913,891	6,302,117	2,760,824	10,653,559	5,415,300	1,536,711	2,410,048	3,471,264
Culture and Leisure ⁵	-	694,120	683,551	1,577,838	1,797,182	1,766,170	3,390,750	2,103,607
Utilities ⁶	-	61,100	-	-	-	-	-	668,300
Misc ⁷	12,100	-	-	-	-	-	-	-

¹ Includes the sales tax rate determined by the California Tax and Fee Administration for each city. The Mountain House sales tax rate reflects the County rate which Mountain House will assume post incorporation.
² Includes legislative, management and support services.
³ Includes police, fire, emergency medical services, animal regulation, weed abatement, street lighting, disaster preparedness, and all other public safety services.
⁴ Includes planning, construction and engineering regulations, redevelopment, housing, employment, community promotion, and other community development services.
⁵ Includes parks and recreation, marinas and wharfs, libraries, museums, golf courses, sports arenas and stadiums, community centers and auditoriums and other public amenities.
⁶ Includes water, gas, electric and other public utility services.
⁷ Includes non-departmental expenditures.

Figure 9 – Peer Cities Analysis

GROWTH AND DEVELOPMENT

MOUNTAIN HOUSE MASTER PLAN

The County adopted the Mountain House Master Plan in 1993 and amended it most recently in 2022 as an amendment to the San Joaquin County General Plan. The original Master Plan contained three separate village centers to provide weekly shopping and other services, twelve residential neighborhoods, trails and parks, and a town center in the center of the project site to include a community serving shopping center, high density residential, commercial, and a civic center. The Master builder, Trimark Communities, anticipated the Master Plan to develop over a twenty- to forty-year period. The Master Plan sets forth the policies, requirements, and standards for development of all the required infrastructure of the community of Mountain House, as well as any resource management programs.¹⁰

MOUNTAIN HOUSE SPECIFIC PLANS I, II AND III

In addition to the Master Plan, there are three specific plans that guide land use policy within the Mountain House area. The County adopted the Mountain House Specific Plan I on November 10, 1994 and amended it most recently on April 11, 2022. It covers:

- Central Mountain House
- Mountain House Business Park
- Old River Industrial Park

The County adopted the Mountain House Specific Plan II on February 8, 2005, and amended it most recently on April 11, 2022. The Specific Plan encompasses approximately 2,300 acres and includes seven of the twelve planned neighborhoods. As the primary developer, Trimark planned the following:

- Town Center
- Commercial areas
- Parks, schools, open space

The County adopted the Mountain House Specific Plan III, also known as College Park at Mountain House, in 2005, and amended it in 2022. According to the Environmental Impact Report (“EIR”), the Specific Plan includes:¹¹

- Delta Community College and surrounding development
- 2,240 residential units
- 1.8 million square feet of commercial, office, and industrial uses
- 42 acres of parks
- Two K-8 schools
- 34 acres of open space

RSG consulted with MHCS staff to develop an absorption forecast for the development because not all potential projects are expected to occur within the timeframe covered by this CFA. Additional

¹⁰ Mountain House Master Plan and Specific Plan I EIR, September 1994. Baseline Environmental Consulting.

¹¹ State Clearing House (SCH) #2003102074

refinements were made based upon permitting reports from the County, a site visit to MHCS D in May 2022, and historical construction trends in the community.

LAND USE

The Proposed Boundary is made up of predominantly residential uses, as demonstrated in Figure 10. The area continues to grow with industrial, commercial, and other uses, but at build out, it will remain chiefly residential.

Figure 10 – Land Use by Assessed Valuation

Land Use Category	Proposed Boundary	
	Assessed Value	Percentage
Residential	4,453,202,927	97.14%
Single Family	4,238,226,741	92.43%
Multifamily	13,910,472	0.30%
Other	201,065,714	4.41%
Commercial	28,462,497	0.62%
Retail	-	0.00%
Office	4,000,000	0.09%
Other	24,462,497	0.53%
Industrial	50,128,566	1.09%
Institutional	2,442,522	0.05%
Agriculture	8,410,495	0.16%
Government	-	0.00%
Vacant	36,643,564	0.80%
Unsecured	5,035,293	0.11%
TOTAL	4,585,246,344	100.00%

¹ Other residential land use includes a large amount of zoned but undeveloped properties including those owned by Shea Mountain House LLC.

Source: San Joaquin County Assessor's Office, 2022-23 assessment roll, net of all other exemptions except homeowners exemption.

CFA DEVELOPMENT FORECAST

The Proposed Boundary has seen a tremendous amount of growth resulting in a near tripling of the population from 2010 to 2022. However, as the amount of available land decreases, the development growth forecasted in this CFA will be more conservative.

MHCSD provided data on building permits, projects in the pipeline, and the planned development of neighborhoods. They also supplied projections of residential, commercial, and industrial construction through 2034. To better assess the region and the pace of construction, RSG conducted an in-person field survey in May of 2022 to gain insight on the community and refined the development estimates as a result. This CFA projects the development of approximately 5,800 residential units in the forecast period. The CFA also includes approximately 250,500 square feet of storefront space and 778,000 square feet of warehouse and other industrial space.

Initially, it is reasonable to expect that some projects that have not yet been entitled may take some time to receive entitlements (typically 9-18 months), prepare grading plans, construction drawings and receive permits (6-12 months), and be constructed (18-24 months). Additionally, development of

these projects is anticipated to occur in phases, likely based on demand and the desires of the respective developers, which RSG has noted are not yet known in detail. Figure 11 summarizes the development forecast. Development figures affected several critical figures in the CFA, including population, property taxes, sales taxes, other revenues, and expenditures.

Figure 11 – Growth Forecast

Comparison of RSG Forecast to MHCSD Forecast	MHCSD Forecast			RSG Assumption ¹		
	2 Yrs	5 Yrs	10 Yrs	2 Yrs	5 Yrs	10 Yrs
Residential Units	1,657	3,993	7,208	1,476	3,504	5,755
Residential Rural (RR)	-	-	-	-	-	-
Residential Very Low Density (R-VL)	-	-	10	-	-	8
Residential Low Density (RL)	340	1,182	2,826	303	1,037	2,257
Residential Medium Density (RM)	212	835	1,561	189	733	1,246
Residential Medium High Density (R-MH)	287	1,158	1,813	256	1,016	1,448
Residential High Density (RH)	818	818	998	729	718	797
Commercial SF	35,000	150,500	275,500	35,000	150,500	250,500
Community Commercial (CC)	20,000	40,000	40,000	20,000	40,000	36,370
General Commercial (CG)	15,000	50,000	50,000	15,000	50,000	45,463
Freeway Service Commercial (C-FS)	-	60,500	160,500	-	60,500	145,936
Office Commercial (CO)	-	-	25,000	-	-	22,731
Industrial SF	278,518	778,518	778,518	161,025	662,525	778,518
Limited Industrial (IL)	25,518	275,518	275,518	14,753	234,468	275,518
General Industrial (IG)	253,000	503,000	503,000	146,272	428,057	503,000

¹ RSG's development forecast used in this CFA is based on totals. This table reflects zoning subdivisions of those totals based on equivalent proportions in the MHCSD Forecast. Exact measurements of each zoning category were not used in this CFA.

Population Forecasting

At the core of the analysis in this CFA is the population size of the City. Most revenue and expenditure forecasts are based on population growth. To develop a current population estimate, RSG utilized GIS to match the boundaries of the proposed incorporation area to data from the US Census, County Tax Roll, and ESRI Business Analyst. Utilizing Census and ESRI data between 2010 and 2022, RSG developed an average historical annual population growth rate of 14.95 percent, a 280 percent increase from the 2010 population of 9,675 to RSG's 2021-22 estimate of 27,032. Figure 12 summarizes the population forecast.

The forecast also includes a base assumption that the existing population would grow regardless of development. This growth would be the result of new births, home sales to larger families, and home sales of vacant properties. RSG utilized an annual growth rate for this existing population of 1.4 percent for the duration of the forecast.¹²

The full population forecast includes an adjustment for new construction based on the projected development forecast in Figure 11. This supports a realistic projection that accounts for the difference in land availability between the prior decade and the current availability of land, and the pace at which new developments are populated. Inclusive of the existing population growth and new development, RSG is projecting the City's total population growth at 6.18 percent.¹³ As the City approaches the estimated buildout, population growth will slow. All scenarios met or went beyond the estimated buildout population of 44,000 but did not exceed the estimated buildout housing unit total of 15,700.¹⁴

In 2021-22, the Proposed Boundary contained approximately 1,000 employees in the workforce.¹⁵ Employment figures increase with the development of commercial and industrial space. RSG developed an employee forecast using square feet per employee estimates from a 2019 Hansford Consulting report commissioned by the County CDD¹⁶. Figure 13 shows the projected employee population in the City, with a FY 2033-34 employee population of 1,856.

¹² The annual growth rate of 1.4 percent was derived from ESRI's projections through to 2027.

¹³ The CFA also models alternative scenarios, including the LAFCO Alternative Boundary and two low growth sensitivity analyses, which produced similar annual growth rates, with none lower than 5 percent.

¹⁴ Berkson Feasibility Study, Mountain House Finance Authority - Utility Systems Revenue Bonds, 12/12/2019, Page 20

¹⁵ ESRI Business Analyst

¹⁶ Per Square Foot Estimate from "Mountain House Jobs Housing Review 2019", Hansford Consulting



**POPULATION FORECAST
PROPOSED BOUNDARY**

Population Projections	12 Month Period Beginning											
	7/1/22	7/1/23	Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
After New Development is Factored In	27,032	28,486	30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064
Registered Voters	11,768	12,495	13,266	14,086	14,955	15,879	16,860	17,901	19,006	20,180	21,426	22,749
2010 Population ¹	9,675											
2021-22 Population Projection ²	27,032											
Annual Growth Rate 2010-22 ^{1&2}	14.95%											
Annual Growth Rate 2022-27 ³	1.40%											
Average Household Size ³	3.66											
Registered Voters ⁴	11,768											
Vacancy Rate ²	7.18%											
<u>CFA Annual Growth Rate 2022-2033⁵</u>	<u>6.18%</u>											

¹ 2010 US Census

² RSG Estimate based on ESRI 2022 data & San Joaquin 2022-23 Equalized Assessment Roll

³ ESRI Business Analyst estimate used for existing population

⁴ San Joaquin County Registrar of Voters

⁵ Growth Rate accounting for New Development + Growth from Existing Population

Figure 12 – Population Forecast

**EMPLOYEE GROWTH
PROPOSED BOUNDARY**

Item Detail and Assumptions	7/1/22	12 Month Period Beginning										
		Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33	
Existing Employees ¹	1,000											
Commercial SF Added	-	10,000	25,000	10,000	10,000	95,500	-	100,000	-	-	-	-
Square Feet per Employee ²	480											
Industrial SF Added	25,518	-	63,250	-	62,500	62,500	-	-	-	-	-	-
Square Feet per Employee ²	639											
Total Employees	1,040	1,061	1,212	1,233	1,351	1,648	1,648	1,856	1,856	1,856	1,856	1,856

¹ ESRI Business Analyst Estimate

² San Joaquin County & Hansford Consulting Estimate

Figure 13 – Employee Projections

BUDGET PROJECTIONS

Using financial data gathered from agencies that provided services during the prior fiscal year, the base year costs and revenues, and the property tax transfer, a CFA must include budget projections for the proposed city. Budget projections must include:

- The costs and revenues to the proposed City to provide services during at least the three fiscal years following incorporation.
- The effects of the costs and revenues on any affected local agency during the three fiscal years following incorporation.
- Other information needed to make the findings as needed for an incorporation proposal.

The law requires budget projections for only the first three years after incorporation, however, this CFA uses a longer forecast of ten years. A ten-year projection allows for a more accurate estimate of a new city's long-term financial feasibility.

The budget projections reflect a reasonable cost of living increase and inflationary factors. Any analysis inclusive of long-term projections must carefully consider the factors that go into the rate of increase for both revenues and expenditures. Recent trends, such as the historically high rate of inflation, the COVID-19 Pandemic, and the high cost of single-family housing must be considered. At the same time these trends reflect unique circumstances that over a longer period of time may fade in importance. The exceptionally high inflation rates in 2022, as an example, are an anomaly not seen since 1990.¹⁷ For this reason, RSG utilized an inflation factor that averages the annual change in the Consumer Price index ("CPI") from December 2013 to December 2022 producing a rate of 2.6 percent. This period of 10 years provides a more stable rate that weighs recent trends against those of preceding years.

PROJECTED REVENUES

RSG conducted this CFA on a cash basis. As discussed in the OPR Guidelines, new cities must operate on a cash basis because typically, new cities have no initial fund balances on which to depend for cash flow. However, because the incorporation of the City of Mountain House is the reorganization of an established community services district, the City will have fund balances upon incorporation. The cash basis approach provides a more realistic picture of both the year-end surpluses and deficits, which can be experienced by a new city.

City revenues come from a variety of sources. Some of the City's revenue would be designated as General Fund revenue, which would be used to provide municipal services such as general government, law enforcement, planning and land use, building inspection, animal control, wildfire protection, and parks. General Fund revenues typically come from property taxes, sales taxes, state subventions, and fees for services.

Other revenues are restricted for specific purposes such as state subventions like gas tax revenues. These revenues generally do not go in the General Fund. MHCS D also receives Special Tax revenues from four separate parcel taxes. The taxes are restricted to four uses, inclusive of related administrative costs: Roads, Public Safety, Parks, and Public Works.

This CFA generally does not project revenues from impact and facilities fees, either from the existing MHCS D or fees that may be transferred from the County. RSG assumed that said fees would continue to be restricted to specific impact and facilities funds, which would not be available to spend on most

¹⁷ December 2022 12 month percent change in CPI was 6.5 percent, 1990 was 6.1 percent
<https://data.bls.gov/pdq/SurveyOutputServlet>

General Fund activities, and thus could not affect feasibility. Water and wastewater fund levies currently assessed by MHCS D are also excluded from this CFA. The exception to this is the Affordable Housing Fund projections located in Appendix 4. These were included in the CFA because of the change in responsibility that results from incorporation, but they do not factor into feasibility. The Affordable Housing Fund for Mountain House is currently a County fund but upon incorporation it will transfer to the City.

The following section describes the revenues that will directly impact the City's feasibility and also discusses the methodology used to forecast these revenues. There may be differences between the forecasts and actual results because events and circumstances may not occur as expected, and those differences may be material. In addition, outside forces such as the State Budget and the national economy can have a large effect on potential revenues. The State of California's budget process is unpredictable and has imposed tremendous changes in the last twenty years at the local government level, such as the loss of Motor Vehicle License Fees or redevelopment dissolution. It is impossible to predict what the next ten years may bring. The COVID-19 Pandemic and related inflationary pressures have also presented difficulties for any city. Local jurisdictions are often unprepared for normal fluctuations in the economy, let alone another pandemic or related recession.

NEW TAXES AND FEES

This CFA assumes that the City will not impose new taxes, and initially, that the existing taxes, fees, and franchise agreements maintained by MHCS D will be adopted by the City Council upon incorporation. However, in the future, the City would have the discretion of adopting taxes and/or fees and entering into new franchise agreements which may later alter the amount of revenues available to the new City. Additionally, future voters may choose to approve new taxes, though adoption of new taxes would likely be subject to Proposition 218.

GENERAL FUND REVENUES

The City's General Fund will distribute funding for most municipal operational services, including general government, community development, animal control, fire protection, parks and recreation, and law enforcement. General Fund monies will also be available for use in the event negotiations with the County produce revenue neutrality payments. The funding sources for the City consist of the following:

- Shares of local taxes (property, sales, and property transfer taxes)
- Fees for services (franchises, community development, public works/engineering, and animal license)
- Fines and forfeitures
- Interest earnings

Over the term of the CFA, estimated General Fund revenues range from \$14 million in FY 2024-25 to \$23.1 million in FY 2033-34, exclusive of Special Tax fund revenues. The methodologies for calculating revenues are described by each tax or fee levy below.

Property Taxes

Under the Plan for Services, the new City would be eligible to receive property taxes from three agencies' shares:

- The MHCS D share, with the majority of the property taxes going into the City General Fund except for the portion of these taxes needed to cover the operations of the proposed Subsidiary District,
- The County share, based on the net cost of services the County provides within the Proposed Boundary multiplied by the Auditor's Ratio, and
- Tracy Rural's total share in the areas serviced pursuant to Government Code Section 56810(d).

Section 56810 of the Government Code provides a specific formula for the determination of the portion of the property tax share from other agencies allocated to a new city. The formula derives the share of the general levy by calculating the net cost of services transferred to the City as a percent of the expected property tax revenue. The net costs include both direct costs and overhead or indirect costs, net of revenues received by any affected taxing entities.

The components of the property tax transfer are described below:

MHCS D Share of Property Taxes:

Based on RSG's analysis of County Auditor data showing the basic 1 percent property tax levy in 2021-22, MHCS D currently receives approximately 15.95 percent of the general property tax levy. If incorporated, a majority of these taxes would be transferred to the new City. Because not all MHCS D services would transfer to the new city (the exception being enforcement of CC&Rs), these taxes would be divided between the City General Fund and the Subsidiary District.

The results of the property tax exchange as proposed is described below:

- 15.00 percent to the City General Fund: Under the Plan for Services, virtually all of MHCS D's responsibilities would shift to the City, with the sole exception of enforcement of CC&Rs which cannot be enforced by a city. Pursuant to Government Code Section 56810(c)(2), RSG calculated the property tax share to be transferred from the MHCS D to the City by determining the net cost of services. The net cost of services must then be

multiplied by what is called the Auditor’s Ratio¹⁸ to determine how much of those costs are funded by property taxes. The Auditor’s Ratio is the ratio reported by the County Auditor Controller of general property taxes received during the base year to all revenues received by the MHCS D for general purposes during that same fiscal year.

On July 5, 2023, the County Auditor Controller provided a report on the 2021-22 Auditor’s Ratio which concluded that 92.9 percent of the net cost of services are funded from property taxes in the MHCS D.

The following data points were used in the calculation of the net cost of services:

- MHCS D General Fund Expenditures (+\$6,580,003): RSG analyzed the MHCS D audited trial balances for FY 2021-22 to determine what expenses in the general fund were funded by “general purpose” revenues. Section 56810(c)(1) & (2) require the exclusion of any “specific purpose” revenues, and any expenditures therefor, from the property tax transfer analysis. Based on this information, RSG determined that about \$6.5 million in general purpose expenditures, almost entirely comprised of MHCS D General Fund expenditures.

Figure 16 following this section shows where the general purpose expenditures are in the calculation. General purpose expenditures exclude the cost of enforcement of CC&Rs. See page 95 for more information on the nature and cost of services for CC&R enforcement estimated by RSG.

- MHCS D Specific Purpose Revenues (-\$54,021): The MHCS D receives certain charges for services and grant income that would classify as specific purpose revenue pursuant to 56810(c)(1).

This \$54,021 is subtracted from the \$6.5 million in costs to produce a total net cost of services that would transfer from the MHCS D to the City of \$6,525,982. This amount is multiplied by the Auditor’s Ratio as shown below:

MHCS D Property Tax Transfer to City – Base Year 2021-22				
Net Cost of Services	x	Auditor’s Ratio	=	Property Tax Transfer
\$6,525,982	x	92.9 percent	=	\$6,062,638

- 0.95 percent to Subsidiary District: the remainder of the current MHCS D share would be retained by the MHCS D for CC&R enforcement. The MHCS D would be established as a Subsidiary District of the new City for the exclusive purpose of enforcement of CC&Rs. The Subsidiary District’s property tax share was determined as the net share available after calculating the net cost of services that would transfer from the MHCS D to the City, exclusive of CC&R enforcement. This provided a share of 0.95 percent.

County General Fund Share of Property Taxes:

Pursuant to Section 56810 of the CKH Act, the County’s net cost of services relates to the following services performed by the County in the Proposed Boundary, including costs in three departments, net of fees and charges, resulting in a **net cost of services transferred from the County to the new City of \$2,743,175.**

¹⁸ Also referred to as a “determination” in GOV Sec. 56810

The methodology for computing the 2021-22 net cost of services transferred from the County are described below:

- Sheriff Department (Base Level) Costs (+\$2,241,528): The largest cost transferred to the new City will be from the Sheriff's Department. According to Item 2 of the County/CSD Police Protection Services Agreement, MHCS D contracts with the Sheriff for supplemental policing service beyond the "basic unincorporated area level of service".¹⁹

Under the County/CSD Police Protection Services Agreement, the County is responsible for funding this base level law enforcement services like they do for all other unincorporated areas of the County. In a 2017 budget adjustment memo, the County Sheriff's Department stated that the MHCS D receives "services above and beyond the level of service provided by unincorporated county patrol".²⁰ According the 2022 Mountain House MSR, the unincorporated County patrol responsible for the MHCS D is called "Beat 8", which provides one deputy to the western part of the County.

The County/CSD Police Protection Services Agreement and the budget adjustment memo are located in Appendix 11.

Actual costs for the Sheriff base level law enforcement services in the Proposed Boundary were determined using the County's FY 2021-22 actual costs as provided by the Sheriff's Department in their FY 2022-23 Budget and calls for service data for the corresponding year.

According to the response, the Sheriff responded to a total of 5,857 calls within the Proposed Boundary, representing approximately 4.85 percent of the total Sheriff calls received in FY 2021-22. For context, RSG estimates that the population of the Proposed Boundary in that year was 27,032.

RSG received various estimates of actual costs of services to the Proposed Boundary from the Sheriff's Department in response to our request for information. On March 28, 2023, the Sheriff staff concluded that the actual costs for providing police services to the Proposed Boundary equaled approximately \$9.1 million, including both base and supplemental police services. Relative to the population, this equates to a cost of \$339 per capita for law enforcement. For context, the peer cities analysis concluded that the typical cost for police services in comparable cities ranges between \$158 and \$257.

In reviewing the information used by the Sheriff's Department to determine this figure, RSG identified that the Sheriff's Department total included costs for services already paid for, like the MHCS D supplemental contract, and those not being transferred to the city, such as countywide non-MHCS D animal control, the Lathrop contract, detentions and corrections, and special services. RSG requested clarification from the Sheriff's Department whether these costs could be removed for the purposes of this CFA. The Sheriff's Department confirmed that the MHCS D contract could be removed but did not comment on the removal of the other costs. Because RSG believed this figure was grossly overstating actual costs based on the components included, RSG developed the CFA using a separate methodology and shared this information in the draft CFA made available to the County in July 2023.

On August 16, 2023, the County Administrator's Office and other departments met with RSG and LAFCO to share what they believed to be the actual costs of police services to the Proposed Boundary, stating that they concluded that RSG's estimates were overstated

¹⁹ Police Protection Services Agreement dated June 15, 2004

²⁰ Budget Adjustment Memo dated June 29, 2017 for the July 25, 2017 Board of Supervisors agenda

(despite being much less than the Sheriff's Department estimates). During this meeting, the Sheriff's Department stated that they believed no police services were being provided by the County Sheriff to the MHCSD outside of the contract with the MHCSD. In effect, the Sheriff's Department concluded that the County itself was not providing the base level police services required by the County/MHCSD Police Protection Services Agreement and that the County's actual costs outside of this agreement were \$0. Based on this information, the updated estimate of total police costs, inclusive of both the \$0 "base" level of services and the supplemental police services (\$1,943,114), resulted in a relatively low level of police costs on a per capita basis of \$72 as compared to the peer cities range of \$158 to \$257 per capita. Not only because the updated County Sheriff's Department estimate appears low but also excludes the responsibilities of the County under the County/CSD Police Protective Services Agreement, RSG does not conclude the Sheriff's revised August 2023 estimate is accurate or complete.

On September 1, 2023, the LAFCO Executive Director received an email from the Senior Deputy County Administrator indicating that 1) they believed that the Sheriff's Office "would continue to provide basic unincorporated levels of services to the MHCSD", and 2) that they believe the cost of this equates to two deputies (not beats) totaling \$441,858, including administrative overhead surcharges. In reviewing these figures, it remains unclear whether the County understands that after incorporation law enforcement services (both what are considered base and supplemental services in the current arrangement with the County) would transfer to the new City, who may contract with the Sheriff's department for these services.

It is our opinion that the County appears to be incorrect if they believe that these services would remain with the County after incorporation. As described in the Plan for Services, the new City would be responsible for local law enforcement services; they may contract with the County Sheriff to perform these services, but the responsibility would remain with the new city exactly like all cities in the County. Moreover, the cost of two officers is not sufficient to provide 24/7 service to the area as a single beat requires typically 6 officers, not 2. Even if 6 officers were the actual level of base services provided, that would result in a relatively low level of officers for the community of 27,000 (0.22 officers per 1,000 residents, where the typical coverage can be closer to 4 times this amount).

Ultimately, RSG has concluded that the County's March 2023 estimate and revised August 2023 estimate of actual Sheriff costs in the Proposed Boundary are not accurate, and this CFA uses a methodology based on the County's figures, calls for service, and the County/CSD Police Protection Services Agreement to estimate the net cost of services transferred from the County to the new City as described below. On August 21, 2023, the LAFCO Executive Officer provided an email to the County Administrative Office advising the County of this methodology as well.

Methodology:

RSG's cost estimate relies on actual Countywide costs of services in 2021-22 provided by the County Sheriff's Department. In 2021-22, the Sheriff's Department actual costs were approximately \$259.5 million. Because the Sheriff's Department includes animal control costs, contract costs for the City of Lathrop, County detentions and corrections, and special services division costs that are not part of the County's net cost of services transferred to the new City, RSG adjusted the total Countywide costs to determine the amount of local policing costs throughout the unincorporated County. This amounts to approximately \$86.3 million in policing costs provided to the unincorporated County, inclusive of the base and

supplemental services in the MHCS D Police Protective Services Agreement as well as that of other unincorporated communities in the County.

As mentioned earlier, the Proposed Boundary accounted for approximately 4.85 percent of the total calls for service in the unincorporated County during 2021-22. RSG believes this percentage is a reasonable estimate of the percentage of Countywide costs for policing services in the Proposed Boundary, and thus multiplied the \$86.3 million in policing costs by the 4.85 percent share to conclude that the total costs for policing services in the Proposed Boundary was approximately \$4,184,642 in 2021-22, inclusive of both the base level of services provided by the County and the supplemental policing services paid by MHCS D under the County/CSD Police Protective Services Agreement.

For context, the \$4,184,642 total costs for policing costs is approximately \$155 per capita in the Proposed Boundary and is comparable to the range of costs found in the peer cities of \$158 to 257 per capita.

According to the County Sheriff's Department and the MHCS D, the supplemental contract costs were \$1,943,114 in 2021-22, so therefore RSG estimates that the County's cost of services for the base policing services is the difference between the total cost of \$4,184,642 and the contract for supplemental services of \$1,943,114. As a result, RSG believes the County's net cost of services for base policing costs is \$2,241,528.

Figure 14 following this paragraph exhibits how RSG produced a refined base level law enforcement cost for the purposes of this CFA:

Figure 14 – Base Level Sheriff Cost Calculation

	FY 2021-22
Total Police Protection & Detentions/Corrections	\$ 259,529,838
Less Countywide Animal Control	(2,152,997)
Less Lathrop Contract Expenditures	(5,786,202)
Less Detention and Corrections	(160,262,881)
Less Special Services Division	(5,132,841)
Net Total Sheriff Costs (Countywide)	86,194,917
Rate of Mountain House/Countywide Calls ¹	4.85%
Net Mountain House TOTAL Service Costs	\$ 4,184,642
<i>Per Capita (TOTAL)</i>	<i>\$ 155</i>
<hr/>	
Less Mountain House Contract (Expenditures)	(1,943,114)
Net Mountain House BASE Level of Service Costs	\$ 2,241,528

Source: County FY 22-23 Budget, 21-22 Actuals (Pg. 38-39), Sheriff RFI

¹ Rate of Mountain House calls is assumed to be for both Supplemental and Base

More is discussed on this in the Law Enforcement section of this CFA beginning on page 84.

- Sheriff Department Animal Control (+\$74,876): In addition to the base level policing services, the Sheriff will also be transferring responsibility of their animal control services to the new City. According to the Sheriff's Department's response to the RFI on March 28, 2023, total animal control costs in the MHCS D were \$74,876.

- Community Development Costs (+\$1,630,863): The County CDD provides planning, code enforcement, plan check, and building and safety services to the Proposed Boundary that would become the responsibility of the new City after incorporation.

Because not all of the County's actual costs for providing these services specifically to the Proposed Boundary were available, RSG developed an estimate of these costs using actual fee revenues. Costs were the backed into using the applicable cost-recovery ratios.

Methodology

Because the Community Development Department could not isolate costs for planning and building and safety costs to the Proposed Boundary, RSG estimated these costs based on actual fees for these services collected for projects within the Proposed Boundary during the base year, and the corresponding cost recovery ratio for these activities. The cost recovery ratio is the ratio of costs funded by fees and charges for services. For example, if the County charges \$25 for a service that costs \$100, the cost recovery ratio is 25 percent.

Normally the cost recovery ratio is a function of the type of service provided, the frequency in which that service is subject to a fee or charge, and the amount of the fee or charge. For instance, the County CDD might not charge someone for answering questions at the Planning counter, but they always charge for building permits and inspections. Because costs change over time but fees are not always indexed to actual costs, cost recovery ratios can be gradually lower over time unless the fees and charges for services are updated, typically as a result of a fee study and subsequent action by the legislative body to set the fees or charges to get closer to full cost recovery or whatever level the legislative body accepts.

During the 2021-22 base year, the County Board of Supervisors did adopt a new fee schedule that increased County CDD fees. This new fee schedule went into effect on January 31, 2022, meaning that fees from July 1, 2021 though January 30, 2022 were based on the older (and lower) fee schedule, while fees collected thereafter were based on the current (and higher) fee schedule. Fortunately, the County CDD was able to provide RSG actual fees collected for the Proposed Boundary for the portion of the 2021-22 base year before and after the new fee schedule went into effect.

Using these actual fees, RSG then calculated the corresponding costs for services based on the cost recovery ratios for planning and building and safety activities of the County CDD. The ratios for both before and after the fee increase were retrieved from the County's 2021 Fee Study and the adopted resolution and corresponding agenda items for the new fee schedule.

Based on this methodology for estimating actual costs of County CDD services in 2021-22, RSG derived the following estimated costs of services for the Community Development Department in 2021-22:

- Planning Costs (+\$43,291): Consists of various planning services performed by the County CDD.
- Building and Inspection Costs (+\$1,236,288): Includes building inspections and permitting.
- Plan Check Costs (+\$151,284): CDD related plan check services. These are not to be confused with County Department of Public Works plan check costs.

- Consultant Costs (+200,000): Actual costs include the County’s contract with the consulting firm JB Anderson. The County spent \$200,000 in 2021-22 on the cost for this third-party consultant.
- Fees and Charges for Services (-\$1,204,092): The County provided actual fees and charges for services for the County CDD. Sheriff Department revenues were calculated by multiplying the Mountain House share of calls for service by the total law enforcement fees levied in the County. Fees and charges for services consist of the following components:²¹
 - Sheriff’s Department Fees (-\$27,234): Fees include general services, animal control, reimbursements, and vehicle towing.
 - County CDD Fees (-\$1,176,858): Fees include those for planning, building and safety, code enforcement, and plan check services performed by the County CDD.
- Property Tax Transfer from County: Pursuant to Government Code Section 56810, the total net cost of providing services is then multiplied by the Auditor’s Ratio.²² On March 13, 2023, the County Auditor Controller provided a report on the 2021-22 Auditor’s Ratio for the County which concluded that 55.9 percent of the net cost of services are funded from property taxes. The Auditor’s response to the RFI providing the Auditor’s Ratio is included in Appendix 10.

This Auditor’s Ratio is then multiplied by the net cost of services transferred from the County to the new City upon incorporation to determine the amount of base year property taxes that would be transferred to the new City. In this case, that calculation is as follows:

County Property Tax Transfer to City – Base Year 2021-22				
Net Cost of Services	x	Auditor’s Ratio	=	Property Tax Transfer
\$2,743,175	x	55.9 percent	=	\$1,533,435

Tracy Rural Share of Property Taxes:

Tracy Rural provides services to a relatively small portion (8 of the 7,918 parcels) of the Proposed Boundary. Responses to fire service and emergency calls from these 8 parcels will become the responsibility of the new City after incorporation by way of detachment of these properties from Tracy Rural. According to agency responses, Tracy Rural reported receiving a total of 8 calls for service in the areas around the MHCS in FY 2021-22.²³

Government Code Section 56810(d) exempts an agency affected by an incorporation where all of said agency’s service responsibilities would transfer to the new city from needing an Auditor’s Ratio. Instead, the Auditor must provide LAFCO staff, and subsequently RSG, with the amount of property tax revenue generated in the applicable Tax Rate Areas (“TRAs”), with the assumption that 100% of the property tax revenue in that area would be provided to the City.

²¹ CDD fees according to response from CDD on April 25, 2023; Law Enforcement fees were a calculation based on calls for service ratio received in a response on March 28, 2023

²² Also referred to as a “determination” in GOV Sec. 56810

²³ Tracy Rural FPD response to RFIs on March 23, 2023

According to RSG’s analysis of the parcel data and Auditor reports, the TRAs 92001, 92002, and 92005 have a total of 8 parcels that will become part of the City. Tracy Rural receives approximately 12.8 percent of the 1 percent general tax levy in these TRAs. This amounts to about \$8,005 in property taxes in the base year or FY 2021-22.

Figure 15 summarizes the transferred lands by TRA:

Figure 15 – Tracy Rural Property Tax Transfer Summary

TRA 92001	TRA 92002	TRA 92005	
1	6	1	Parcels
2	11	2	Acres
\$ 911,917	\$ 5,111,775	\$ 190,620	Secured & Unsecured Assessed Value
1,175	6,585	246	Property Tax Revenues

Source: San Joaquin County Auditor Controller, FY 22-23 Tax Roll, Tracy Rural RFI Response March 14, 2022 and March 23, 2023

Summary of Property Tax Shares Transferred

To compute the portion of the basic property tax levy from the County and MHCS D that is to be allocated by the County Auditor Controller to the City, please see the analysis in Figure 16. The respective base year property tax transfer from the County (\$1,533,435) and MHCS D (\$6,062,638) is adjusted by the projected percentage change in estimated assessed valuation between the base year and first year after the transition year (the projected increase from FY 2021-22 to FY 2025-26), which is a cumulative growth rate of approximately 25.9 percent, and then stated as a percentage of the projected property taxes collected within the new City boundaries

Figure 16 – Property Tax Share Transfer

	<u>Source Agency</u>		TOTAL
	San Joaquin County	MHCS D	
Net Cost of Services Transferred to City¹			
Sheriff - Base Unincorporated Services	\$ 2,241,528	\$ -	\$ 2,241,528
Sheriff - Animal Control	74,876	-	74,876
Planning	43,291	-	43,291
Building Inspection	1,236,288	-	1,236,288
Plan Check (CDD)	151,284	-	151,284
Community Development Consultant	200,000	-	200,000
MHCS D General Fund Expenditures ²	-	6,580,003	6,580,003
Total Costs	\$ 3,947,268	\$ 6,580,003	\$ 10,527,271
Less Community Development Revenues	(1,176,858)	-	(1,176,858)
Less Sheriff Revenues	(27,234)	-	(27,234)
Less Specific Purpose MHCS D Revenues ³	-	(54,021)	(54,021)
Net Costs Grand Total	\$ 2,743,175	\$ 6,525,982	\$ 9,269,158
Auditor's Ratio (2021-22)⁴	55.9%	92.9%	
Property Tax Base Transferred to City	\$ 1,533,435	\$ 6,062,638	\$ 7,596,073
Property Tax Revenue Adjustment⁵			
Total Assessed Valuation (2021-22)	4,040,811,212	4,040,811,212	
Projected Assessed Valuation (2025-26)	5,087,400,000	5,087,400,000	
Growth Rate	25.90%	25.90%	
Adjusted Property Tax Base Transferred	\$ 1,930,602	\$ 7,632,889	\$ 9,563,490
Property Tax Computation⁵			
Projected Assessed Valuation (2025-26)	5,087,400,000	5,087,400,000	
General Property Tax Levy	50,874,000	50,874,000	
Property Tax Transferred To City	\$ 1,930,602	\$ 7,632,889	\$ 9,563,490
Property Tax Shares to City	3.79487%	15.00352%	18.79839%

1 GOV Sec. 56810(c)(2)

2 General Fund trial balance expenditures net of transfers

3 Revenues pursuant to GOV Sec. 56810(c)(1)

4 Auditor's Determination/Ratio per GOV Sec. 56810(c)(3)

5 GOV Sec. 56810(c)(3)

As a result, the total property taxes that would be collected by the new City are summarized below. RSG estimates the total share of the basic tax levy from the County and MHCS D that would be allocated by the County Auditor Controller to the new City General Fund would be 18.69 percent. In addition, the Tracy Rural total share to be transferred, after projecting forward the revenues to FY 2025-26, is approximately 0.02 percent. This represents the ratio of the inflated property tax revenues generated to the expected total 1 percent property tax levy in the Proposed Boundary in FY 2025-26. For Tracy Rural, it is not inclusive of net cost of services data. RSG estimates the total City basic tax levy would then be 18.81 percent.

Approximate Share of Property Taxes to New City			
	Source	Base Year \$	Basic Levy Share
City General Fund	From MHCS D	\$6,062,638	15.00 percent
	From County	\$1,533,435	3.79 percent
	From Tracy Rural	\$8,005	0.02 percent
	Total	\$7,604,077	18.81 percent
Subsidiary District	Remains with MHCS D	\$403,400	0.95 percent

Assessed Value Growth Forecast

The assessed valuation of all property in the City determines the amount of property taxes received. For the base year of 2021-22, the total assessed value of the Proposed Boundary is approximately \$4.59 billion. By the end of the transition year, the CFA projects the total assessed value of the City to increase to \$4.86 billion. Taxes are calculated from the 1 percent general levy, which is then divided by taxing entity share.

- Existing secured property assessed values are assumed to grow at the maximum 2 percent (Proposition 13) inflation rate, which is based on the change in the California Consumer Price Index (“CPI”). While not identical to real property values, RSG generally finds the figures to be close.
- Because they are not subject to Proposition 13 inflationary adjustments or depreciation, and reassessed annually, personal properties typically do not see as predictable increases from year to year, and often are roughly comparable to unsecured value totals. Best practices in revenue forecasts commonly hold existing personal property or unsecured values fixed, as is reflected in this forecast.
- New development within the City is the primary driver of growth in the forecast as shown previously in Figure 11. Assessed value grows by 2 percent annually. New construction values are then added in based on the estimated cost to build industrial, commercial, single-family residential, and multi-family residential buildings.²⁴ Costs in the forecast are inclusive of an inflationary adjustment of 4.73 percent.²⁵ The CFA assumes the estimated development costs of each new construction projects would be equal to the assessed value on the County’s assessment roll.
- By FY 2033-34, the final year in the forecast of this CFA, the City is expected to have a total assessed value of approximately \$8.3 billion compared to \$4.86 billion in the transition year or FY 2024-25. Figure 17 shows the forecast.

²⁴ RSG used estimates from the Marshall and Swift Valuation Service (“MVS”) and the Building Industry Association of Fresno-Madera Counties.

²⁵ Turner Construction Building Cost Index annualized rate from 2018 to 2022



**ASSESSED VALUE FORECAST
PROPOSED BOUNDARY**

Item Detail and Assumptions	Value/Unit (2023 \$)	12 Month Period Beginning									
		Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Prior Year AV Plus 2.00%		\$4,770,490,000	\$4,959,420,000	\$5,186,590,000	\$5,506,720,000	\$5,923,360,000	\$6,383,700,000	\$6,849,070,000	\$7,275,710,000	\$7,685,110,000	\$8,086,500,000
New Construction Value											
Planned Commercial & Industrial Development¹											
4.73% Commercial/Industrial Construction Costs Inflation		0.1420	0.1893	0.2366	0.2839	0.3313	0.3786	0.4259	0.4732	0.5205	0.5679
Commercial Costs per Square Foot ²	323	15,320,000	1,920,000	7,000,000	7,260,000	4,300,000	23,510,000	27,780,000	29,770,000	24,580,000	-
Industrial Costs per Square Foot ²	122	3,030,000	1,850,000	19,080,000	19,810,000	20,300,000	42,050,000	21,740,000	-	-	-
Total		18,350,000	3,770,000	26,080,000	27,070,000	24,600,000	65,560,000	49,520,000	29,770,000	24,580,000	-
Planned Residential Development¹											
4.73% Residential Construction Costs Inflation		0.1420	0.1893	0.2366	0.2839	0.3313	0.3786	0.4259	0.4732	0.5205	0.5679
Construction Cost of Multifamily Unit ²	225,750	19,590,000	75,310,000	92,960,000	37,250,000	-	-	-	5,610,000	17,380,000	15,090,000
Construction Cost of Single Family Unit ³	318,096	55,580,000	48,900,000	97,360,000	242,190,000	317,270,000	272,140,000	240,140,000	228,510,000	205,730,000	197,200,000
Total		75,170,000	124,210,000	190,320,000	279,440,000	317,270,000	272,140,000	240,140,000	234,120,000	223,110,000	212,290,000
Total New Construction		93,520,000	127,980,000	216,400,000	306,510,000	341,870,000	337,700,000	289,660,000	263,890,000	247,690,000	212,290,000
Total Assessed Value		4,864,010,000	5,087,400,000	5,402,990,000	5,813,230,000	6,265,230,000	6,721,400,000	7,138,730,000	7,539,600,000	7,932,800,000	8,298,790,000

¹ 4.73% Construction Cost Inflation from Turner Construction Building Cost Index annualized rate from 2018-22
² RSG estimate based on database of prior experience and the Marshall & Swift Valuation Service (MVS)
³ Data from Building Industry Association of Fresno-Madera Counties on Central Valley Housing Construction Costs adjusted for inflation

Figure 17 – Assessed Value Forecast

The MHCS D collects a sizable amount of property taxes. According to the County Auditor-Controller, the 2023 share of the 1 percent general tax levy for the MHCS D is 15.95 percent. The CFA transfers 15.00 percent to the City, leaving 0.95 percent to fund the enforcement of CC&Rs by the Subsidiary District.

Under Government Code Section 54902, the final date to file with the State Board of Equalization for a change of jurisdictional boundary is on or before December 1 of the year immediately prior to the year in which the assessments or taxes are to be levied. For the City to collect property tax revenues in FY 2024-25, normally the incorporation would need to be effective, and the change of jurisdictional boundary would need to be filed no later than December 1, 2023. However, because the MHCS D already receives a portion of the general tax levy, RSG assumed that upon incorporation the City would automatically assume the net portion of these funds, exclusive of those remaining in the Subsidiary District. The City would also be expected to gain the previously mentioned 3.79 percent from the County and 0.02 percent from Tracy Rural, for a final adjusted rate of 18.81 percent.

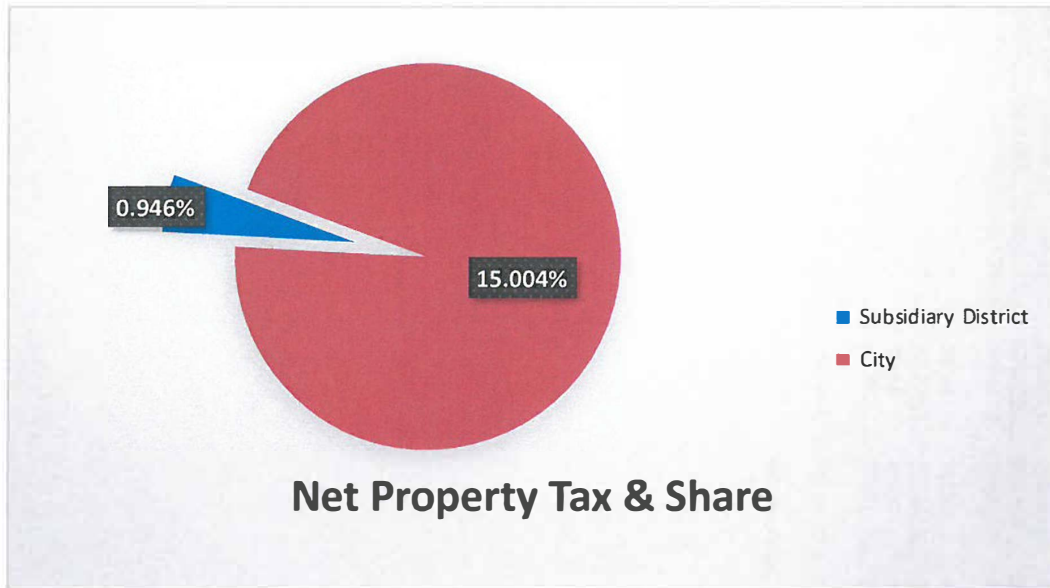
For this reason, RSG has assumed property tax revenues will be available to the City by the beginning of the transition year, or July 1, 2024. In the future, the City would receive its property tax revenues throughout the year, but most of the revenue would be distributed in December and April when secured property tax bills are due.

In the event that property tax revenues assumed in this CFA cannot be shifted from the MHCS D and from the County to the new city in FY 2024-25, LAFCO Terms and Conditions could specify that these revenues shall be applied towards the reimbursement of County transition year services; any additional funds received by the County during the transition year, in excess of reimbursements, that otherwise would have accrued to the City should be remitted by the County to the City.

This CFA also includes projections of supplemental property tax revenues and the County administrative fee subtracted out of the monies to be transferred to the City. Supplemental revenue is the revenue generated from supplemental tax bills, which are issued when a property sale occurs, a roll value is corrected after the August 20 finalization date, or construction is completed on a project after the January 1 lien date. The administrative fee is an assessment levied by the County Auditor-Controller on property tax revenues for the funding of property tax administration. In FY 2024-25 the City is expected to receive \$56,800 in supplemental revenue and lose \$13,400 in administrative fees.

In summary, the new City would receive a total of 18.81 percent of the property tax levy, consisting of 15.00 percent from the current MHCS D share, 3.79 percent from the County General Fund for the net cost of services transferred to new City, and 0.02 percent from Tracy Rural. Figure 18 visualizes the retention of the Subsidiary District share from the existing MHCS D share. Figure 19 displays the property tax revenues as projected

Figure 18 – Division of MHCSD Property Tax Share to Subsidiary District & City



PROPERTY TAXES
PROPOSED BOUNDARY

Item Detail and Assumptions	Transition 7/1/24	12 Month Period Beginning									
		7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33	
MHCSD Property Tax Share	15.950% \$ 7,758,100	8,114,400	8,617,800	9,272,100	9,993,000	10,720,600	11,386,300	12,025,700	12,652,800	13,236,600	
Less: CC&R Fund Share ¹	0.946% \$ (460,400)	(481,500)	(511,400)	(550,200)	(593,000)	(636,200)	(675,700)	(713,600)	(750,800)	(785,500)	
MHCSD Share to City	15.004% \$ 7,297,700	7,632,900	8,106,400	8,721,900	9,400,000	10,084,400	10,710,600	11,312,100	11,902,000	12,451,100	
Tracy Rural Property Tax Share	0.020% \$ 9,600	10,100	10,700	11,500	12,400	13,300	14,100	14,900	15,700	16,400	
County Property Tax Share ²	3.795% \$ 1,845,800	1,930,600	2,050,400	2,206,000	2,377,600	2,550,700	2,709,100	2,861,200	3,010,400	3,149,300	
Supplemental Revenue	3.079% \$ 56,800	59,400	63,100	67,900	73,200	78,500	83,400	88,100	92,700	97,000	
Less: County Admin. Fee	0.73% 13,400	14,000	14,900	16,000	17,300	18,600	19,700	20,800	21,900	22,900	
Net Property Tax & Share to City	18.818% \$ 9,196,500	\$ 9,619,000	\$ 10,215,700	\$ 10,991,300	\$ 11,845,900	\$ 12,708,300	\$ 13,497,500	\$ 14,255,500	\$ 14,998,900	\$ 15,690,900	

¹ CC&R Fund/Subsidiary District share of the Property Tax Levy will remain with the MHCSD and thus will be subtracted from the share to the City

² Estimate of additional Property Taxes to the City based on transfer of County costs and revenues

Figure 19 – Property Tax Revenues

Sales Taxes

The Bradley-Burns Uniform Sales and Use Tax Act provides for State administration of the local sales tax and is administered by the CDTFA. The State collects taxes from sellers and purchasers and later remits sales tax allocations to local governments. Generally, businesses collect sales taxes based on the location of the transaction. As of July 1, 2023, the statewide sales and use tax rate is 7.25 percent.

A city typically receives 1 percent of taxable sales made within its boundaries. The estimated sales tax revenues are based on data supplied by the County of San Joaquin and conversations with the CDTFA. The MHCSD currently has a relatively small commercial footprint. Businesses in the Proposed Boundary generated approximately \$825,000 in taxable sales during the twelve-month period ending June 30, 2022.

Locally generated sales tax revenues are adjusted based on the pro rata share of locally generated taxes within the County (for countywide indirect apportionments) and within the State (for other statewide indirect apportionments). Due to confidentiality limitations on the data available from the CDTFA, the small geographic area, and the limited commercial activity in the Proposed Boundary, they were unable to supply the specific amount of sales tax distributed to San Joaquin County that was paid by retailers located in the Proposed Boundary. Instead CDTFA provided actual taxable sales for the zip code 95391, which RSG determined was the next best proxy.²⁶ RSG then analyzed that data along with data provided by the County Administrator's Office and its consultant HDL.

Future commercial construction is projected to produce approximately 250,500 square feet of retail space, while industrial construction is projected to complete 778,500 square feet of warehouse and other industrial use space. Only the commercial zoned development will produce sales taxes, exclusive of any office construction. This CFA projects a Safeway grocery store, gas station, and small retail marketplace will be open and producing sales taxes in the transition year. As of the writing of this CFA, the Safeway is open. Commercial developments planned further than the transition year are based on the development forecast. This includes projects planned under "freeway commercial" and "general commercial" zoning, per MHCSD. Depending on the type of development, RSG assumed a rate between \$32 and \$325 of sales per square foot when calculating the tax revenues.

The City will start receiving sales taxes in the first quarter following the adoption of a Bradley Burns ordinance, which will likely occur within the first few months of the transition year. As such, the City would start collecting sales tax in the second quarter of FY 2024-25, only collecting three-quarters of the sales tax revenue generated in FY 2024-25. The County will collect the sales taxes from the first quarter of FY 2024-25. In addition, the CDTFA remits payments to cities approximately three months following the end of a quarter. Therefore, in each fiscal year, the City will collect revenues generated in the fourth quarter of the prior fiscal year, and the first three quarters of the current fiscal year. Combined with the time it may take the City Council to adopt a Bradley Burns ordinance, this results in the City only collecting one-half of the FY 2024-25 sales tax revenue in the transition year. The City will receive as fourth quarter FY 2024-25 revenues in FY 2025-26.

LAFCO Terms and Conditions could specify that sales tax revenues received by the County from the MHCSD following formation of the City shall be applied towards reimbursement of County transition year services; any additional sales tax received by the County during the transition year, in excess of reimbursements, that otherwise would have accrued to the City should be remitted by the County to the City.

Figure 20 presents the adjusted taxable sales projections for the City.

²⁶ Correspondence with CDTFA dated March 27, 2023.



**SALES TAXES
PROPOSED BOUNDARY**

Item Detail and Assumptions	SF	Sales Per SF ¹	Transition 7/1/24	12 Month Period Beginning								
				7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Prior Year Taxable Sales Plus 2.6%			846,800	19,284,600	19,791,800	25,863,000	26,543,200	27,241,300	66,159,300	67,899,300	111,818,500	114,759,300
New Taxable Sales Added by Year²												
<i>2.6% Inflationary Increase</i>												
Safeway Grocery Store	55,000	150	8,689,700	-	-	-	-	-	-	-	-	-
Retail Stores (3x)	25,500	325	8,729,200	-	-	-	-	-	-	-	-	-
Safeway Convenience/Fuel Station	3,000	32	101,100	-	-	-	-	-	-	-	-	-
Safeway Gasoline Sales	3,000	141	423,628	-	-	-	-	-	-	-	-	-
Freeway & General Commercial		325	-	-	5,408,400	-	-	37,222,600	-	41,053,700	-	-
Total Taxable Sales			18,790,428	19,284,600	25,200,200	25,863,000	26,543,200	64,463,900	66,159,300	108,953,000	111,818,500	114,759,300
Total Sales Taxes^{3,4}			\$ 85,500	\$ 174,200	\$ 215,600	\$ 233,600	\$ 239,700	\$ 499,800	\$ 597,600	\$ 893,200	\$ 1,010,000	\$ 1,036,500

¹ Grocery and Retail sales per square foot per market expectations from RSG experience. Convenience and Gasoline sales per National Association of Convenience Stores (NACS).

² Projection is inflated forward by CPI of 2.6%, based on December 2013 to December 2022 CPI

³ Analysis incorporates a negative 10% market adjustment due to expected market conditions (CoStar, RSG)

⁴ This forecast is performed on a cash basis. Total Sales Taxes are adjusted by half in the transition year because one quarter of revenues would be lost while the new City elects to receive the tax, and an additional quarter is collected the following fiscal year as payments to cities are typically received 2-3 months behind the end of each quarter. In subsequent years, one quarter of the revenue is associated with the prior fiscal year's sales generation, and three quarters with the current fiscal year.

Figure 20 – Sales Taxes

Property Transfer Taxes

As a general law city, the City would receive property transfer tax revenue of \$0.55 for every \$1,000 of property value transferred after the date of incorporation per the Documentary Transfer Tax Act.²⁷ The amount of property transfer tax received will depend upon the level of resale activity and new development in the City limits.

Based on resale activity during the base year of 2021-22 in the Proposed Boundary,²⁸ RSG has assumed an 8.73 percent turnover rate of the existing housing stock. In addition to resale activity, RSG included transfer taxes from new home sales projected in the development forecast. New single family residential properties sold in the City area are likely to sell at a higher price than the current or projected median values. Therefore, RSG conservatively valued residential units at the median value for the purpose of this analysis.

Figure 21 shows the projection of property transfer taxes.

²⁷ Revenue and Taxation Code Section 11901-11935

²⁸ According to actual resale volume data retrieved from California Association of Realtors, Metroscan, and the County Assessment Roll.

PROPERTY TRANSFER TAXES
PROPOSED BOUNDARY

Item Detail and Assumptions	Transition 7/1/24	12 Month Period Beginning								
		7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Base Year Sales Volume (in 000's)	400,504									
2021-22 Transfer Tax (Co. Share) (\$1.10/\$1,000 transferred) ¹	220,277									
Projected Turnover										
Residential Resale Volume (in 000's)	968,200	1,062,700	1,189,800	1,308,300	1,417,300	1,531,100	1,634,300	1,741,700	1,853,700	1,953,400
Projected Existing Housing Stock	7,388	8,207	8,864	9,650	10,362	10,891	11,421	11,900	12,373	12,776
Turnover Rate ²	8.73%	720	770	840	900	950	1,000	1,040	1,080	1,120
Resale Price	1,058,000	1,344,700	1,380,100	1,416,400	1,453,700	1,491,900	1,531,100	1,571,400	1,612,700	1,655,100
Appreciation Rate (2018-22) ³	8.3%									
Appreciation Rate (Later Yrs) ³	2.6%									
New Home Sales Volume (in 000's) (See Assessed Value Projections)	55,600	48,900	97,400	242,200	317,300	272,100	240,100	228,500	205,700	197,200
Total Sales Volume Turnover (in 000's)	1,023,800	1,111,600	1,287,200	1,550,500	1,734,600	1,803,200	1,874,400	1,970,200	2,059,400	2,150,600
Property Transfer Taxes (Projected)	\$ 563,100	\$ 611,400	\$ 708,000	\$ 852,800	\$ 954,000	\$ 991,800	\$ 1,030,900	\$ 1,083,600	\$ 1,132,700	\$ 1,182,800

¹ California City Finance - Documentary and Property Transfer Taxes by County

² Rate of turnover for owned residential parcels in the Mountain House area during 2021-22

³ The 2018-22 Appreciation Rate is used for the transition year and is based on Metroscan data on residential sales. The appreciation rate of later years uses a conservative approach and was assumed to be CPI

Figure 21 – Property Transfer Taxes

Community Development Fees

The San Joaquin County Community Development Department collects fees for community development services provided to the MHCSD. Community Development fees include planning, building, and plan check fees for development and other permits. In fiscal year 2021-22, the County received approximately \$1.18 million in fees from planning, building, and plan check services.

Initially, the City would adopt the County's existing fee structure, which was recently re-structured to provide 100 percent full cost recovery.²⁹ At some point, the City Council of the new City could alter fee programs which may adjust the amount of fee revenues collected, but in no case can the fees exceed the cost of services provided. For the purposes of this CFA, RSG has assumed that the new City would replicate the County's fee structure for the duration of the forecast.

Fee revenues were projected using the average cost recovery ratio (98.5 percent) of the new County fee schedule, and multiplying it by the costs to provide planning, building, and plan check services discussed later in this CFA.

Figure 22 shows the future projections of the Community Development Fees.

²⁹ San Joaquin County's new fee schedule went into effect on January 31, 2022

COMMUNITY DEVELOPMENT FEES
 PROPOSED BOUNDARY

Item Detail and Assumptions		12 Month Period Beginning									
		Transition ¹ 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Community Development Fees ¹		\$2,622,747	\$3,412,951	\$4,088,783	\$3,701,153	\$2,751,453	\$2,753,403	\$2,492,103	\$2,457,003	\$2,097,474	\$1,906,409
21-22 (CDD Estimate)	1,176,858										
Cost Recovery Ratio	98.5%										
TOTAL		\$2,622,747	\$3,412,951	\$4,088,783	\$3,701,153	\$2,751,453	\$2,753,403	\$2,492,103	\$2,457,003	\$2,097,474	\$1,906,409
Population for Per Capita Estimate	27,032										
Projected Population (Proposal)	27,032	30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

¹ Community Development Fees include estimates of planning, building, & plan check fees projected out as a function of expenditures multiplied by the cost recovery ratio.

Figure 22 – Community Development Fees

Business License Fees

The County levies a fee for business licenses. The fee is managed by the County CDD. After incorporation, the County would no longer be collecting these fees nor providing business licensing services to businesses in the Proposed Boundary. Business license fee revenue was not provided by the County CDD. Therefore, this CFA does not project any business license fee revenue to the City. If desired, the new City could adopt the corresponding ordinance of the County to continue this business license fee.

Transient Occupancy Tax

Transient Occupancy Tax (“TOT”), also known as the Hotel Tax, is a percentage tax on revenues from lodging facilities. The County currently levies a hotel tax of 8 percent in unincorporated San Joaquin County.³⁰ Initially, the new City would presumably adopt the County’s code and the rate of taxes, but a new city council may alter that rate within the new City limits at its discretion.

As of the date of this CFA, there are no hotels in the Proposed Boundary and therefore no TOT revenue being collected by the County within the proposed City boundary. The CFA does not assume the construction of any new hotels within the ten-year forecast period; therefore, it does not include any projections of TOT.

Motor Vehicle License Fees or Property Tax In-Lieu Fees

Previously, the State of California distributed Motor Vehicle License Fees (“VLF”) to each city in the state. However, due to the budget crisis of 2004, the state legislature appropriated the fees for its own purposes. As a compromise, cities would be given a portion of the local property tax revenue as a function of what they received in FY 2004-05, in-lieu of direct payment from the VLF.

Newer cities do not receive the in-lieu payments as they did not receive any VLF in FY 2004-05. In 2006 a legislative fix was passed to account for this but it was reversed in 2011. The four cities that incorporated between 2006 and 2011 suffered significant losses in their General Fund and one (Jurupa Valley) explored disincorporation as a direct result. Since then, Senate Bill 130 (Roth) from the 2017 legislative session produced a fix for the four new Riverside County cities. The fix instructs the Riverside County Auditor to reallocate property taxes proportional to what other cities in the county receive from the property tax in-lieu of VLF payments. However, the Senate Bill applies to Riverside County specifically, and no further proposals have advanced to change the issue for all other annexations and incorporations.³¹ As a result, RSG did not include motor vehicle license fees or the in-lieu payments in the forecast.

Off-Highway Vehicle License Subventions

The SCO biannually apportions off-highway vehicle license fees to cities and counties. Cities receive 50 percent of the total license fee revenues collected statewide. Off-highway vehicle license fee revenues were estimated based on the SCO per capita apportionments, as demonstrated in Figure 23.

³⁰ Section 3-4000 of Chapter 1, Division 4, Title 3 of the County Code

³¹ CaliforniaCityFinance.com, “Implementing SB130(Roth): Property Tax In Lieu of VLF for Menifee, Wildomar, Eastvale, and Jurupa Valley”

Franchise Fees

Currently, the County collects franchise fees and passes them through to MHCS D. The franchise fee rates are as follows:

- Modesto Irrigation District (Electricity): 1.5 percent of receipts³²
- West Valley Disposal: 15 percent of receipts³³
- Charter Cable: 5 percent of receipts³⁴
- Pacific Gas & Electric: 2 percent of receipts³⁵
- PacBell: 5 percent of receipts

RSG estimated future franchise fees based upon data from MHCS D and assumed the current rates would remain the same. MHCS D received approximately \$1.15 million in franchise fees in 2021-22, which RSG assumed will increase at a rate of 2.6 percent, as shown in Figure 23. While development may generate users, efficiency measures associated with power usage as well as decreasing costs of broadband and cable services may mitigate any growth in franchise fee revenues. Following incorporation, the City may elect to negotiate new franchise agreements with various service providers once their terms expire.

Fines and Forfeitures

In 2021-22, the County received \$122,034 in fines and forfeiture revenues within the proposed City boundary. To develop the forecast upon incorporation, the CFA utilizes a 2.6 percent inflation factor, resulting in projected revenue of \$150,400 in 2024-25. Figure 23, at the end of this section, shows the ten-year forecast for fines and forfeitures.

Law Enforcement Fees for Services

This CFA includes projections of certain Sheriff fees for services currently levied by the County for various law enforcement services. RSG requested revenue data from the Sheriff's office on May 23, 2023. Data received from the request included revenues from reimbursements and animal control fees. RSG included additional fees derived from County budget data. The budget data included fees for general services, special events, removal and storage, false alarm calls, and vehicle towing. All revenue data was then pro-rated using calls for service data. In the Base Year or FY 2021-22, RSG estimates that the Sheriff's Department levied \$27,234 in fees from the Mountain House area.

Interest Earnings

Interest earnings estimates are based upon the beginning fund balance of each fiscal year plus any reserve fund balance. The CFA assumes a 1.43 percent annual yield rate based on the annualized earnings in the Local Agency Investment Fund ("LAIF") between 2018 and 2022. In FY 2025-26 the CFA is projecting \$8,900 in interest income to the City. This fluctuates throughout the forecast until ending at \$31,200 in the final year or FY 2033-34. Appendix 1 details the interest earnings in the fund summary further.

³² The agreement includes an encroachment agreement.

³³ Tracy Delta provides solid waste services, and the rate includes the West Valley Commercial permit, which expires in June 2023.

³⁴ The franchise agreement expires in 2027 and includes a ten-year extension

³⁵ Includes an encroachment agreement; LAFCO Alternative additions also under PG&E



MISCELLANEOUS REVENUES
PROPOSED BOUNDARY

Item Detail and Assumptions		12 Month Period Beginning									
		Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Off-Highway Vehicle License Subvention		\$ 700	700	800	900	1,000	1,000	1,100	1,200	1,300	1,300
SCO Per Capita (2021-22)	0.02										
Growth Rate	2.6%										
Franchise Fees		\$ 1,383,600	1,525,400	1,695,000	1,860,000	2,000,700	2,147,700	2,291,800	2,440,700	2,582,500	2,722,900
21-22 Base (CSD Audit)	1,145,319										
Growth Rate	2.6%										
Fines & Forfeitures		\$ 147,400	162,500	180,600	198,100	213,100	228,800	244,100	260,000	275,100	290,100
21-22 Base (County Budget)	122,003										
Growth Rate	2.6%										
Licenses and Permits		\$ 8,400	9,200	10,200	11,200	12,100	13,000	13,900	14,800	15,600	16,500
21-22 Base (CSD Audit)	6,925										
Growth Rate	2.6%										
Law Enforcement Fees for Services		\$ 32,900	36,300	40,300	44,200	47,600	51,100	54,500	58,000	61,400	64,700
21-22 Base (County Budget)	27,234										
Growth Rate	2.6%										
Other Revenues		\$ 13,700	15,100	16,800	18,500	19,900	21,300	22,700	24,200	25,600	27,000
21-22 Base (CSD Audit)	11,368										
Growth Rate	2.6%										
Population for Per Capita Estimate	27,032										
Projected Population (Proposal)	27,032	30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

Sources: San Joaquin County 2021-22 Budget, California State Controller's Office - Semi-Annual Off-Highway Remittance Advice 2021-22, & California City Finance Highway Users Tax 2021-22 Estimates

Figure 23 – Miscellaneous Revenues

SPECIAL TAXES AND LIGHTING AND LANDSCAPING ASSESSMENTS

Based on separate ordinances adopted on September 10, 1996³⁶, MHCSD levies four special parcel taxes (“Special Taxes”) on properties, including:

- Special Tax No. 1 for Roads and Transportation Services and the Operational and Administrative Functions of the CSD (Ordinance 96-1, as codified in the Ordinance Code of Mountain House Community Services District, Title 3, Division 4),
- Special Tax No. 2 for Public Safety Services (Ordinance 96-2),
- Special Tax No 3 for Parks, Recreation, and Community Facilities (Ordinance 96-3), and
- Special Tax No. 4 for Public Works (Ordinance 96-4).

Each of the Special Taxes is authorized to fund specific activities as prescribed in the respective ordinance. The Special Taxes are based on property square footage and livable area and are levied on all parcels based on land use. Under the operative ordinance, the Special Taxes remain fixed until such time as the MHCSD Board of Directors increases the respective Special Tax rate, which it may do annually by no more than 4 percent each year.³⁷ The four ordinances for the Special Taxes do not contain a sunset date. Figure 24 shows the breakdown of said levies as of the most recent increase prior to the Base Year that went into effect on July 1, 2021.

³⁶ The ordinances establishing the four special taxes were originally approved by the Board of Supervisors of the County, acting as the governing board of MHCSD in 1996. At the time of adoption, the County Board of Supervisors acted as the governing board of MHCSD. MHCSD became self-governing in 2008 once it reached a population of 1,000 registered voters.

³⁷ Section 3.C of each original ordinance allows for an annual increase in rates of 4 percent.

Figure 24 – Special Tax Rates

Roads: Ordinance 96-1. Amended 7/1/2021

Residential	\$35.67 / 100 livable SF
	\$6.23 / 100 SF up to 6,000 SF
	\$0.98 / 100 SF equal to 6,000 SF or above
Non-Residential	\$35.67 / 100 SF
	\$6.23 / 100 SF up to 6,000 SF
	\$0.98 / 100 SF equal to 6,000 SF or above

Public Safety: Ordinance 96-2. Amended 7/1/2021

Residential	\$18.34 / 100 livable SF
	\$3.06 / 100 SF up to 6,000 SF
	\$0.47 / 100 SF equal to 6,000 SF or above
Non-Residential	\$18.34 / 100 SF
	\$3.06 / 100 SF up to 6,000 SF
	\$0.47 / 100 SF equal to 6,000 SF or above

Parks, Recreation & Facilities: Ordinance 96-3. Amended 7/1/2021

Residential	\$3.06 / 100 livable SF
	\$0.60 / 100 SF up to 6,000 SF
	\$0.13 / 100 SF equal to 6,000 SF or above
Non-Residential	\$3.06 / 100 SF
	\$0.60 / 100 SF up to 6,000 SF
	\$0.13 / 100 SF equal to 6,000 SF or above

Public Works: Ordinance 96-4. Amended 7/1/2021

Residential	\$3.26 / 100 livable SF
	\$0.60 / 100 SF up to 6,000 SF
	\$0.13 / 100 SF equal to 6,000 SF or above
Non-Residential	\$3.26 / 100 SF
	\$0.60 / 100 SF up to 6,000 SF
	\$0.13 / 100 SF equal to 6,000 SF or above

Rates as Amended 7/1/2021

RSG obtained documentation from past MHCS D tax increase resolutions and found that the MHCS D has approved several rate hikes over the years. The MHCS D has enacted rate hikes in 14 of the last 20 years, including multiple periods where rates were increased consecutively. These increases were often 4 percent particularly in the initial years but sometimes less or even zero. Over the 20-year period, the average annual increase has been 2.4 percent.

According to the MHCS D’s financials, MHCS D collected a total of approximately \$14.1 million in special tax revenues from these four separate taxes during FY 2021-22, consisting of:

Figure 25 – Base Year Special Tax Revenues

Tax	Purpose	Total Taxes
Special Tax No. 1 (Ord 96-1)	Roads and Transportation Services and Community Services Operational and Administrative Functions	\$8,342,798
Special Tax No. 2 (Ord. 96-2)	Public Safety Service	\$4,251,835
Special Tax No. 3 (Ord. 96-3)	Parks, Recreation, and Community Facilities	\$738,610
Special Tax No. 4 (Ord. 96-4)	Public Works	\$766,709
Total 2021-22		\$14,099,952

Each of these Special Tax revenues collected by MHCS D is deposited into a special tax fund for use on the allowable purposes, which historically has included both operational costs as well as capital projects. The respective ordinances do not dictate how much of the Special Taxes may be spent on operational costs or capital projects.

If incorporated, these Special Taxes will be essential to the long-term feasibility of the new city, as described below.

Forecast and Use of Special Taxes upon Incorporation

Upon incorporation, the MHCS D ordinances would transfer to the new City and the Special Taxes would be a revenue source for City services. For each of the four taxes, RSG projected Special Tax revenues as follows:

- Base Year (FY 2021-22) rates established by MHCS D,
- Assumed average annual growth rate of each tax rates at 2.4 percent per year, consistent with historic growth rates over the past 20 years, and
- Increased new development, as assumed by this CFA and described earlier beginning on page 27.

These Special Taxes would be deposited into the corresponding Special Tax fund for the City upon incorporation. The City would be expected to fund eligible services and other costs from each fund to the extent such revenues are available.

Figure 26 below shows the assumed uses of the Special Taxes in the first full year of incorporation (FY 2025-26), which we expect will reach nearly \$18.1 million:

Figure 26 – Special Tax Revenue Uses FY 2025-26

Projected Taxes in 2025-26	Assumed Use(s)	2025-26 Costs
<u>Special Tax No. 1 / (Ord 96-1)</u> Roads and Transportation Services and Community Services Operational and Administrative Functions	1% of Special Taxes for Community Development ³⁸	\$ 59,285
	Public Works road costs	\$ 3,798,968
	73% of Finance and Administration ³⁹	\$ 3,205,284
	Road fund expenditures	\$ 592,345
	Net Available in Special Tax Fund	\$ 2,663,898
2025-26 Taxes: \$10,318,968	TOTAL	\$10,318,968
<u>Special Tax No. 2 / (Ord. 96-2)</u> Public Safety Service	Law enforcement costs (to the extent Special Taxes are available)	\$ 2,648,580
	Fire protection costs (to the extent Special Taxes are available)	\$ 2,648,580
	Animal control (100% of all costs)	\$ 97,200
2025-26 Taxes: \$5,394,361	TOTAL	\$ 5,394,361
<u>Special Tax No. 3 / (Ord. 96-3)</u> Parks, Recreation, and Community Facilities	Public Works (operations / maintenance)	\$ 160,025
	Recreation (100% of all costs)	\$ 789,400
	Library (100% of all costs)	\$ 207,400
2025-26 Taxes: \$1,156,825	TOTAL	\$ 1,156,825
<u>Special Tax No. 4 / (Ord. 96-4)</u> Public Works	Public Works (operations / maintenance)	\$ 1,203,436
2025-26 Taxes: \$1,203,436	TOTAL	\$ 1,203,436

Any remaining Special Taxes not used for Departmental operating costs may be available for other allowable uses including capital project costs at the discretion of the new City. However, it is notable that approximately \$15.4 million, or approximately 85 percent, of the projected \$18.1 million of Special

³⁸ In FY 2021-22, 1 percent of the Special Tax No. 1 revenues were used to pay for Community Development department costs.

³⁹ Special taxes comprise more than half of the total tax revenues collected by the new City; RSG has conservatively assumed that approximately 73% of the costs for the Finance and Administrative services departments would be eligible expenses under the “operational and administrative” category of Special Tax No. 1

Taxes in 2025-26 would be needed to cover operational costs projected in this CFA without causing the General Fund to be in deficit, based on the assumptions utilized in this CFA. The new City will need to be diligent on the timely adjustment of both rates and the use of the Special Taxes to ensure overall financial feasibility after incorporation. The MHCS D currently uses the excess Special Tax revenues for capital projects. As compared to the base year, the amount of funds that we expect to be available for these capital projects (approximately \$2.7 million of the \$18.1 million projected) may be roughly half of what MHCS D transferred to its capital projects fund in 2021-22⁴⁰; should the forecast of this CFA be realized, the new City may have relatively less revenues available for future capital projects from these Special Taxes as compared to the base year. However, we do project the amount of Special Tax revenues not pledged for anticipated operating costs may exceed nearly \$49.0 million cumulatively at the end of ten years.

This CFA anticipates that the Mountain House City Council will exercise the same judgement and discretion demonstrated by the MHCS D Board in determining the appropriate level of services and facilities provided to the community and funded through local and other revenues, including adjusting its use of Special Taxes as necessary.

Lighting and Landscaping Maintenance District Revenues

Lighting and Landscaping Maintenance District revenues and expenditures were projected to remain flat for the duration of the forecast. These revenues and expenditures would be restricted for use within the new City's special revenue fund for this purpose.

Projected Special Tax and Lighting and Landscaping District Revenues

Projected Special Tax revenues are shown cumulatively each as a separate line item in Figure 27. Accounting for the assumed new development and rate increases, the City is expected to receive \$16.4 million in the transition year or FY 2024-25. This will rise to \$31.6 million in the final year of the forecast or FY 2033-34. Lighting and Landscaping Maintenance District revenues are relatively minor by comparison, which are also enumerated in Figure 27.

⁴⁰ The MHCS D transferred \$5.7 million in Special Tax revenues to capital project funds in FY 2021-22

SPECIAL TAXES
 PROPOSED BOUNDARY

Item Detail and Assumptions	Transition 7/1/24	12 Month Period Beginning									
		7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33	
Special Tax Revenues											
Tax No. 1: Roads ¹		\$ 9,262,712	\$ 10,049,512	\$ 10,973,399	\$ 11,857,826	\$ 12,561,348	\$ 13,195,451	\$ 13,813,597	\$ 14,379,440	\$ 14,862,484	\$ 15,301,526
21-22 (Audit)	8,342,798										
Tax No. 2: Public Safety ¹		\$ 4,722,412	\$ 5,124,905	\$ 5,597,511	\$ 6,049,942	\$ 6,409,846	\$ 6,734,215	\$ 7,050,437	\$ 7,339,888	\$ 7,586,984	\$ 7,811,571
21-22 (Audit)	4,251,835										
Tax No. 3: Parks ¹		\$ 818,790	\$ 887,369	\$ 967,894	\$ 1,044,982	\$ 1,106,304	\$ 1,161,572	\$ 1,215,451	\$ 1,264,770	\$ 1,306,872	\$ 1,345,138
21-22 (Audit)	738,610										
Tax No. 4: Public Works ¹		\$ 861,475	\$ 933,980	\$ 1,019,111	\$ 1,100,610	\$ 1,165,446	\$ 1,223,874	\$ 1,280,839	\$ 1,332,978	\$ 1,377,487	\$ 1,417,942
21-22 (Audit)	776,709										
+ Cumulative 2.4% Rate Increase ³	2.4%	\$ 685,405	\$ 1,077,824	\$ 1,511,590	\$ 1,993,258	\$ 2,522,377	\$ 3,092,745	\$ 3,702,533	\$ 4,352,042	\$ 5,040,101	\$ 5,764,275
SPECIAL TAX TOTAL		\$ 16,350,794	\$ 18,073,589	\$ 20,069,505	\$ 22,046,618	\$ 23,765,320	\$ 25,407,856	\$ 27,062,857	\$ 28,669,117	\$ 30,173,927	\$ 31,640,452
Lighting & Landscape Maintenance Districts											
District 1 Assessment	53,849	\$ 53,849	\$ 53,849	\$ 53,849	\$ 53,849	\$ 53,849	\$ 53,849	\$ 53,849	\$ 53,849	\$ 53,849	\$ 53,849
District 2 Assessment	38,341	\$ 38,341	\$ 38,341	\$ 38,341	\$ 38,341	\$ 38,341	\$ 38,341	\$ 38,341	\$ 38,341	\$ 38,341	\$ 38,341
District 3 Assessment	335,651	\$ 335,651	\$ 335,651	\$ 335,651	\$ 335,651	\$ 335,651	\$ 335,651	\$ 335,651	\$ 335,651	\$ 335,651	\$ 335,651
Growth Rate ²	0.0%										
Population for Per Capita Estimate	27,032										
Projected Population (Proposal)	27,032	30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

¹ Special Taxes are assessed as Parcel Taxes on individual parcels. Growth per year of each tax is tied only to new development.

² Lighting & Landscape Maintenance District assessments are projected to remain flat for the duration of the CFA.

³ The MHCSD has increased their Special Taxes by an average of 2.4% per year for the last 20 years.

Figure 27 – Special Taxes and Lighting and Landscaping Assessments

PROJECTED EXPENDITURES

The City's General Fund generally funds the following operational functions:

- City Council
- City Clerk
- Administration
- Legal Services/City Attorney
- Finance
- Community Development
- Public Works
- Animal Control
- Law Enforcement
- Parks and Recreation
- Fire Protection
- Library Services
- Non-Departmental

General Fund expenditures do not include transition year loan repayments or revenue neutrality payments to the County. Expenditures are also inclusive of services that are funded from the four Special Tax levies. These service costs are displayed by department with a line where applicable to indicate how much of said department's costs are transferred to the Special Tax funds. General Fund expenditures, exclusive of costs applied to the Special Tax funds, range from \$12.2 million in 2024-25 to \$22.9 million in 2033-34.

Each department will incur costs related to general operations and maintenance and are projected by division or department according to information provided in MHCS D's FY 2021-22 audited financials and its FY 2021-22 Adopted Budget. From the budget and conversations with MHCS D, RSG determined that several additional staffing positions not included in current totals are planned to be filled prior to or shortly after incorporation. RSG included these new positions in the analysis under the respective departments. Because MHCS D is applying for a reorganization of its current structure to form a newly incorporated city, RSG has assumed MHCS D provided services will remain with the current contracts at the same levels during the transition year unless otherwise noted.

As mentioned previously, all salaries projected were determined using the FY 2021-22 salary and benefit schedules provided by MHCS D.⁴¹ A benefits to salary ratio was calculated as a reflection of the additional cost of personnel benefits for that position as a percentage of salary. Salaries and benefits were increased on an annual basis of 2.6 percent, based on the average CPI for All Urban Consumers for the December 2013 to December 2022 period as determined by the Bureau of Labor Statistics ("BLS"). It is important to note that MHCS D has a cost allocation model that identifies the costs of providing internal services to other internal departments and reallocates them (for example, IT services). This results in some departments appearing to have \$0 in costs in the financial data. The CFA adjusts for this and includes these costs according to the department they originated in.

All other City expenditures not otherwise noted were calculated on a per capita basis using RSG's population forecast and adjusted for inflation based on the CPI as determined by BLS. The following sections delineate specific cost assumptions and applicable exceptions.

⁴¹ MHCS D participates in a pension plan administered by the San Joaquin County Employees' Retirement Association (SJCERA). As of December 31, 2021, MHCS D reported a net pension liability in the amount of \$6,507,632. The Annual Comprehensive Financial Report for that fiscal year states that there are no significant payables to the plan. The City would assume these liabilities and continue to pay into the pension fund.

CITY COUNCIL

Five elected City Council members will govern the new City. The City Council will be responsible for code and statute adoption and involved with every aspect of the City government. The City Council will also oversee the creation of committees to address various needs in the community and approve budgets and staffing contracts.

The City Council would presumably sit on the governing board of the Subsidiary District, in a separate capacity. The Subsidiary District costs applicable to the Council are *not* included in this General Fund forecast but will be discussed later in this CFA.

Projected costs for services for operations and maintenance were based on the FY 2021-22 Audited Financials provided by MHCSD. It is important to note that the City Council expenditures forecast is based on the Board of Directors & District Clerk Division of the MHCSD, which is currently within the Administration Department. For the purposes of this forecast, City Council expenditures are projected separately from Administration.

Stipends for each of the five City Council members (including mayor) amount to \$12,400 per member annually. In total, the City would be projected to spend \$73,200 in stipends during the transition year up to \$144,000 by the end of the forecast, or FY 2033-34. Other costs for City Council members include a travel and membership budget of \$9,000 beginning in the transition year. The total costs for the City Council in the first year after the transition, or FY 2025-26, are \$106,500 increasing to \$209,700 in FY 2033-34.

Figure 28 displays the City Council forecast:

CITY COUNCIL
PROPOSED BOUNDARY

Item Detail and Assumptions	Transition 7/1/24	12 Month Period Beginning									
		7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33	
Department Expenditures											
City Council Stipend	\$ 73,200	80,700	89,700	98,400	105,800	113,600	121,200	129,100	136,600	144,000	
Peer Cities Estimate 21-22 ¹	62,180										
Growth Rate	2.6%										
Operations & Maintenance	\$ 24,300	26,800	29,800	32,700	35,200	37,800	40,300	42,900	45,400	47,900	
Trial Balance 21-22	20,668										
Growth Rate	2.6%										
Travel and Membership	\$ 9,000	10,000	11,100	12,100	13,100	14,000	15,000	15,900	16,900	17,800	
Peer Cities Estimate 21-22	7,675										
Growth Rate	2.6%										
TOTAL	\$ 106,500	\$ 117,500	\$ 130,600	\$ 143,200	\$ 154,100	\$ 165,400	\$ 176,500	\$ 187,900	\$ 198,900	\$ 209,700	
<hr/>											
Population for Per Capita Estimate	27,032										
Projected Population (Proposal)	27,032	30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

¹ Peer Cities used for this CFA: Eastvale, Wildomar, Menifee, Lathrop, Yucca Valley, Oakley, & Yucaipa

Figure 28 – City Council

CITY CLERK

A District Clerk serves the MHCS D Board and sits within the Administration Department. Upon incorporation, the CFA assumes the City will reclassify the current District Clerk position.⁴² Projected salaries and benefits for the City Clerk position were determined using FY 2021-22 salary and benefit schedules posted by MHCS D for the existing District Clerk. In the CFA, the Clerk Department is a separate entity from its current parent department, Administration. This is by no means a binding status and should the City see fit, the City Clerk could remain as a division of the Administration Department.

A Clerk's office is responsible for preparing and distributing agendas, keeping minutes for legislative and committee meetings, maintaining City documents including resolutions and municipal codes, and responding to public record requests. The operations and maintenance forecast, in Figure 29, includes the cost to administer local elections. In FY 2024-25, the City is projected to spend \$898,700 in the City Clerk's Department increasing to \$1.6 million in 2033-34. The City Clerk is the only staff position projected in the CFA in this Department.

⁴² The City Council will appoint the City Clerk.

CITY CLERK
PROPOSED BOUNDARY

Item Detail and Assumptions				12 Month Period Beginning									
	Transition			7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Department Expenditures													
Salaries and Benefits	Salary	BSR ¹	Δ										
City Clerk	179,593	60%	2.6%	\$ 301,800	\$ 309,700	\$ 317,900	\$ 326,200	\$ 334,800	\$ 343,600	\$ 352,600	\$ 361,900	\$ 371,400	\$ 381,200
Operations and Maintenance				\$ 596,900	658,100	731,300	802,400	863,200	926,600	988,700	1,053,000	1,114,200	1,174,700
Peer Cities Estimate 21-22	507,119												
Growth Rate	2.6%												
TOTAL				\$ 898,700	\$ 967,800	\$ 1,049,200	\$ 1,128,600	\$ 1,198,000	\$ 1,270,200	\$ 1,341,300	\$ 1,414,900	\$ 1,485,600	\$ 1,555,900
Population for Per Capita Estimate	27,032												
Projected Population (Proposal)	27,032			30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

¹ BSR is the benefits-salary ratio, reflecting the additional cost of personnel benefits for that position as a percentage of salary.

Figure 29 – City Clerk

ADMINISTRATION

The Administration Department will oversee building maintenance, rent, office supplies, cost and fee studies, research, and memberships. Administrative functions currently provided by MHCS D staff and contractors, including the Human Resources and Risk Management divisions, will transfer to the City in the transition year. The City Manager, currently staffed by the MHCS D as a General Manager, and an Office Assistant will also stay in the Administration Department. Additionally, MHCS D is expected to hire a Deputy General Manager in the near future. The CFA assumes this position will stay on after incorporation as the Deputy City Manager. Three services are not projected as part of this Department in this CFA but are a currently part of the existing District Department: City Council, City Clerk, and City Attorney. These services are projected as separate divisions in this CFA. These services may be under Administration in the future based on Council or budgetary decisions.

Under the assumptions previously outlined in this CFA, 73 percent of the costs to run the Administration Department is projected to be expended out of the Special Tax funds. These expenditures will be applied to the fund corresponding to Special Tax Ordinance 96-1 for Roads, Operations, and Administration. This amounts to a reduction in costs to the General Fund of about \$1.2 million in the transition year, rising to \$2.1 million in FY 2033-34.

The Administration Department expenditures from the General Fund are projected to be \$453,000 in the transition year or FY 2024-25, increasing to \$765,000 by 2033-34. The forecast includes the costs to provide services to the City through the Human Resources and Risk Management Divisions. As described earlier on page 61, this CFA anticipates that the Special Taxes will fund a majority of the Department's forecasted expenditures in this CFA.

The Administration forecast is in Figure 30.

ADMINISTRATION
PROPOSED BOUNDARY

Item Detail and Assumptions				12 Month Period Beginning									
			Transition	7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Department Expenditures													
Salaries and Benefits ²	Salary	BSR ¹	Δ										
City Manager	213,274	53%	2.6%	\$ 342,900	\$ 351,900	\$ 361,100	\$ 370,600	\$ 380,400	\$ 390,400	\$ 400,700	\$ 411,200	\$ 422,000	\$ 433,100
Office Assistant	44,907	105%	2.6%	\$ 97,000	99,600	102,200	104,900	107,700	110,500	113,400	116,400	119,500	122,600
Future Salaries ³													
+ Deputy City Manager	103,452	107%	2.6%	\$ 225,900	231,900	238,000	244,200	250,600	257,200	264,000	270,900	278,100	285,400
Operations & Maintenance				\$ 377,600	416,300	462,700	507,700	546,100	586,200	625,500	666,200	704,900	743,200
Trial Balance 21-22	320,837												
Growth Rate	2.6%												
Human Resources Division				\$ 129,900	143,200	159,100	174,600	187,800	201,600	215,100	229,100	242,400	255,600
Trial Balance 21-22	110,323												
Growth Rate	2.6%												
Risk Management Division				\$ 505,600	557,400	619,400	679,700	731,100	784,800	837,500	891,900	943,700	995,000
Trial Balance 21-22	429,532												
Growth Rate	2.6%												
Transfers Out to Special Tax Fund				\$ (1,225,597)	(1,314,219)	(1,418,025)	(1,519,641)	(1,608,701)	(1,701,411)	(1,793,026)	(1,887,561)	(1,978,738)	(2,069,477)
TOTAL				\$ 453,303	\$ 486,081	\$ 524,475	\$ 562,059	\$ 594,999	\$ 629,289	\$ 663,174	\$ 698,139	\$ 731,862	\$ 765,423
Population for Per Capita Estimate	27,032												
Projected Population (Proposal)	27,032			30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

¹ BSR is the benefits-salary ratio, reflecting the additional cost of personnel benefits for that position as a percentage of salary.

² Existing Salaries and Benefits projections sourced from Mountain House's 21-22 Budget and the State Controller's Office

³ Future Salaries projections are based on the assumption of new hires as reported to RSG from Mountain House.

Figure 30 – Administration

CITY ATTORNEY / LEGAL SERVICES

The Legal Services Division provides comprehensive legal services including legal advice, research on municipal law matters, and approval of contracts, ordinances, and resolutions. The division also advises on personnel matters and will represent the City in litigation. Currently, MHCSD contracts these services through Meyers Nave Riback Silver & Wilson (“Meyers Nave”). The CFA assumes that the City will continue to contract with Meyers Nave upon incorporation.

Legal Services expenditures were estimated using the FY 2021-22 Audited Financials from MHCSD. Initial startup legal costs of \$50,000 in the transition year were projected using estimates from earlier incorporation studies. As mentioned previously, the current Legal Services Division of MHCSD is a division of the Administration Department. For the purposes of this CFA, RSG assumed a separate City Attorney Department. Legal Services costs are projected to be \$294,900 during the transition year, rising to \$481,900 in 2033-34.

Figure 31 shows the forecast for this Department.

CITY ATTORNEY
PROPOSED BOUNDARY

Item Detail and Assumptions	12 Month Period Beginning									
	Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Department Expenditures										
Contract Legal Services	\$ 244,900	\$ 270,000	\$ 300,000	\$ 329,200	\$ 354,100	\$ 380,100	\$ 405,600	\$ 432,000	\$ 457,100	\$ 481,900
Trial Balance 21-22	208,034									
Growth Rate	2.6%									
Supplemental Startup Legal Costs	\$ 50,000	-	-	-	-	-	-	-	-	-
TOTAL	\$ 294,900	\$ 270,000	\$ 300,000	\$ 329,200	\$ 354,100	\$ 380,100	\$ 405,600	\$ 432,000	\$ 457,100	\$ 481,900
<hr/>										
Population for Per Capita Estimate	27,032									
Projected Population (Proposal)	27,032	30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812
										47,064

Figure 31 – City Attorney

FINANCE

The MHCS D Finance Department oversees the safekeeping, management, and accounting of the City's financial assets. The Department oversees the Customer Service and Information Technology Divisions and provides the MHCS D with accounting services, financial planning, budgeting, and financial reporting. The MHCS D Finance Department will continue its role upon incorporation.

Projected expenditures in the Finance Department forecast are based on the FY 2021-22 Audited Financials of the MHCS D. There are nine salaried positions projected to be a part of the City's Finance Department. Positions include an Administrative Services Director, Finance Director, Accounting Manager, Customer Service Supervisor, Accountant, Accounting Technicians, and a Management Analyst. The Administrative Services Director also oversees the Recreation Department. Therefore, costs for the position in Finance are reduced by 50 percent to account for time spent in Recreation. Two vacant positions, one for a Management Analyst and an Accounting Technician, are projected to be added to the MHCS D by the transition year. Salary expenditures are based on the 2021 MHCS D and SCO salary schedules and inflated by the CPI. Customer Service and Information Technology Division forecasts are exclusive of personnel costs, which are accounted for in the individual salary projections mentioned above.

MHCS D currently contracts with the County for its payroll. The CFA assumes the City will continue to contract with the County for these services upon incorporation. The cost to provide these services to the City are included in the Operations & Maintenance line item in the forecast.

Under the assumptions previously outlined in this CFA, 73 percent of the costs to run the Finance Department is projected to be expended out of the Special Tax funds. These expenditures will be applied to the fund corresponding to Special Tax Ordinance 96-1 for Roads, Operations, and Administration, though this is subject to LAFCO Counsel opinion. This amounts to a reduction of about \$1.8 million in the transition year, rising to \$2.7 million in FY 2033-34.

The Finance Department is forecasted to expend \$665,000 from the General Fund in the transition year, increasing to \$989,000 in 2033-34. No existing County services are expected to transfer to the City. The majority of the Department's expenditures are projected to be funded by Special Taxes as explained earlier in this CFA beginning on page 61.

The forecast for this Department is in Figure 32.

FINANCE
PROPOSED BOUNDARY

Item Detail and Assumptions				12 Month Period Beginning											
				Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33		
Department Expenditures															
Salaries and Benefits				Salary	BSR ¹	Δ									
Administrative Services Director ²	103,452	54%	2.6%	\$ 167,900	\$ 172,400	\$ 176,900	\$ 181,500	\$ 186,300	\$ 191,200	\$ 196,300	\$ 201,400	\$ 206,700	\$ 212,100		
Finance Director	189,521	52%	2.6%	\$ 303,600	311,500	319,700	328,100	336,800	345,600	354,700	364,100	373,600	383,500		
Accounting Manager	158,961	72%	2.6%	\$ 287,800	295,400	303,100	311,100	319,300	327,700	336,300	345,100	354,200	363,500		
Customer Service Supervisor	112,973	93%	2.6%	\$ 229,300	235,400	241,600	247,900	254,400	261,100	268,000	275,000	282,300	289,700		
Accountant I	90,264	61%	2.6%	\$ 152,600	156,600	160,800	165,000	169,300	173,800	178,300	183,000	187,800	192,800		
Accounting Technician	58,458	61%	2.6%	\$ 98,800	101,400	104,100	106,800	109,700	112,500	115,500	118,500	121,700	124,900		
Management Analyst	102,474	60%	2.6%	\$ 173,100	177,600	182,300	187,100	192,000	197,000	202,200	207,500	213,000	218,600		
Future Salaries³															
+ Management Analyst	102,474	60%	2.6%	\$ 173,100	177,600	182,300	187,100	192,000	197,000	202,200	207,500	213,000	218,600		
+ Accounting Technician	58,458	61%	2.6%	\$ 98,800	101,400	104,100	106,800	109,700	112,500	115,500	118,500	121,700	124,900		
Operations & Maintenance															
Trial Balance 21-22	487,498			\$ 573,800	632,600	703,000	771,400	829,800	890,700	950,500	1,012,200	1,071,100	1,129,300		
Growth Rate	2.6%														
Customer Services Division															
Trial Balance 21-22	67,962			\$ 80,000	88,200	98,000	107,500	115,700	124,200	132,500	141,100	149,300	157,400		
Growth Rate	2.6%														
Information Technology Division															
Trial Balance 21-22	108,230			\$ 127,400	140,400	156,100	171,300	184,200	197,700	211,000	224,700	237,800	250,700		
Growth Rate	2.6%														
Transfers Out to Special Tax Fund															
				\$ (1,800,326)	(1,891,065)	(1,994,360)	(2,096,268)	(2,189,416)	(2,285,630)	(2,381,990)	(2,480,978)	(2,578,506)	(2,676,180)		
TOTAL															
				\$ 665,874	\$ 699,435	\$ 737,640	\$ 775,332	\$ 809,784	\$ 845,370	\$ 881,010	\$ 917,622	\$ 953,694	\$ 989,820		
Population for Per Capita Estimate															
Population for Per Capita Estimate	27,032														
Projected Population (Proposal)	27,032			30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064		

¹ BSR is the benefits-salary ratio, reflecting the additional cost of personnel benefits for that position as a percentage of salary.

² The Administrative Services Director is part of the Finance and Recreation Departments. RSG assumes 50% of time spent in Finance and 50% in Recreation.

³ Future Salaries projections are based on the assumption of new hires as reported to RSG from Mountain House, inclusive of County staff to be transferred

Figure 32 – Finance

COMMUNITY DEVELOPMENT

Community Development includes planning, building, construction management, and approval of project development and submittals. The Community Development Department oversees code enforcement for MHCSD, which involves the review and enforcement of MHCSD's CC&R's. Upon incorporation, the City will retain the staff from the existing Department including the Community Development Director, Associate Planner, Administrative Secretary, Engineer V, and a Senior Public Works Inspector. Additionally, MHCSD expects to fill vacancies for an Engineer II, and a Principal Planner prior to or immediately upon incorporation. The CFA assumes that this Department will initially have seven employees.

The County of San Joaquin will transfer a variety of services to the City including planning, building inspection, engineering, code enforcement services, compliance with environmental laws, field and construction inspections, assigning property addresses, permit issuance, tentative maps, and construction drawing review. These services are not currently under the jurisdiction of the MHCSD, but MHCSD partners closely with the County on all development projects. The County will continue to review parcel and subdivision maps. Using detailed data on fee revenues and their corresponding cost recovery ratios, RSG was able to back into the costs to provide the transferred County services. Instead of using inflation and population, a per-permitted unit ratio was used to project the costs forward. This more accurately ties the costs to construction instead of population and inflation.

After incorporation, the CFA includes the addition of two new employees in Community Development to handle former County services: another Assistant Planner and a Code Enforcement Officer. This brings the total in the department to nine. Code enforcement services transferring from the County are not to be confused with the code enforcement services that will remain in the Subsidiary District. The City would be responsible for the enforcement of the General Plan and Zoning Code, while the Subsidiary District will oversee enforcement of the CC&Rs. The actual title and tasks of the two new employees, and any additional employees hired by the City, may differ from this CFA.

This CFA assumes that building and inspection services currently provided by the County CDD, will transfer to the City. As previously mentioned, the Construction Manager is assumed to become the statutory Building Official for the City. The costs shown in this CFA do not breakdown building costs by labor and overhead, and thus do not make any assumptions about new building and inspection staff. The CFA only assumes that the City will be responsible for the costs of building and inspection services. How the City and County determine the administration of the building and inspection services can be officiated in LAFCO's Terms and Conditions and/or a contract with the County.

The City would initially adopt the County's General Plan, subject to and relying on the underlying EIR, but would need to adopt its own General Plan, Housing Element, and certify associated environmental documentation within 30 months of incorporation.⁴³ Following the adoption of the General Plan, the City will need to adopt a zoning code. Based on estimates provided by local planning consultants and LAFCO staff, the cost of preparing or updating the General Plan, the corresponding EIR, and the Zoning Code is approximately \$1.5 million. The City can file for a two-year extension on top of the originally allowed 30 months allocated for preparation, which is a common practice.⁴⁴ The CFA assumes that the costs associated with the General Plan and Zoning Code are spread out over the first three years after the transition year. These costs are not projected per capita nor inflated.⁴⁵

⁴³ Government Code Section 65360

⁴⁴ Government Code Section 65631

⁴⁵ Due to the unpredictable nature of cost recovery, the CFA excludes a General Plan fee that many cities charge to help defray the cost of a General Plan Update.

All remaining costs, exclusive of costs transferred from the County, are projected from base year actuals sourced by MHCSD's FY 2021-22 Audited Financials. Overall, the CFA projects Community Development Department expenditures from the General Fund to be \$4.5 million in the transition year. This fluctuates for the remainder of the forecast due to the cost of transferred services from the County being projected on a per-permit basis as opposed to per-capita. The costs for the Department reach as high as \$6.9 million in FY 2026-27 while sliding back down to \$5.2 million in FY 2033-34. A relatively small portion of the Department's expenditures are anticipated to be funded by Special Taxes, resulting in the General Fund largely responsible for costs of these services.

Figure 33 shows the Department forecast.

**COMMUNITY DEVELOPMENT
PROPOSED BOUNDARY**

Item Detail and Assumptions				12 Month Period Beginning									
			Transition	7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Department Expenditures													
Salaries & Benefits													
	Salary	BSR ¹	Δ										
Community Development Director	229,963	51%	2.6%	\$ 366,600	\$ 376,300	\$ 386,200	\$ 396,300	\$ 406,700	\$ 417,400	\$ 428,400	\$ 439,700	\$ 451,300	\$ 463,100
Administrative Secretary	76,068	62%	2.6%	\$ 130,200	133,600	137,100	140,700	144,400	148,200	152,100	156,100	160,200	164,500
Engineer V	162,107	52%	2.6%	\$ 260,100	266,900	273,900	281,100	288,500	296,100	303,900	311,900	320,100	328,500
Senior Public Works Inspector	101,985	95%	2.6%	\$ 209,500	215,000	220,700	226,500	232,400	238,500	244,800	251,200	257,900	264,600
Associate Planner	92,934	68%	2.6%	\$ 164,900	169,200	173,600	178,200	182,900	187,700	192,600	197,700	202,900	208,300
Future Salaries													
+ Principal Planner	132,742	70%	2.6%	\$ 237,300	243,600	250,000	256,500	263,300	270,200	277,300	284,600	292,100	299,800
+ Engineer II	126,415	57%	2.6%	\$ 209,600	215,100	220,800	226,600	232,600	238,700	245,000	251,400	258,000	264,800
+ Associate Planner ²	92,934	68%	2.6%	\$ -	169,200	173,600	178,200	182,900	187,700	192,600	197,700	202,900	208,300
+ Code Enforcement Officer ²	91,596	77%	2.6%	\$ -	175,200	179,800	184,500	189,400	194,400	199,500	204,700	210,100	215,600
Operations & Maintenance				\$ 571,700	630,200	700,300	768,500	826,600	887,400	946,900	1,008,400	1,067,000	1,125,000
Trial Balance 21-22	485,659												
Growth Rate	2.6%												
General Plan, EIR, and Zoning Update ³				\$ -	500,000	500,000	500,000	-	-	-	-	-	-
Consultant Estimate	500,000												
Growth Rate	2.6%												
Additional County Planning & Code Enforcement ⁴				\$ 397,218	516,895	619,251	560,544	416,711	417,006	377,432	372,116	317,665	288,728
County CDD Estimate	243,291												
Cost Per Permit	787												
Additional County Building Inspection Costs ⁴				\$ 2,018,471	2,626,613	3,146,734	2,848,414	2,117,523	2,119,024	1,917,927	1,890,914	1,614,220	1,467,176
County CDD Estimate	1,236,288												
Cost Per Permit	4,001												
Transfers Out to Special Tax Fund				(51,852)	(59,285)	(68,094)	(77,752)	(86,796)	(94,278)	(102,201)	(109,481)	(116,584)	(123,350)
TOTAL				\$ 4,513,737	\$ 6,178,524	\$ 6,913,891	\$ 6,668,307	\$ 5,397,138	\$ 5,508,053	\$ 5,376,258	\$ 5,456,949	\$ 5,237,800	\$ 5,175,054
Population for Per Capita Estimate	27,032												
Projected Population (Proposal)	27,032			30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

¹ BSR is the benefits-salary ratio, reflecting the additional cost of personnel benefits for that position as a percentage of salary.

² Assumes the second Associate Planner and Code Enforcement Officer would arrive after the transition year.

³ General Plan, Environmental Impact Reporting (EIR), and Zoning update estimates sourced from RSG email inquiry/survey of relevant planning consultants in and around San Joaquin County.

⁴ County planning and building costs transferred to the City are projected on a per-issued-permit basis.

Figure 33 – Community Development

PUBLIC WORKS

MHCSD operates its own Public Works Department that would transfer to the City upon incorporation. Public Works oversees the design and construction of publicly financed projects, asset management, and maintenance and operations of existing community facilities. There are three divisions within the current Department structure that are expected to remain in the City: Engineering, Regulatory Compliance, and Operations and Maintenance. Engineering will continue to provide general engineering services. The Regulatory and Compliance Division, through plan review and field inspection, will continue providing guidance in compliance with state and local construction laws. Operations and Maintenance will also continue to provide maintenance of the City's fleet, water, sewer, and storm drainage, park facilities, streets and roads, and signage. The CFA utilizes the MHCSD FY 2021-22 Audited Financials to determine base year cost estimates.

Most of the Public Works Department's funding will come from three of the four special taxes, which are included in the CFA. In the unlikely event the City's special taxes will not be able to cover the costs of services, other General Fund revenues will need to be utilized to subsidize the balance. Additionally, costs associated with the MHCSD's water and wastewater funds are not projected as they are outside of the scope of this CFA.

The City will continue to maintain a special Road Fund that is primarily funded by state gas tax revenues. In addition, the MHCSD has three Lighting and Landscape Maintenance Districts ("LLMD"). This CFA assumes these districts will transfer to the City. The LLMDs are funded primarily by property taxes. Public Works Department expenditures related to both the Road Fund and LLMD funds have been allocated to said funds in Appendices 2 and 3.

The CFA assumes Public Works will maintain its pre-incorporation levels, with the addition of three staff: a Maintenance Worker II, Engineer V, and a Utility Manager prior to or upon incorporation.⁴⁶ The Public Works Director, Operations & Maintenance Superintendent, Maintenance Worker II, Senior Maintenance Worker, Engineer V, Engineer II, Landscape Supervisor, and two Administrative Assistants are all projected to remain in the Department. This CFA includes the costs of eleven Public Works positions.

Following incorporation, the City will be responsible for meeting federal clean water requirements, including maintaining a National Pollution Discharge Elimination System ("NPDES") permit. The NPDES program addresses urban runoff issues through public education, storm drain clearance, monitoring of intake and release infrastructure, and public improvements to increase water quality.

The City would likely join the County, as well as the cities of Tracy, Lodi, Lathrop, and Patterson⁴⁷ to implement the Multi-Agency Post Construction Stormwater Standards. These standards were developed to provide guidance for developers and builders to implement requirements for stormwater standards required by state law. The City would be responsible for implementing and monitoring these standards.

Valley Waste Disposal provides recycling and waste management services to the MHCSD. The CFA assumes the continuation of this contract through the term of the analysis.

Additional expenditures include utility costs not associated with any District proprietary funds and plan check costs from the County. The utility costs cover the utility costs relating to electricity, street lighting, and traffic signals.⁴⁸ The CFA calculated plan check service costs from data provided by the County Community Development Department ("CDD"). These CDD plan check costs are assumed

⁴⁶ Per discussions with MHCSD staff.

⁴⁷ City of Patterson is in Stanislaus County.

⁴⁸ MHCSD FY 2021-22 Audited Financials

under the new City's Public Works Department. It should be noted that the County Department of Public Works ("County DPW") provides its own Plan Check services which are assumed to remain with the County. They are not to be confused with CDD plan check services. Corresponding fees for the County DPW services will continue to be collected by the County and are not forecasted in this CFA⁴⁹.

The municipal operations of the Public Works Department not covered by the Road or LLMD funds, are projected to have all costs funded by the Special Tax funds in this CFA. In the transition year or FY 2024-25, costs transferred include \$1 million to the fund for Special Tax Ordinance 96-4 for Public Works, \$48,000 to the fund for Special Tax Ordinance 96-3 for Parks, and \$3.7 million to the fund for Special Tax Ordinance 96-1 for Roads, Operations, and Administration. Therefore, no costs are projected in the General Fund in this CFA. A breakdown of the applicable Public Works expenditures in the Special Tax funds are shown in Appendix 9.

Figure 34 shows the detailed projection of the expenditures for Public Works.

⁴⁹ County DPW provides plan check and reviews for many cities in SJ County. DPW assumed in their March 15, 2022 correspondence that they would continue these services.



PUBLIC WORKS
PROPOSED BOUNDARY

12 Month Period Beginning

Item Detail and Assumptions	Transition			12 Month Period Beginning									
	7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33			
Department Expenditures													
Salaries & Benefits	Salary	BSR ¹	Δ										
Public Works Director	206,905	76%	2.6%	\$ 382,800	\$ 392,900	\$ 403,200	\$ 413,800	\$ 424,700	\$ 435,900	\$ 447,400	\$ 459,100	\$ 471,200	\$ 483,600
Operations and Maintenance Superintendent	136,676	64%	2.6%	\$ 236,100	242,300	248,600	255,200	261,900	268,800	275,800	283,100	290,500	298,200
Maintenance Worker II	57,879	95%	2.6%	\$ 118,800	122,000	125,200	128,500	131,900	135,300	138,900	142,500	146,300	150,100
Senior Maintenance Worker	85,106	80%	2.6%	\$ 161,800	166,000	170,400	174,900	179,500	184,200	189,000	194,000	199,100	204,300
Engineer V	162,107	52%	2.6%	\$ 260,100	266,900	273,900	281,100	288,500	296,100	303,900	311,900	320,100	328,500
Engineer II	126,415	57%	2.6%	\$ 209,600	215,100	220,800	226,600	232,600	238,700	245,000	251,400	258,000	264,800
Landscape Supervisor	112,984	73%	2.6%	\$ 205,800	211,200	216,800	222,500	228,300	234,300	240,500	246,800	253,300	260,000
Administrative Assistant (2x)	87,242	71%	2.6%	\$ 313,400	321,600	330,100	338,800	347,700	356,800	366,200	375,800	385,700	395,800
Future Salaries ²													
+ Maintenance Worker II	57,879	95%	2.6%	\$ 118,800	122,000	125,200	128,500	131,900	135,300	138,900	142,500	146,300	150,100
+ Engineer V	162,107	52%	2.6%	\$ 260,100	266,900	273,900	281,100	288,500	296,100	303,900	311,900	320,100	328,500
+ Utility Manager	139,371	69%	2.6%	\$ 247,900	254,400	261,100	267,900	275,000	282,200	289,600	297,300	305,100	313,100
Engineering Division				\$ 504,900	556,700	618,600	678,800	730,200	783,800	836,400	890,700	942,500	993,700
Trial Balance 21-22	428,970												
Growth Rate	2.6%												
Regulatory Compliance Division				\$ 7,500	8,300	9,200	10,100	10,800	11,600	12,400	13,200	14,000	14,800
Trial Balance 21-22	6,373												
Growth Rate	2.6%												
Operations & Maintenance Division				\$ 1,246,200	1,373,900	1,526,800	1,675,300	1,802,100	1,934,500	2,064,200	2,198,400	2,326,200	2,452,600
Trial Balance 21-22	1,058,748												
Growth Rate	2.6%												
Utilities (Electricity, Traffic Signal, & Street Lighting)				\$ 290,200	320,000	355,600	390,200	419,700	450,500	480,700	512,000	541,700	571,200
Trial Balance 21-22	246,572												
Growth Rate	2.6%												
Additional County Plan Check Costs ³				\$ 246,998	321,416	385,063	348,558	259,119	259,303	234,695	231,389	197,531	179,537
County CDD Estimate	151,284												
Growth Rate	2.6%												
Transfers Out to Special Tax Fund				\$ (4,810,998)	(5,161,616)	(5,544,463)	(5,821,858)	(6,012,419)	(6,303,403)	(6,567,495)	(6,861,989)	(7,117,631)	(7,388,837)
TOTAL				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Population for Per Capita Estimate	27,032												
Projected Population (Proposal)	27,032			30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

¹ BSR is the benefits-salary ratio, reflecting the additional cost of personnel benefits for that position as a percentage of salary.

² Future Salaries projections are based on the assumption of new hires as reported to RSG from Mountain House, inclusive of County staff to be transferred

³ County CDD plan check costs transferred to the City are projected on a per-issued-permit basis. They are not equivalent to County DPW plan check costs.

Figure 34 – Public Works

ANIMAL CONTROL

MHCSD currently receives Animal Control services through the San Joaquin County Sheriff's Department, who provides the service through a contract with the City of Stockton. The CFA assumes the services will continue after incorporation.

Projected costs for Animal Control are based on information provided by the San Joaquin County Sheriff and the City of Stockton. Total costs for Animal Control are projected to be \$88,100 in the transition year or FY 2024-25. Forecasts increase to \$173,400 in the final year of the forecast or FY 2033-34. Consistent with the Special Tax ordinances, all projected costs for Animal Control services are projected to be funded by Special Tax Ordinance 96-2 for Public Safety and therefore are not a net impact on the new City General Fund.

Figure 35 shows the forecast:

**ANIMAL CONTROL
PROPOSED BOUNDARY**

Item Detail and Assumptions	Transition 7/1/24	12 Month Period Beginning									
		7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33	
Department Expenditures											
County Sheriff Contract											
Direct Personnel	\$ 32,600	\$ 36,000	\$ 40,000	\$ 43,900	\$ 47,200	\$ 50,700	\$ 54,100	\$ 57,600	\$ 60,900	\$ 64,200	
21-22 Base Cost	27,735										
Growth Rate	2.6%										
Supplies and Services	\$ 10,000	11,000	12,200	13,400	14,400	15,400	16,500	17,600	18,600	19,600	
21-22 Base Cost	8,455										
Growth Rate	2.6%										
Centrally Budgeted & Pound Fees	\$ 44,700	49,300	54,800	60,100	64,700	69,400	74,100	78,900	83,500	88,000	
21-22 Base Cost	38,008										
Growth Rate	2.6%										
Capital Outlay	\$ 800	900	1,000	1,100	1,200	1,200	1,300	1,400	1,500	1,600	
21-22 Base Cost	677										
Growth Rate	2.6%										
Transfers Out to Special Tax Fund	(88,100)	(97,200)	(108,000)	(118,500)	(127,500)	(136,700)	(146,000)	(155,500)	(164,500)	(173,400)	
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Population for Per Capita Estimate	27,032										
Projected Population (Proposal)	27,032	30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

Figure 35 – Animal Control

LAW ENFORCEMENT

The City of Mountain House will provide law enforcement through crime prevention, investigations, and traffic management, among other services. There is currently no standalone department or division for law enforcement in the MHCS D. MHCS D contracts with San Joaquin County Sheriff's Department, the California Highway Patrol ("CHP") and a private security firm, Rank Investigations. The contract with the Sheriff's Department, however, is only for supplemental law enforcement above the "basic unincorporated area level of service". As an unincorporated area, MHCS D receives a certain amount of police protection as part of the duties of the County to all unincorporated areas. This service is not currently paid for by MHCS D but will be the responsibility of the City upon incorporation.

The CFA calculated the contracted Law Enforcement expenditures from MHCS D's FY 2021-22 audited financials. Base level services were calculated using calls for service data provided by the Sheriff and applying MHCS D's percentage share of those calls to the total net cost of Sheriff services for the County. MHCS D, as of FY 2021-22, accounts for 4.85 percent of the total calls for service the Sheriff's Department receives. RSG next determined the total net costs for the County by excluding certain costs that the future City would not be responsible for as well as those that are accounted for in another department. These included services classified under the Probations, Detentions, and Corrections category, Special Services Division, Animal Control, and the City of Lathrop's contract. RSG then netted out the existing Mountain House contract to arrive at the base level cost. The Property Tax section on Page 36 explains the calculation in more detail. The Sheriff did not provide actuals showing expenditures made as part of their base level services. Instead, a pro-rated estimate was provided which used the 4.85 percent figure and multiplied it by the total sheriff budget⁵⁰. RSG notes that if the Sheriff or County were to provide a precise figure, the resulting number may materially alter the results of this CFA.

The three service providers for law enforcement in MHCS D complement one another. The Sheriff covers the general policing of the area and acts as the MHCS D's official police department. CHP provides public safety services for traffic and speed management. CHP is responsible for traffic incidents and related matters in all unincorporated areas of the state. In the MHCS D specifically, CHP is responsible for the enforcement of traffic laws based on the California Vehicle Code, the investigation of traffic accidents and vehicle thefts, and the responses to parking and traffic complaints. Rank Investigations provides supplemental private security patrol services. Based on discussions with MHCS D staff, RSG assumed that this three-pronged approach to public safety will continue upon incorporation. It is worth noting that future negotiations with each public safety contractor may result in changes that alter the assumptions in this CFA.

Future Law Enforcement cost and staffing assumptions for the City of Mountain House are based upon a per capita calculation plus a growth rate of 5.4 percent. RSG determined the growth rate by averaging the annual percent change in contract costs for MHCS D and the City of Lathrop from FY 2015-16 to 2021-22. However, the CFA does not forecast specific staffing increases or totals. As of March 2023, the Sheriff's Department, as part of the supplemental contract, provides seven patrol officers and one patrol sergeant to the MHCS D. Sheriff staffing for base level policing services was not provided, but according to the 2022 MSR for Mountain House, deputies from the Sheriff's patrol known as "Beat 8", which covers the unincorporated areas, provide service to the MHCS D. The MSR indicates that Beat 8 provides one full-time deputy to the western part of the County. Rank Investigations staffs MHCS D with at least one officer for at least 16 hours per day, per the contract.

⁵⁰ Data provided March 28, 2023. As mentioned in the Property Tax section, the Sheriff staff estimate was deemed inaccurate by RSG.

In 2021, CHP provided traffic services to the MHCSO that included five arrests, 45 collision responses, and 123 citations. CHP did not provide staffing resource figures.

This CFA forecasts Law Enforcement expenditures from the General Fund of \$3.2 million in FY 2024-25. This includes \$2.3 million for the County Sheriff's supplemental policing, \$562,400 for Rank Investigations, \$16,800 for CHP, and \$2.8 million for the Sheriff's base level policing. Additionally, this CFA projects that \$2.4 million in costs will be covered by the Special Tax for Public Safety or Ordinance 96-2. The net General Fund costs climb to \$9.7 million in FY 2033-34, as shown in Figure 36.

**LAW ENFORCEMENT
PROPOSED BOUNDARY**

Item Detail and Assumptions	Transition 7/1/24	12 Month Period Beginning									
		7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33	
Department Expenditures											
Public Safety Contracts											
County Sheriff CSD Contract ¹	\$ 2,318,600	\$ 2,625,700	\$ 2,997,100	\$ 3,378,100	\$ 3,732,500	\$ 4,115,500	\$ 4,511,000	\$ 4,934,700	\$ 5,363,400	\$ 5,808,600	
Trial Balance 21-22	1,866,944										
Growth Rate	5.4%										
Patrol Services - Rank Investigations ²	\$ 562,400	636,800	726,900	819,300	905,300	998,200	1,094,100	1,196,900	1,300,900	1,408,900	
Trial Balance 21-22	452,819										
Growth Rate	5.4%										
California Highway Patrol - Traffic Services	\$ 16,800	19,000	21,700	24,500	27,000	29,800	32,700	35,700	38,900	42,100	
Trial Balance 21-22	13,524										
Growth Rate	5.4%										
Miscellaneous Expenses	\$ 25,100	28,400	32,400	36,500	40,300	44,500	48,700	53,300	57,900	62,800	
Trial Balance 21-22	20,170										
Growth Rate	5.4%										
County Sheriff Base Level Services ¹	\$ 2,783,800	3,152,500	3,598,400	4,055,900	4,481,400	4,941,200	5,416,100	5,924,800	6,439,500	6,974,100	
County Sheriff Estimate	2,241,528										
Growth Rate	5.4%										
Transfers Out to Special Tax Fund	\$ (2,402,832)	(2,648,580)	(2,933,704)	(3,214,878)	(3,456,470)	(3,685,350)	(3,915,035)	(4,136,199)	(4,341,254)	(4,539,620)	
TOTAL	\$ 3,303,868	\$ 3,813,820	\$ 4,442,796	\$ 5,099,422	\$ 5,730,030	\$ 6,443,850	\$ 7,187,565	\$ 8,009,201	\$ 8,859,346	\$ 9,756,880	
Population for Per Capita Estimate	27,032										
Projected Population (Proposal)	27,032	30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	

¹ County Sheriff Contracted Services exclude Animal Control in this analysis. Costs are projected on a per capita basis as well as by the Sheriff cost inflation rate (based on historical contract cost increases)

² Rank Investigations is a private security contractor utilized by the District for supplemental public safety services

Figure 36 – Law Enforcement

PARKS AND RECREATION

The MHCS D currently has a Recreation Department which will continue to provide the same services to the City after incorporation. MHCS D offers numerous parks and recreational opportunities for residents. The Recreation Department provides leadership, guidance, and support for recreational programs. The Department conducts registration activities, rents district facilities, oversees community events, and manages youth programs. Each Mountain House neighborhood features its own five-acre Village Park. Some villages have small neighborhood parks with additional play space for families. MHCS D currently maintains recreational facilities within the Proposed Boundary.

The City's major parks include Altamont Park, Bethany Park, Central Community Park, Creek Park, Questa Park, and Wicklund Park. Other amenities that will be inherited by the City include baseball diamonds, basketball courts, bocce courts, cricket pitch, tennis courts, and picnic areas. MHCS D established a Parks, Recreation and Leisure Plan in May 2021. The Plan anticipates 405 acres of parks at build-out, or 10.3 acres of park per 1,000 residents. The County requires five acres of park per 1,000 residents.

RSG assumes that the Recreation Department will have three City staff including the Administrative Services Director, Recreation Manager, and a future staff person for the Recreation and Communications Coordinator position. The Administrative Services Director also manages the Finance Department. RSG projected the costs for the Director at 50 percent for each department. Projected expenditures for services for the Recreation Department were based on the FY 2021-22 Audited Financials from MHCS D.

The CFA calculates total expenditures for the Recreation Department to be \$753,500, growing to \$1.1 million by FY 2033-34. Under the provisions of Special Tax Ordinance 96-3, all of this cost may be funded from Special Taxes collected by the new City.

Figure 37 shows the growth projections for the Department.

**RECREATION
PROPOSED BOUNDARY**

Item Detail and Assumptions				12 Month Period Beginning									
	Transition			7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Department Expenditures													
Salaries & Benefits	Salary	BSR ¹	Δ										
Administrative Services Director ²	103,452	54%	2.6%	\$ 167,900	\$ 172,400	\$ 176,900	\$ 181,500	\$ 186,300	\$ 191,200	\$ 196,300	\$ 201,400	\$ 206,700	\$ 212,100
Recreation Manager	123,374	71%	2.6%	\$ 222,400	228,300	234,300	240,400	246,700	253,200	259,900	266,700	273,700	280,900
Future Salaries ³													
+ Recreation & Communications Coordinator	81,032	80%	2.6%	\$ 154,000	158,100	162,200	166,500	170,900	175,400	180,000	184,700	189,600	194,600
Operations & Maintenance				\$ 209,200	230,600	256,200	281,200	302,400	324,700	346,400	368,900	390,400	411,600
Trial Balance 21-22	177,687												
Growth Rate	2.6%												
Transfers Out to Special Tax Fund				\$ (753,500)	(789,400)	(829,600)	(869,600)	(906,300)	(944,500)	(982,600)	(1,021,700)	(1,060,400)	(1,099,200)
TOTAL				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Population for Per Capita Estimate	27,032												
Projected Population (Proposal)	27,032			30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

¹ BSR is the benefits-salary ratio, reflecting the additional cost of personnel benefits for that position as a percentage of salary.

² The Administrative Services Director is part of the Finance and Recreation Departments. RSG assumes 50% of time spent in Finance and 50% in Recreation.

³ Future Salaries projections are based on the assumption of new hires as reported to RSG from Mountain House, inclusive of County staff to be transferred

Figure 37 – Recreation

FIRE PROTECTION

MHCSD, as of FY 21-22, contracts with the French Camp McKinley Rural County Fire Protection District (“French Camp McKinley”). French Camp McKinley also serves areas that are outside of the MHCSD boundary but will be within the Proposed Boundary. Services include fire protection, fire prevention, and emergency medical. One fire station in Mountain House currently houses five personnel and there are plans for a second station in the northern section of the Proposed Boundary. Between MHCSD and the other unincorporated areas, French Camp McKinley responds to approximately 1,800 calls per year. The Proposed Boundary also includes 10 parcels serviced by Tracy Rural Fire Protection District. Upon incorporation these parcels would detach from Tracy Rural and be the responsibility of the City. RSG assumes that the City of Mountain House would continue to contract with French Camp McKinley for fire protection, including the future areas to be detached from Tracy Rural.

If the Commission were to approve the LAFCO Alternative Boundary for incorporation, an additional 5 parcels in Tracy Rural’s service area would be included in the City of Mountain House. Figure 38 provides a summary of the additional LAFCO Alternative lands serviced by Tracy Rural, pursuant to Government Code Section 56810(d).

Figure 38 – Additional Tracy Rural Lands in LAFCO Alternative

TRA 92001	TRA 92002	TRA 92005	
-	5	-	Parcels
N/A	10	N/A	Acres
\$ -	\$ 4,306,218	\$ -	Secured & Unsecured Assessed Value
-	5,547	-	Property Tax Revenues

Source: San Joaquin County Auditor Controller, FY 22-23 Tax Roll, Tracy Rural RFI Response March 14, 2022 and March 23, 2023

Projected expenditures for fire protection services to the City as proposed were based on the FY 2021-22 Audited Financials provided by MHCSD. Specific information regarding staffing numbers, vehicles, and other equipment were not provided to RSG. The total expenditures from the General Fund for the proposed City’s fire services in the transition year of FY 2024-25, will be \$834,000. This is projected to rise to \$1.8 million by FY 2033-34, as demonstrated in Figure 39. As shown, a substantial portion of this cost may be paid from Special Tax revenues received by the new City, with the balance funded from the General Fund.

**FIRE PROTECTION
 PROPOSED BOUNDARY**

Item Detail and Assumptions	Transition 7/1/24	12 Month Period Beginning									
		7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33	
Department Expenditures											
Fire Protection Services ¹	\$ 3,237,000	\$ 3,568,700	\$ 3,965,700	\$ 4,351,600	\$ 4,680,900	\$ 5,024,600	\$ 5,361,800	\$ 5,710,200	\$ 6,042,100	\$ 6,370,500	
Trial Balance 21-22	\$ 2,750,044										
Growth Rate	2.6%										
Transfers Out to Special Tax Fund	\$ (2,402,832)	(2,648,580)	(2,933,704)	(3,214,878)	(3,456,470)	(3,685,350)	(3,915,035)	(4,136,199)	(4,341,254)	(4,539,620)	
TOTAL	\$ 834,168	\$ 920,120	\$ 1,031,996	\$ 1,136,722	\$ 1,224,430	\$ 1,339,250	\$ 1,446,765	\$ 1,574,001	\$ 1,700,846	\$ 1,830,880	
Population for Per Capita Estimate	27,032										
Projected Population (Proposal)	27,032	30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

¹ Fire Protection Services are provided by the French Camp McKinley Rural County Fire Protection District (French Camp Mckinley) and projected on a per capita, CPI adjusted basis

Figure 39 – Fire Protection

LIBRARY SERVICES

Currently, MHCS D is served by a Library Services Division which operates as a branch of the Stockton – San Joaquin County Unified Library System. The Division provides resources to access books, media, and the internet. It also enriches resident's lives, encouraging a learning environment and offering a venue for gatherings. RSG assumes that the Library Services Division will continue to provide these services to the City of Mountain House.

Projected costs for Library Services are based on the FY 2021-22 Audited Financials provided by MHCS D. Forecasted expenditures start at \$188,100 in FY 2024-25, increasing to \$370,200 by FY 2033-34, as demonstrated in Figure 40. Because Library services are a permitted use of Special Tax Ordinance 96-3, these costs would be funded from the Special Tax fund of the new City.

LIBRARY
PROPOSED BOUNDARY

Item Detail and Assumptions	Transition 7/1/24	12 Month Period Beginning									
		7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33	
Department Expenditures											
Library Services	\$ 188,100	\$ 207,400	\$ 230,400	\$ 252,900	\$ 272,000	\$ 292,000	\$ 311,500	\$ 331,800	\$ 351,100	\$ 370,200	
Trial Balance 21-22	159,793										
Growth Rate	2.6%										
Transfers Out to Special Tax Fund	\$ (188,100)	(207,400)	(230,400)	(252,900)	(272,000)	(292,000)	(311,500)	(331,800)	(351,100)	(370,200)	
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Population for Per Capita Estimate	27,032										
Projected Population (Proposal)	27,032	30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

Figure 40 – Library

NON-DEPARTMENTAL

After incorporation, the City should expect to have some uncategorized costs which **don't neatly fall** under any one department. At the writing of this CFA the only non-departmental cost identified would be LAFCO fees. These are based on an estimate provided by the San Joaquin County LAFCO. The fees help fund LAFCO business and operations, such as this CFA. This CFA projects non-Departmental expenditures to be \$11,000 in the transition year, rising to \$21,600 by FY 2033-34, as demonstrated in Figure 41.

NON-DEPARTMENTAL
 PROPOSED BOUNDARY

Item Detail and Assumptions	Transition	12 Month Period Beginning									
		7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Department Expenditures											
LAFCO Fees	\$	11,000	12,100	13,400	14,700	15,900	17,000	18,200	19,300	20,500	21,600
San Joaquin LAFCO Estimate	9,319										
Growth Rate	2.6%										
TOTAL	\$	11,000	12,100	13,400	14,700	15,900	17,000	18,200	19,300	20,500	21,600
Population for Per Capita Estimate	27,032										
Projected Population (Proposal)	27,032	30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

Figure 41 – Non-Departmental

CONTINGENCY AND RESERVE FUND

RSG utilized a 10 percent contingency factor of estimated expenditures in these projections in case of unforeseeable expenses. The contingency is not a fund but is for unknown discretionary expenditures. The OPR Guidelines advise a contingency factor of 10-20 percent of costs, in addition to a reserve fund of at least 10 percent. Reserves protect a city against unforeseen events, be they legislative (such as the shifting of property taxes to school districts), economic, major disasters, emergencies, liability claims, litigation settlements, or pandemics. The COVID-19 Pandemic and related inflationary pressures also present difficulties for any city. Local jurisdictions are often unprepared for normal fluctuations in the economy, let alone another pandemic or related recession.

RSG analyzed and collected information on reserves in cities throughout California, with an emphasis on small cities and relatively young cities. The City of Mountain House's local tax base is much less diversified than most surveyed. RSG researched Eastvale and Wildomar, both recently incorporated cities, as well as Lathrop, chosen due to its similar population size and geographic proximity to the Proposed Boundary. Menifee, Yucca Valley, Oakley, and Yucaipa were compared due to being cities with relatively similar population sizes, population growth rates, and annual operating budgets as those of the City. The use of reserve funds varied widely across the cities and the average reserve amongst these cities is 56 percent.

Figure 42 presents a summary of these General Fund reserves based on recent research of cities' 2021-22 and 2022-23 budgets. Mountain House reserve figures of \$2.4 million represent the projected total sum of the 10 percent contingency for the first year after the transition year or FY 2025-26. Reserves currently held by the MHCS D are also expected to transfer to the City but are not shown in this table⁵¹.

Figure 42 – General Fund Reserves

Peer Cities - Adopted Reserves	Mountain House 2025-26	Eastvale 2021-22	Wildomar 2021-22	Menifee 2021-22	Lathrop 2021-22	Yucca Valley 2021-22	Oakley 2021-22	Yucaipa 2021-22
Fiscal Year Reviewed								
Total Operating Expenditures ¹	\$ 14,812,379	\$ 29,655,494	\$ 15,620,100	\$ 74,835,100	\$ 26,772,978	\$ 14,547,527	\$ 27,953,559	\$ 29,823,916
Total Reserves ^{2,3,4}	\$ 2,455,000	\$ 14,133,584	\$ 9,358,126	\$ 51,177,085	\$ 8,110,406	\$ 13,084,805	\$ 17,442,899	\$ 10,781,774
Percentage of Operating Revenue	17%	48%	60%	68%	30%	90%	62%	36%
Average Percentage of Operating Revenue	56%							

¹ City Budgets, Adopted and Projected Actual 2021-22 Values, for MH: City expenditures excluding Special Tax Fund(s) expenditures

² City Budgets, Adopted and Projected Actual 2021-22 Values, Annual Comprehensive Financial Report FY 2021-22

³ The total reserves include unassigned, restricted, risk management/ economic uncertainties, catastrophic, contingency/ administrative overhead, and public safety rate increases.

⁴ Mountain House Reserves consist only of the sum of 2 years of 10% contingency

SUBSIDIARY DISTRICT

As part of the incorporation application, the MHCS D will remain a Subsidiary District to the City of Mountain House, with its sole responsibility being the enforcement of CC&Rs. Property taxes will fund the Subsidiary District and it may not be subsidized by the new City's General Fund. The CFA assumes that the two existing Code Enforcement Officers, who currently enforce CC&Rs, will continue to perform that work via the Subsidiary District. RSG determined costs by using the 2021-22 salary and benefits schedules provided by the MHCS D and the 2021-22 Audited Financials. The budget also includes the Subsidiary District's share of annual audit costs.

As described on page 33, the property tax exchange between the MHCS D and the new City would retain for the Subsidiary District a 0.95 percent share of the total 15.95 percent levy the MHCS D currently receives. As currently projected the Subsidiary District would need approximately \$403,400

⁵¹ MHCS D as of June 30, 2022, possesses \$26.3 million in unassigned fund balance (ACFR FY 2021-22)

in the transition year of FY 2024-25. By the end of the forecast the Subsidiary District costs rise to \$527,700. The Subsidiary District cost detail forecast can be found in Appendix 5.

Figure 43 following this section, demonstrates that the Subsidiary District share of 0.95 percent can cover the costs of the district for the length of the forecast. By the end of the forecast, the district will have reserves of over \$1.8 million, inclusive of \$316,669 in reserves to be retained from existing MHCS D reserves.



**CC&R FUND/SUBSIDIARY DISTRICT
PROPOSED BOUNDARY**

Annual CC&R Fund/Subsidiary District Operating Budget

SUBSIDIARY DISTRICT	Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Beginning Fund Balance	\$ -	57,000	118,407	197,451	303,059	439,321	606,554	800,981	1,020,994	1,265,676
Revenues by Source										
Property Tax Assessment Share ¹	460,400	481,500	511,400	550,200	593,000	636,200	675,700	713,600	750,800	785,500
Interest Earnings	-	407	845	1,408	2,162	3,133	4,326	5,713	7,282	9,027
Total Subsidiary District Revenues	460,400	481,907	512,245	551,608	595,162	639,333	680,026	719,313	758,082	794,527
Expenditures by Department										
CC&R Enforcement ²	403,400	415,500	428,200	441,000	453,900	467,100	480,600	494,300	508,400	522,700
Audit	-	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total Subsidiary District Expenditures	403,400	420,500	433,200	446,000	458,900	472,100	485,600	499,300	513,400	527,700
Net Revenue / (Deficit)	57,000	61,407	79,045	105,608	136,262	167,233	194,426	220,013	244,682	266,827
Ending Subsidiary District Fund Balance	57,000	118,407	197,451	303,059	439,321	606,554	800,981	1,020,994	1,265,676	1,532,503
+Reserves held for MHCSD ³	316,669									
Fund Balance w/ Reserves	373,669	435,076	514,120	619,728	755,990	923,223	1,117,650	1,337,663	1,582,345	1,849,172

¹ The Property Tax Share (1.011%) allocated to the Subsidiary District is derived from the expected costs of CC&R enforcement.

² CC&R enforcement costs are the sum of Mountain House CSD's current code enforcement costs.

³ Reserves to be held are calculated at a ratio of 78.5% of expenditures based on proponent's feasibility study by Berkson Associates

Figure 43 – Subsidiary District Total Forecast

IMPACTS ON EXISTING AGENCIES

Incorporation would result in impacts on existing agencies as described in this CFA because of the transfer of service responsibilities to the new City and the associated costs and revenues thereof. The fiscal impacts would vary by agency, as explained below:

MHCSD IMPACTS

After incorporation, MHCSD would be reorganized as a subsidiary district of the new City for the purpose of enforcing CC&Rs in the new City. All remaining services presently provided by MHCSD would be the responsibility of the new City.

The corresponding amount of revenues needed for the subsidiary district's enforcement of CC&Rs would come from property taxes retained by MHCSD as explained in the Property Tax section of this CFA beginning on Page 36. In terms of organizational structure, the subsidiary district would be a separate legal entity from the City. Incorporation would result in a major reduction of services provided by the MHCSD that is offset by those services transferring to the City.

COUNTY IMPACTS

Upon incorporation, the County will transition municipal services and corresponding revenues to the new City. Among the service responsibilities being transferred to the City are base-level law enforcement services provided by the Sheriff, Community Development consultant costs, planning services, building services, and plan check services. Revenues to be shifted to the new City include property taxes, sales taxes, property transfer taxes, fines and forfeitures, and various fees and charges for services. More on how costs and revenues were calculated is located above in the Property Tax section on Page 36.

Figure 44 following this section, shows the corresponding cost reduction in County administered services totals approximately \$3.9 million. Revenue reduction to the County totals an almost equal \$3.9 million. As a result, incorporation would have a minor favorable impact on the County because the amount of expenditures reduced exceeds the reduction in revenues. This provides the County with approximately \$41,000 in cost savings annually.

Figure 44 – Fiscal Impact on County

PROPOSED BOUNDARY

Fiscal Impact of Incorporation on County of San Joaquin

Revenue Reduction		
Property Tax	\$ 1,930,600	
Sales Tax (Including In-Lieu)	174,200	
Property Transfer Tax	611,400	
Community Development Fees	1,176,858	
Law Enforcement Fees	27,234	
Fines & Forfeitures (Cost Offset)	-	
Franchise Fees	-	
Total Revenue Loss to County		\$ (3,920,292)
Expenditure Reduction		
Sheriff - Base Unincorporated Services	\$ 2,241,528	
Sheriff - Animal Control	74,876	
Community Development Consultant	200,000	
Planning	43,291	
Building Inspection	1,236,288	
Plan Check (CDD)	151,284	
Total Expenditure Reduction		\$ 3,947,268
County Property Tax Admin. Fee of 0.73%		<u>14,000</u>
Net Revenue Impact to County - Positive/(Negative)		40,975

TRACY RURAL FIRE PROTECTION DISTRICT IMPACTS

Within its current boundaries, MHCS D provides fire protection services through a contract with the French Camp McKinley, while areas outside the MHCS D boundaries are serviced by Tracy Rural. These properties outside of the MHCS D boundary but within the Proposed Boundary will be detached from Tracy Rural and brought into the new City upon incorporation. Costs and revenues for providing service to these properties will be transitioned to the new City during the transition year.

As shown in Figure 45, annual cost reductions to Tracy Rural for detaching serviced properties in the Proposed Boundary are approximately \$2,300, while annual property tax revenue losses will be approximately \$9,600. This means that Tracy Rural would experience an estimated negative impact of \$7,200.

Figure 45 – Fiscal Impact on Tracy Rural

PROPOSED BOUNDARY

Fiscal Impact of Incorporation on Tracy Rural

Revenue Reduction			
Property Taxes	9,600		
	9,600		
Total Revenue Loss to Tracy Rural FPD		\$	(9,600)
Expense Reduction			
Net Cost of Calls for Service	2,308		
	2,308		
Total Expenditure Reduction		\$	2,308
County Property Tax Admin. Fee of 0.73%			100
			100
Net Revenue Impact to Tracy Rural - Positive/(Negative)			(7,192)

COUNTY TRANSITION YEAR REPAYMENTS

During the transition year, if the City requests, the County would continue to be responsible for maintaining its current level of service for the City of Mountain House. Costs to provide services which will eventually transfer to the new City would be reimbursed by the City. The City has up to five years to reimburse the County for the net cost, unless waived by the County. The twelve-month transition period gives the City the opportunity to hire additional staff, initiate contracts for other services, and generally prepare for full assumption of municipal services in the following fiscal year. However, because the MHCS D provides a majority of municipal services delivered to Mountain House residents, an arrangement of this type may be limited in scope or unnecessary altogether. The City of Mountain House would be expected to provide all previously outlined services in the transition year or FY 2024-25. This CFA assumes therefore that the County would not be owed any transition year reimbursement payments for continued services.

To mitigate the potential adverse fiscal impacts on the City during the transition period if assumptions in this CFA about the timely transfer of funds do not occur, LAFCO's Terms and Conditions could provide a mechanism to address the potential issue. For example, in the event that property tax revenues assumed in this CFA cannot be shifted from the MHCS D and from the County to the new City in FY 2024-25, LAFCO Terms and Conditions could specify that these revenues shall be applied towards reimbursement of County transition year services; any additional funds received by the County during the transition year, in excess of reimbursements, that otherwise would have accrued to the City should be remitted by the County to the City.

REVENUE NEUTRALITY MITIGATION PAYMENTS

In 1992, Senate Bill 1559 was implemented to reduce the negative fiscal impact incorporations can have on counties and other affected agencies. Pursuant to SB 1559, as codified in Government Code Section 56815, LAFCO cannot approve a proposal for incorporation unless it finds that the amount of revenues the new city received from the county and affected agencies after incorporation would be substantially equal to the amount of savings the county or the affected agencies would attain from no longer providing services to the proposed incorporation area. Incorporations should not occur

primarily for financial reasons and, under the CKH Act, should result in a similar exchange of both revenue and responsibility for service delivery among affected agencies. Negative financial impacts to agencies must be identified and mitigation measures proposed.

As it stands, only one agency would suffer a negative fiscal impact. Specifically, incorporation as projected in this CFA will have a minor net negative effect on Tracy Rural. As projected, Tracy Rural will experience a net loss in revenues of approximately \$7,200 as shown previously in Figure 45. The County would not experience a negative fiscal impact because the CFA estimates that incorporation would result in a greater reduction in service costs than a loss in revenues by approximately \$41,000.

Offsetting Capital Improvement Assistance from MHCS D to Tracy Rural

It should be noted that the amount, duration, and terms of any revenue neutrality payments are all subject to negotiation between the affected agencies and the incorporation representatives. According to the LAFCO Executive Officer, Tracy Rural has benefitted from recent capital improvement assistance from MHCS D and it is probable that the Proponents may offset any claim for revenue neutrality payments to Tracy Rural by the contributions previously made by the MHCS D such that there may be no revenue neutrality payments to Tracy Rural.

PROVISIONAL APPROPRIATIONS LIMIT

Figure 46 presents the provisional appropriations limit for the new City. The appropriations limit is the amount of money that a governmental agency can spend in one fiscal year. Also referred to as “The Gann Limit,” voters approved this initiative in 1979, setting the appropriations limits on governmental agencies. RSG calculated \$31,765,559 as the provisional appropriation limit based on Government Code Section 56812 and the City’s projected first fiscal year of full tax proceeds in 2025-26.

Figure 46 – Appropriations Limit

PROPOSED BOUNDARY

2025-26 Estimates

Proceeds of Taxes to City	
Property Taxes	\$ 9,619,000
Special Taxes	18,073,589
Sales Taxes (including in-lieu fees)	174,200
Property Transfer Taxes	611,400
Off Highway Vehicle License	700
Gas Taxes (2103)	201,800
Gas Taxes (2105)	149,200
Gas Taxes (2106)	85,700
Gas Taxes (2107)	203,100
Gas Taxes (2107.5)	<u>6,000</u>
Subtotal	29,124,689
Interest Earnings	<u>26,600</u>
Total	29,151,289
Cost of Living Factor ¹	2.63%
Population Growth ²	6.18%
2025-26 Provisional Limit	\$ 31,765,559

¹ Consumer Price Index December 2013 to December 2022

² RSG Projected Population Growth 2022-2033

CONCLUSIONS

Appendices 1 through 7 present summary projections for the City's General & Special Tax Funds by scenario. Additionally, the Road Fund, Lighting & Landscape Maintenance District Funds, and an Affordable Housing Fund forecasts are shown for the Proposed Boundary. As stated earlier, the following conclusions assume no revenue neutrality payments, which may be altered should the parties reach agreement on a different payment structure. Should that occur, RSG will update the CFA accordingly.

MHCSD Proposed Boundary

After assessing the MHCSD's application to LAFCO, RSG made the following conclusions:

- Projected General Fund Revenue Surplus (before Potential Revenue Neutrality Payments): Based on the assumptions and analysis described herein, the City's potential General Fund, accounting for Special Tax fund revenues used for municipal services, **will produce a surplus in each year of the analysis**. This surplus is maintained even after accounting for potential revenue neutrality payments and deposits in the reserve fund.

See Appendix 1 for a forecast of the General Fund for the City of Mountain House under the Proposed Boundary and Appendix 9 for a forecast of the Special Tax funds.

- Retention of CC&R Enforcement in the MHCSD as a Subsidiary District of the City: The application for incorporation proposes to divest MHCSD of all of its statutorily authorized powers except the power to enforce Covenants, Conditions & Restrictions ("CC&Rs") within its boundaries and establishing MHCSD as a subsidiary district of the City. A small amount of property taxes will be retained by the Subsidiary District to cover its costs of operations.
- Revenue Neutrality Payment Estimates: Section 56815 of the CKH Act establishes the ability for agencies detrimentally affected by incorporation to negotiate for payments when revenues lost to a new city are not offset by a substantially equal amount of decreased expenditures. These payments, known as revenue neutrality payments, are negotiated between the proponents and the affected agencies based on information in the CFA. This CFA concludes that the County will not suffer from a loss of net revenues due to incorporation, but that Tracy Rural will. The loss to Tracy Rural is minor however and is projected to have no effect on the feasibility of the City. If a revenue neutrality agreement is approved by the parties or established by LAFCO following the issuance of this CFA, the Report and its findings shall be updated.

Alternative Scenarios

RSG determined that the three alternatives to the proponents' incorporation scenario are feasible. By the end of the 10-year forecast all scenarios showed a positive fund balance. It is important to note that RSG's development projections in the low growth scenarios were far more conservative than MHCSD's projections. Growth that is greater than RSG's projections will improve the feasibility of each scenario.

Alternative 1: Lower Growth for the Proposed Boundary

The net revenue for the City in this scenario is \$2.6 million in the transition year or FY 2024-25. This shrinks in the following year down to \$1.5 million in FY 2025-26. The next 8 years see net revenues reaching as large as \$1.6 million in FY 2029-30. The City ends the 10-year forecast of this scenario with a \$14.7 million fund balance.

Alternative 2: LAFCO Alternative Boundary, Normal Growth

The net revenue for the City in this scenario is \$1.9 million in the transition year or FY 2024-25. This shrinks in the following year down to \$802,000 in FY 2025-26. The next 8 years see net revenues fluctuating reaching as low as \$549,000 in FY 2027-28 to as large as \$1.3 million in FY 2029-30. The City ends the 10-year forecast of this scenario with a \$9.2 million fund balance.

Alternative 3: Lower Growth LAFCO Alternative Boundary

The net revenue for the City in this scenario is \$2.6 million in the transition year or FY 2024-25. This shrinks in the following year down to \$1.5 million in FY 2025-26. The next 8 years see net revenues fluctuating, reaching as large as \$1.7 million in FY 2029-30. The City ends the 10-year forecast of this scenario with a \$14.8 million fund balance.



**GENERAL FUND SUMMARY
PROPOSED BOUNDARY**

Annual City General Fund Operating Budget

General Fund	Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Beginning Fund Balance	\$ -	1,864,497	2,638,277	3,182,469	3,688,889	4,793,269	6,012,170	7,090,609	8,091,708	8,789,842
Revenues by Source										
Property Taxes ¹	9,196,500	9,619,000	10,215,700	10,991,300	11,845,900	12,708,300	13,497,500	14,255,500	14,998,900	15,690,900
Sales Taxes	85,500	174,200	215,600	233,600	239,700	499,800	597,600	893,200	1,010,000	1,036,500
Property Transfer Taxes	563,100	611,400	708,000	852,800	954,000	991,800	1,030,900	1,083,600	1,132,700	1,182,800
Off Highway License Subvention	700	700	800	900	1,000	1,000	1,100	1,200	1,300	1,300
Fines & Forfeitures	147,400	162,500	180,600	198,100	213,100	228,800	244,100	260,000	275,100	290,100
Franchise Fees	1,383,600	1,525,400	1,695,000	1,860,000	2,000,700	2,147,700	2,291,800	2,440,700	2,582,500	2,722,900
Licenses & Permits	8,400	9,200	10,200	11,200	12,100	13,000	13,900	14,800	15,600	16,500
Community Development Fees	2,622,747	3,412,951	4,088,783	3,701,153	2,751,453	2,753,403	2,492,103	2,457,003	2,097,474	1,906,409
Law Enforcement Fees	32,900	36,300	40,300	44,200	47,600	51,100	54,500	58,000	61,400	64,700
Other Revenues	13,700	15,100	16,800	18,500	19,900	21,300	22,700	24,200	25,600	27,000
Investment Earnings	-	26,600	37,600	45,400	52,600	68,400	85,800	101,100	115,400	125,400
Total General Fund Revenue	14,054,547	15,593,351	17,209,383	17,957,153	18,138,053	19,484,603	20,332,003	21,589,303	22,315,974	23,064,509
Expenditures by Department										
City Council	106,500	117,500	130,600	143,200	154,100	165,400	176,500	187,900	198,900	209,700
City Clerk	898,700	967,800	1,049,200	1,128,600	1,198,000	1,270,200	1,341,300	1,414,900	1,485,600	1,555,900
Administration	453,303	486,081	524,475	562,059	594,999	629,289	663,174	698,139	731,862	765,423
City Attorney	294,900	270,000	300,000	329,200	354,100	380,100	405,600	432,000	457,100	481,900
Finance	665,874	699,435	737,640	775,332	809,784	845,370	881,010	917,622	953,694	989,820
Community Development	4,513,737	6,178,524	6,913,891	6,668,307	5,397,138	5,508,053	5,376,258	5,456,949	5,237,800	5,175,054
Public Works	-	-	-	-	-	-	-	-	-	-
Animal Control	-	-	-	-	-	-	-	-	-	-
Law Enforcement	3,303,868	3,813,820	4,442,796	5,099,422	5,730,030	6,443,850	7,187,565	8,009,201	8,859,346	9,756,880
Recreation	-	-	-	-	-	-	-	-	-	-
Fire Protection	834,168	920,120	1,031,996	1,136,722	1,224,430	1,339,250	1,446,765	1,574,001	1,700,846	1,830,880
Library	-	-	-	-	-	-	-	-	-	-
Non-Departmental	11,000	12,100	13,400	14,700	15,900	17,000	18,200	19,300	20,500	21,600
Contingency (10% of Dept. Expenditures)³	1,108,000	1,347,000	1,514,000	1,586,000	1,548,000	1,660,000	1,750,000	1,871,000	1,965,000	2,079,000
Total General Fund Expenditures	12,190,050	14,812,379	16,657,998	17,443,541	17,026,481	18,258,511	19,246,372	20,581,012	21,610,648	22,866,157
Net Revenue / (Deficit) BEFORE Rev Neutrality	1,864,497	780,972	551,385	513,612	1,111,572	1,226,093	1,085,631	1,008,291	705,326	198,352
Tracy Rural Revenue Neutrality Payment	-	7,192	7,192	7,192	7,192	7,192	7,192	7,192	7,192	7,192
County Revenue Neutrality Payment⁴	-	-	-	-	-	-	-	-	-	-
Total General Fund Expenditures	12,190,050	14,819,571	16,665,190	17,450,733	17,033,673	18,265,703	19,253,564	20,588,204	21,617,840	22,873,349
Net Revenue / (Deficit) AFTER Rev Neutrality	1,864,497	773,780	544,192	506,420	1,104,380	1,218,900	1,078,439	1,001,099	698,134	191,160
Fund Balance	1,864,497	2,638,277	3,182,469	3,688,889	4,793,269	6,012,170	7,090,609	8,091,708	8,789,842	8,981,001
+ Reserves from MHCS ⁵	25,955,383									
Fund Balance w/ MHCS Reserves	27,819,880	28,593,660	29,137,852	29,644,272	30,748,652	31,967,553	33,045,992	34,047,091	34,745,225	34,936,384

¹ Taxes levied from property assessments are projected in the transition year based on the incorporation application's proposal for reorganization of the CSD.

² Special Taxes include 4 ordinances for Roads, Public Safety, Parks & Recreation, and Public Works.

³ Contingency at 10% is consistent with the Governor's Office of Planning and Research Guidelines for Incorporation.

⁴ Because the costs transferred from the County of San Joaquin outweigh the tax revenues, the City as projected is not expected to pay any Revenue Neutrality payments.

⁵ MHCS Reserves defined as unassigned General Fund Balance on June 30, 2022 less reserves set aside for Subsidiary District

APPENDIX 2 - ROAD FUND

ROAD FUND REVENUE DETAILS

In FY 2024-25, RSG estimates that the City Road Fund could receive approximately \$601,700 in gas taxes and \$618,415 in Measure K funds.

Gas Tax Funds

Like most cities, the primary recurring source of Road Fund revenue is gas tax apportionments from the State. Generally, Road Fund revenues are restricted by law to road-related expenditures, including routine maintenance and road repair. Under existing State law, a surplus in the Road Fund cannot be used for the provision of any general municipal services or expended for maintenance of private roads. It is also common, as is the case in our projected budget for the City, that Road Fund revenues are insufficient to cover ongoing maintenance costs for roadways. The City will receive a share of gasoline taxes generated from the state under Sections 2103, 2105, 2106, 2107 and 2107.5 of the California Streets and Highways Code. Gas Tax funds are restricted for use in the construction, improvement, and maintenance of public streets.

Measure K (2006)

In 2006, San Joaquin County voters passed Measure K, a 1/2 cent sales tax measure by the San Joaquin County Transportation Authority. Applicable to both incorporated and unincorporated territory, Measure K funds are designated for construction and improvement of state highways, the construction, maintenance, improvement, and operation of local streets, roads and highways, and the construction, improvement, and operation of public transit systems.

Cities, including those incorporated after the Measure passed, receive a portion of the Measure K funds based on a formula. As a condition of receiving these Measure K funds, cities must, among other requirements, have adopted a local and regional transportation fee program (Section 6.01 of the Measure), and demonstrate a minimum level of local expenditures ("maintenance of effort") (Section 5.02 of the Measure). For new cities, the maintenance of effort requirement commences after three years following incorporation (Section 5.02.02 of the Measure). Thereafter, the city must continue to spend a portion of its unrestricted general fund revenues (including, fines and forfeitures) in an amount not less than the average amount of such expenditures in the prior three years.

RSG has presumed for the purposes of this forecast the new City would comply with Measure K requirements.



**ROAD FUND SUMMARY
PROPOSED BOUNDARY**

Annual City Road Fund Operating Budget

Road Fund	Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Beginning Fund Balance	\$ -	0	0	0	0	0	0	0	0	0
Revenues by Source										
Gas Tax (Sec. 2103)	187,900	201,800	218,500	233,600	244,900	256,100	266,300	276,400	284,900	292,700
Gas Tax (Sec. 2105)	138,900	149,200	161,500	172,700	181,000	189,300	196,800	204,200	210,600	216,300
Gas Tax (Sec. 2106)	79,800	85,700	92,800	99,200	104,000	108,800	113,100	117,300	121,000	124,300
Gas Tax (Sec. 2107)	189,100	203,100	219,900	235,100	246,400	257,700	267,990	278,100	286,700	294,500
Gas Tax (Sec. 2107.5)	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Measure K - City Allocation	618,415	679,455	751,967	812,652	878,234	949,109	1,025,704	1,108,481	1,197,937	1,294,613
Interest Earnings	-	-	-	-	-	-	-	-	-	-
Total Road Fund Revenues	1,220,115	1,325,255	1,450,667	1,559,252	1,660,534	1,767,009	1,875,894	1,990,481	2,107,137	2,228,413
Expenditures by Department										
Road Maintenance	1,220,115	1,325,255	1,450,667	1,559,252	1,660,534	1,767,009	1,875,894	1,990,481	2,107,137	2,228,413
Total Road Fund Expenditures	1,220,115	1,325,255	1,450,667	1,559,252	1,660,534	1,767,009	1,875,894	1,990,481	2,107,137	2,228,413
Net Revenue / (Deficit)	-	0	0	0	0	0	0	0	0	0
Ending Road Fund Balance	-	0	0	0	0	0	0	0	0	0

**LANDSCAPE & LIGHTING MAINTENANCE DISTRICTS 1-3
 PROPOSED BOUNDARY**
Annual Landscape & Lighting Maintenance Fund(s) Operating Budget

LLMD FUNDS	Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Beginning Fund Balance	\$ -	0	0	0	0	0	0	0	0	0
Revenues by Source										
District 1 Assessment	53,849	53,849	53,849	53,849	53,849	53,849	53,849	53,849	53,849	53,849
District 2 Assessment	38,341	38,341	38,341	38,341	38,341	38,341	38,341	38,341	38,341	38,341
District 3 Assessment	335,651	335,651	335,651	335,651	335,651	335,651	335,651	335,651	335,651	335,651
Interest Earnings	-	-	-	-	-	-	-	-	-	-
Total	427,841	427,841	427,841	427,841	427,841	427,841	427,841	427,841	427,841	427,841
Expenditures by Department										
LLMD Expenditures	427,841	427,841	427,841	427,841	427,841	427,841	427,841	427,841	427,841	427,841
Total	427,841	427,841	427,841	427,841	427,841	427,841	427,841	427,841	427,841	427,841
Net Revenue / (Deficit)	-	0	0	0	0	0	0	0	0	0
Ending LLMD Fund Balance	-	0	0	0	0	0	0	0	0	0

APPENDIX 4 - AFFORDABLE HOUSING FUND

AFFORDABLE HOUSING FUND REVENUE DETAILS

The County of San Joaquin currently operates an affordable housing fund for the Proposed Boundary area. Upon incorporation this fund and all related statutory affordable housing requirements will become the responsibility of the City of Mountain House. Presumably, the City will initially adopt the corresponding code governing the fund from the County. The fund has accumulated approximately \$7.8 million in cash since it was created about 20 years ago. This fund balance has not declined over the years due to a lack of expenditures for affordable housing projects. The City may choose to take advantage of the stored funds, but these funds may only be spent on affordable housing projects.

Due to historical trends in this area and the widely variable nature of the costs of affordable housing projects, this CFA does not project any expenditures from the fund. It must be noted that this is not a realistic assumption, as it is unlikely the City would not approve or expend any funds on affordable housing. In light of this, revenues for affordable housing are projected in this CFA. Based on a per-permitted unit ratio, the affordable housing fund for Mountain House is projected to gain \$1.3 million in the transition year, bringing the fund balance to \$9.2 million at the end of FY 2024-25. This balance rises to \$22.6 million in FY 2033-34.



AFFORDABLE HOUSING FUND
PROPOSED BOUNDARY

Affordable Housing Fund	Transition	Annual Affordable Housing Fund Budget								
	7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Beginning Fund Balance	\$ 7,848,670	9,174,005	10,891,236	12,947,803	14,831,434	16,268,865	17,717,492	19,049,988	20,375,000	21,535,458
Revenues by Source										
Affordable Housing Impact Fees ¹	1,269,355	1,651,797	1,978,885	1,791,281	1,331,646	1,332,590	1,206,126	1,189,138	1,015,134	922,662
Interest Earnings	55,981	65,434	77,682	92,350	105,785	116,038	126,370	135,874	145,325	153,602
Total Revenues	1,325,335	1,717,230	2,056,567	1,883,631	1,437,431	1,448,627	1,332,496	1,325,012	1,160,458	1,076,264
Expenditures by Department										
Affordable Housing Expenditures	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-	-	-
Net Revenue / (Deficit)	1,325,335	1,717,230	2,056,567	1,883,631	1,437,431	1,448,627	1,332,496	1,325,012	1,160,458	1,076,264
Ending Affordable Housing Fund Balance	9,174,005	10,891,236	12,947,803	14,831,434	16,268,865	17,717,492	19,049,988	20,375,000	21,535,458	22,611,722

¹ Affordable Housing Impact Fees projected based on proportion of Base Year fees to Base Year revenues, multiplied by the annual amount of residential units constructed.



SUBSIDIARY DISTRICT CC&R FUND
PROPOSED BOUNDARY

Item Detail and Assumptions					12 Month Period Beginning									
	Transition				7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Department Expenditures	Salary	BSR ¹	Δ											
Senior Code Enforcement Officer	117,492	73%	2.6%	\$	214,200	219,900	225,700	231,600	237,700	243,900	250,400	256,900	263,700	270,600
Code Enforcement Officer	91,596	77%	2.6%	\$	170,700	175,200	179,800	184,500	189,400	194,400	199,500	204,700	210,100	215,600
Code Enforcement of CC&R's				\$	18,500	20,400	22,700	24,900	26,800	28,800	30,700	32,700	34,600	36,500
Trial Balance 21-22	15,738													
Growth Rate	2.6%													
TOTAL				\$	403,400	415,500	428,200	441,000	453,900	467,100	480,600	494,300	508,400	522,700
Population for Per Capita Estimate	27,032													
Projected Population (Proposal)	27,032				30,209	32,451	35,136	37,568	39,375	41,183	42,820	44,434	45,812	47,064

¹BSR is the benefits-salary ratio, reflecting the additional cost of personnel benefits for that position as a percentage of salary.

APPENDIX 5 - SUBSIDIARY DISTRICT COST DETAIL



GENERAL FUND SUMMARY
LAFCO ALTERNATIVE BOUNDARY

Annual City General Fund Operating Budget

General Fund	Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Beginning Fund Balance	\$ -	1,882,129	2,672,420	3,235,686	3,772,252	4,898,558	6,139,595	7,239,902	8,262,661	8,984,367
Revenues by Source										
Property Taxes ¹	9,211,800	9,634,600	10,231,900	11,008,300	11,863,700	12,727,200	13,517,000	14,275,600	15,019,900	15,712,500
Sales Taxes	85,500	174,200	215,600	233,600	239,700	499,800	597,600	893,200	1,010,000	1,036,500
Property Transfer Taxes	563,100	611,380	707,960	860,800	954,000	991,800	1,030,900	1,083,600	1,132,700	1,182,800
Off Highway License Subvention	700	700	800	900	1,000	1,000	1,100	1,200	1,300	1,300
Fines & Forfeitures	147,500	162,600	180,600	198,200	213,200	228,900	244,200	260,100	275,200	290,200
Franchise Fees	1,384,400	1,526,200	1,695,900	1,860,800	2,001,600	2,148,600	2,292,700	2,441,600	2,583,500	2,723,900
Licenses & Permits	8,400	9,200	10,300	11,300	12,100	13,000	13,900	14,800	15,600	16,500
Community Development Fees	2,622,747	3,412,951	4,088,783	3,701,153	2,751,453	2,753,403	2,492,103	2,457,003	2,097,474	1,906,409
Law Enforcement Fees	32,900	36,300	40,300	44,200	47,600	51,100	54,500	58,100	61,400	64,800
Other Revenues	13,700	15,100	16,800	18,500	19,900	21,300	22,800	24,200	25,600	27,000
Investment Earnings	-	26,800	38,100	46,200	53,800	69,900	87,600	103,300	117,900	128,200
Total General Fund Revenue	14,070,747	15,610,031	17,227,043	17,983,953	18,158,053	19,506,003	20,354,403	21,612,703	22,340,574	23,090,109
Expenditures by Department										
City Council	106,500	117,500	130,600	143,300	154,200	165,500	176,600	188,000	199,000	209,800
City Clerk	898,500	967,500	1,048,800	1,128,200	1,197,500	1,269,700	1,340,800	1,414,300	1,484,900	1,555,200
Administration	453,465	486,243	524,637	562,221	595,161	629,478	663,363	698,301	732,078	765,639
City Attorney	295,000	270,100	300,100	329,300	354,300	380,300	405,800	432,100	457,200	482,100
Finance	666,009	699,570	737,748	775,467	809,892	845,505	881,172	917,784	953,856	989,982
Community Development	4,513,993	6,178,877	6,914,243	6,668,557	5,397,491	5,508,301	5,376,608	5,457,295	5,238,144	5,175,395
Public Works	-	-	-	-	-	-	-	-	-	-
Animal Control	-	-	-	-	-	-	-	-	-	-
Law Enforcement	3,303,575	3,812,350	4,440,149	5,096,247	5,727,726	6,442,166	7,186,702	8,008,557	8,859,020	9,756,622
Recreation	-	-	-	-	-	-	-	-	-	-
Fire Protection	832,575	917,050	1,027,649	1,131,847	1,220,126	1,335,566	1,443,402	1,570,757	1,697,720	1,827,722
Library	-	-	-	-	-	-	-	-	-	-
Non-Departmental	11,000	12,100	13,400	14,800	15,900	17,000	18,200	19,400	20,500	21,600
Contingency (10% of Dept. Expenditures) ³	1,108,000	1,346,000	1,514,000	1,585,000	1,547,000	1,659,000	1,749,000	1,871,000	1,964,000	2,078,000
Total General Fund Expenditures	12,188,618	14,807,290	16,651,326	17,434,938	17,019,297	18,252,516	19,241,646	20,577,494	21,606,418	22,862,061
Net Revenue / (Deficit) BEFORE Rev Neutrality	1,882,129	802,740	575,717	549,015	1,138,757	1,253,487	1,112,757	1,035,209	734,156	228,048
Tracy Rural Revenue Neutrality Payment	-	12,450	12,450	12,450	12,450	12,450	12,450	12,450	12,450	12,450
County Revenue Neutrality Payment ⁴	-	-	-	-	-	-	-	-	-	-
Total General Fund Expenditures	12,188,618	14,819,740	16,663,776	17,447,388	17,031,747	18,264,966	19,254,096	20,589,944	21,618,868	22,874,511
Net Revenue / (Deficit) AFTER Rev Neutrality	1,882,129	790,290	563,267	536,565	1,126,307	1,241,037	1,100,307	1,022,759	721,706	215,598
Fund Balance	1,882,129	2,672,420	3,235,686	3,772,252	4,898,558	6,139,595	7,239,902	8,262,661	8,984,367	9,199,965
+ Reserves from MHCS ⁵	25,955,383	-	-	-	-	-	-	-	-	-
Fund Balance w/ MHCS Reserves	27,837,512	28,627,803	29,191,069	29,727,635	30,853,941	32,094,978	33,195,285	34,218,044	34,939,750	35,155,348

¹ Taxes levied from property assessments are projected in the transition year based on the incorporation application's proposal for reorganization of the CSD.

² Special Taxes include 4 ordinances for Roads, Public Safety, Parks & Recreation, and Public Works.

³ Contingency at 10% is consistent with the Governor's Office of Planning and Research Guidelines for Incorporation.

⁴ Because the costs transferred from the County of San Joaquin outweigh the tax revenues, the City as projected is not expected to pay any Revenue Neutrality payments.

⁵ MHCS Reserves defined as unassigned General Fund Balance on June 30, 2022 less reserves set aside for Subsidiary District

**GENERAL FUND SUMMARY
PROPOSED - LOW GROWTH**

General Fund	Annual City General Fund Operating Budget									
	Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Beginning Fund Balance	\$ -	2,562,175	4,102,591	5,396,966	6,577,015	8,213,779	9,855,712	11,378,151	12,805,049	13,972,256
Revenues by Source										
Property Taxes ¹	9,093,900	9,387,600	9,785,900	10,343,300	11,028,100	11,799,900	12,601,900	13,397,500	14,160,600	14,857,800
Sales Taxes	85,500	186,200	225,800	254,500	278,500	417,000	470,300	622,500	685,500	703,600
Property Transfer Taxes	515,100	550,800	623,000	746,600	852,400	937,000	1,007,300	1,055,900	1,094,800	1,132,900
Off Highway License Subvention	600	700	700	800	900	1,000	1,100	1,100	1,200	1,300
Fines & Forfeitures	140,100	150,500	164,500	179,900	196,800	213,900	231,000	247,100	262,300	277,200
Franchise Fees	1,315,600	1,412,600	1,544,300	1,689,000	1,847,900	2,008,000	2,168,300	2,319,300	2,462,100	2,602,300
Licenses & Permits	8,000	8,500	9,300	10,200	11,200	12,100	13,100	14,000	14,900	15,700
Community Development Fees	1,346,465	2,020,217	2,981,978	3,203,313	3,427,522	3,255,575	3,059,183	2,602,863	2,208,932	1,987,442
Law Enforcement Fees	31,300	33,600	36,700	40,200	43,900	47,700	51,600	55,100	58,500	61,900
Other Revenues	13,100	14,000	15,300	16,800	18,300	19,900	21,500	23,000	24,400	25,800
Investment Earnings	-	36,500	58,500	77,000	93,800	117,200	140,600	162,300	182,700	199,300
Total General Fund Revenue	12,549,665	13,801,217	15,445,978	16,561,613	17,799,322	18,829,275	19,765,883	20,500,663	21,155,932	21,865,242
Expenditures by Department										
City Council	104,900	114,700	127,000	139,100	150,400	162,000	173,500	185,000	196,000	206,800
City Clerk	301,800	309,700	317,900	326,200	334,800	343,600	352,600	361,900	371,400	381,200
Administration	439,884	463,806	494,640	528,228	564,759	601,695	638,766	674,109	708,048	741,582
City Attorney	282,800	250,000	273,300	298,900	327,000	355,400	383,800	410,500	435,700	460,600
Finance	655,506	682,290	714,663	749,277	786,456	824,094	862,218	899,127	935,334	971,460
Community Development	3,313,180	4,855,085	5,840,740	6,149,697	5,967,839	5,923,102	5,857,488	5,550,731	5,300,349	5,209,594
Public Works	-	-	-	-	-	-	-	-	-	-
Animal Control	-	-	-	-	-	-	-	-	-	-
Law Enforcement	3,173,510	3,589,580	4,124,699	4,722,300	5,385,271	6,114,645	6,891,305	7,704,018	8,541,917	9,424,136
Recreation	-	-	-	-	-	-	-	-	-	-
Fire Protection	797,510	862,680	952,699	1,048,700	1,154,671	1,277,145	1,400,805	1,529,218	1,656,717	1,786,736
Library	-	-	-	-	-	-	-	-	-	-
Non-Departmental	10,400	11,200	12,200	13,400	14,600	15,900	17,200	18,400	19,500	20,600
Contingency (10% of Dept. Expenditures) ³	908,000	1,114,000	1,286,000	1,398,000	1,469,000	1,562,000	1,658,000	1,733,000	1,816,000	1,920,000
Total General Fund Expenditures	9,987,490	12,253,040	14,143,841	15,373,803	16,154,797	17,179,581	18,235,683	19,066,004	19,980,964	21,122,707
Net Revenue / (Deficit) BEFORE Rev Neutrality	2,562,175	1,548,177	1,302,137	1,187,810	1,644,525	1,649,694	1,530,200	1,434,659	1,174,968	742,535
Tracy Rural Revenue Neutrality Payment	-	7,761	7,761	7,761	7,761	7,761	7,761	7,761	7,761	7,761
County Revenue Neutrality Payment ⁴	-	-	-	-	-	-	-	-	-	-
Total General Fund Expenditures	9,987,490	12,260,801	14,151,602	15,381,564	16,162,558	17,187,342	18,243,444	19,073,765	19,988,725	21,130,468
Net Revenue / (Deficit) AFTER Rev Neutrality	2,562,175	1,540,416	1,294,376	1,180,049	1,636,764	1,641,933	1,522,439	1,426,898	1,167,206	734,774
Fund Balance	2,562,175	4,102,591	5,396,966	6,577,015	8,213,779	9,855,712	11,378,151	12,805,049	13,972,256	14,707,030
+ Reserves from MHCS ⁵	25,956,090	-	-	-	-	-	-	-	-	-
Fund Balance w/ MHCS Reserves	28,518,264	30,058,680	31,353,056	32,533,104	34,169,869	35,811,801	37,334,241	38,761,139	39,928,345	40,663,119

¹ Taxes levied from property assessments are projected in the transition year based on the incorporation application's proposal for reorganization of the CSD.

² Special Taxes include 4 ordinances for Roads, Public Safety, Parks & Recreation, and Public Works.

³ Contingency at 10% is consistent with the Governor's Office of Planning and Research Guidelines for Incorporation.

⁴ Because the costs transferred from the County of San Joaquin outweigh the tax revenues, the City as projected is not expected to pay any Revenue Neutrality payments.

⁵ MHCS Reserves defined as unassigned General Fund Balance on June 30, 2022 less reserves set aside for Subsidiary District



GENERAL FUND SUMMARY
LAFCO ALTERNATIVE - LOW GROWTH

Annual City General Fund Operating Budget

General Fund	Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Beginning Fund Balance	\$ -	2,574,736	4,119,954	5,420,361	6,607,945	8,253,203	9,907,717	11,444,701	12,890,225	14,077,976
Revenues by Source										
Property Taxes ¹	9,109,000	9,403,100	9,801,900	10,360,000	11,045,400	11,817,800	12,620,600	13,417,200	14,181,000	14,878,900
Sales Taxes	85,500	186,500	227,000	256,500	280,800	422,800	477,400	633,500	698,100	716,500
Property Transfer Taxes	515,100	550,800	623,000	746,600	852,400	937,000	1,007,300	1,055,900	1,094,800	1,132,900
Off Highway License Subvention	600	700	700	800	900	1,000	1,100	1,100	1,200	1,300
Fines & Forfeitures	140,200	150,600	164,600	180,000	196,900	214,000	231,100	247,200	262,400	277,300
Franchise Fees	1,316,400	1,413,400	1,545,100	1,689,900	1,848,700	2,008,900	2,169,300	2,320,200	2,463,000	2,603,300
Licenses & Permits	8,000	8,500	9,300	10,200	11,200	12,100	13,100	14,000	14,900	15,700
Community Development Fees	1,346,465	2,020,217	2,981,978	3,203,313	3,427,522	3,255,575	3,059,183	2,602,863	2,208,932	1,987,442
Law Enforcement Fees	31,300	33,600	36,700	40,200	44,000	47,800	51,600	55,200	58,600	61,900
Other Revenues	13,100	14,000	15,300	16,800	18,300	19,900	21,500	23,000	24,400	25,800
Investment Earnings	-	36,700	58,800	77,300	94,300	117,700	141,300	163,300	183,900	200,800
Total General Fund Revenue	12,565,665	13,818,117	15,464,378	16,581,613	17,820,422	18,854,575	19,793,483	20,533,463	21,191,232	21,901,842
Expenditures by Department										
City Council	104,900	114,800	127,000	139,100	150,500	162,100	173,600	185,100	196,100	206,900
City Clerk	301,800	309,700	317,900	326,200	334,800	343,600	352,600	361,900	371,400	381,200
Administration	440,019	463,968	494,802	528,417	564,948	601,830	638,955	674,325	708,237	741,771
City Attorney	283,000	250,200	273,500	299,100	327,200	355,500	383,900	410,600	435,900	460,700
Finance	655,641	682,371	714,771	749,412	786,591	824,256	862,326	899,289	935,469	971,595
Community Development	3,313,434	4,855,440	5,841,094	6,149,949	5,968,089	5,923,451	5,857,834	5,550,976	5,300,693	5,209,937
Public Works	-	-	-	-	-	-	-	-	-	-
Animal Control	-	-	-	-	-	-	-	-	-	-
Law Enforcement	3,175,568	3,591,760	4,127,102	4,724,925	5,387,818	6,117,412	6,894,392	7,707,174	8,545,541	9,427,778
Recreation	-	-	-	-	-	-	-	-	-	-
Fire Protection	798,168	863,260	953,402	1,049,325	1,155,318	1,277,812	1,401,492	1,529,974	1,657,441	1,787,478
Library	-	-	-	-	-	-	-	-	-	-
Non-Departmental	10,400	11,200	12,200	13,400	14,700	15,900	17,200	18,400	19,500	20,600
Contingency (10% of Dept. Expenditures)³	908,000	1,114,000	1,286,000	1,398,000	1,469,000	1,562,000	1,658,000	1,734,000	1,817,000	1,921,000
Total General Fund Expenditures	9,990,929	12,256,699	14,147,771	15,377,829	16,158,963	17,183,862	18,240,299	19,071,738	19,987,281	21,128,959
Net Revenue / (Deficit) BEFORE Rev Neutrality	2,574,736	1,561,419	1,316,607	1,203,784	1,661,459	1,670,713	1,553,184	1,461,725	1,203,951	772,883
Tracy Rural Revenue Neutrality Payment	-	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200	16,200
County Revenue Neutrality Payment ⁴	-	-	-	-	-	-	-	-	-	-
Total General Fund Expenditures	9,990,929	12,272,899	14,163,971	15,394,029	16,175,163	17,200,062	18,256,499	19,087,938	20,003,481	21,145,159
Net Revenue / (Deficit) AFTER Rev Neutrality	2,574,736	1,545,219	1,300,407	1,187,584	1,645,259	1,654,513	1,536,984	1,445,525	1,187,751	756,683
Fund Balance	2,574,736	4,119,954	5,420,361	6,607,945	8,253,203	9,907,717	11,444,701	12,890,225	14,077,976	14,834,659
+ Reserves from MHCSD ⁵	25,956,090									
Fund Balance w/ MHCSD Reserves	28,530,825	30,076,044	31,376,450	32,564,034	34,209,293	35,863,806	37,400,790	38,846,315	40,034,065	40,790,749

¹ Taxes levied from property assessments are projected in the transition year based on the incorporation application's proposal for reorganization of the CSD.

² Special Taxes include 4 ordinances for Roads, Public Safety, Parks & Recreation, and Public Works.

³ Contingency at 10% is consistent with the Governor's Office of Planning and Research Guidelines for Incorporation.

⁴ Because the costs transferred from the County of San Joaquin outweigh the tax revenues, the City as projected is not expected to pay any Revenue Neutrality payments.

⁵ MHCSD Reserves defined as unassigned General Fund Balance on June 30, 2022 less reserves set aside for Subsidiary District



**SPECIAL TAX FUND(S) SUMMARY
PROPOSED BOUNDARY**

Annual Special Tax Fund(s) Operating Budgets

Special Taxes	Transition 7/1/24	7/1/25	7/1/26	7/1/27	7/1/28	7/1/29	7/1/30	7/1/31	7/1/32	7/1/33
Special Tax No. 1, Roads, (Ord. 96-1)										
Beginning Fund Balance	\$ -	2,107,472	4,771,370	8,100,291	12,181,786	16,976,468	22,322,911	28,265,780	34,735,870	41,720,467
Total Special Tax Fund Revenues	9,434,063	10,318,968	11,351,296	12,356,141	13,191,942	13,968,637	14,739,230	15,467,450	16,122,509	16,742,595
Community Development	(51,852)	(59,285)	(68,094)	(77,752)	(86,796)	(94,278)	(102,201)	(109,481)	(116,584)	(123,350)
Public Works	(3,729,631)	(3,798,156)	(3,861,663)	(3,802,137)	(3,657,781)	(3,608,085)	(3,514,038)	(3,441,721)	(3,324,721)	(3,213,019)
Section 1.B Administrative Expenses	(3,025,923)	(3,205,284)	(3,412,385)	(3,615,909)	(3,798,117)	(3,987,041)	(4,175,016)	(4,368,539)	(4,557,244)	(4,745,657)
Excess Road Fund Expenditures	(519,185)	(592,345)	(680,233)	(778,848)	(854,566)	(932,791)	(1,005,106)	(1,077,619)	(1,139,363)	(1,194,587)
Total Special Tax Fund Expenditures	(7,326,592)	(7,655,070)	(8,022,375)	(8,274,646)	(8,397,260)	(8,622,194)	(8,796,361)	(8,997,360)	(9,137,913)	(9,276,613)
Net Revenue / (Deficit)	2,107,472	2,663,898	3,328,921	4,081,495	4,794,682	5,346,443	5,942,870	6,470,090	6,984,596	7,465,982
Ending Fund Balance	2,107,472	4,771,370	8,100,291	12,181,786	16,976,468	22,322,911	28,265,780	34,735,870	41,720,467	49,186,448
Special Tax No. 2, Public Safety, (Ord. 96-2)										
Beginning Fund Balance	\$ -	-	-	-	-	-	-	-	-	-
Total Revenues	4,893,764	5,394,361	5,975,408	6,548,256	7,040,440	7,507,401	7,976,070	8,427,898	8,847,009	9,252,640
Law Enforcement	(2,402,832)	(2,648,580)	(2,933,704)	(3,214,878)	(3,456,470)	(3,685,350)	(3,915,035)	(4,136,199)	(4,341,254)	(4,539,620)
Fire Protection	(2,402,832)	(2,648,580)	(2,933,704)	(3,214,878)	(3,456,470)	(3,685,350)	(3,915,035)	(4,136,199)	(4,341,254)	(4,539,620)
Animal Control	(88,100)	(97,200)	(108,000)	(118,500)	(127,500)	(136,700)	(146,000)	(155,500)	(164,500)	(173,400)
Total Expenditures	(4,893,764)	(5,394,361)	(5,975,408)	(6,548,256)	(7,040,440)	(7,507,401)	(7,976,070)	(8,427,898)	(8,847,009)	(9,252,640)
Net Revenue / (Deficit)	-	-	-	-	-	-	-	-	-	-
Ending Fund Balance	-	-	-	-	-	-	-	-	-	-
Special Tax No. 3, Parks, (Ord. 96-3)										
Beginning Fund Balance	\$ -	-	-	-	-	-	-	-	-	-
Total Revenues	990,141	1,156,825	1,345,792	1,543,297	1,736,898	1,934,758	2,141,084	2,352,780	2,566,897	2,786,207
Public Works	(48,541)	(160,025)	(285,792)	(420,797)	(558,598)	(698,258)	(846,984)	(999,280)	(1,155,397)	(1,316,807)
Recreation	(753,500)	(789,400)	(829,600)	(869,600)	(906,300)	(944,500)	(982,600)	(1,021,700)	(1,060,400)	(1,099,200)
Library	(188,100)	(207,400)	(230,400)	(252,900)	(272,000)	(292,000)	(311,500)	(331,800)	(351,100)	(370,200)
Total Expenditures	(990,141)	(1,156,825)	(1,345,792)	(1,543,297)	(1,736,898)	(1,934,758)	(2,141,084)	(2,352,780)	(2,566,897)	(2,786,207)
Net Revenue / (Deficit)	-	-	-	-	-	-	-	-	-	-
Ending Fund Balance	-	-	-	-	-	-	-	-	-	-
Special Tax No. 4, Public Works, (Ord. 96-4)										
Beginning Fund Balance	\$ -	-	-	-	-	-	-	-	-	-
Total Revenues	1,032,827	1,203,436	1,397,008	1,598,924	1,796,040	1,997,060	2,206,473	2,420,988	2,637,513	2,859,011
Total Expenditures (Public Works)	(1,032,827)	(1,203,436)	(1,397,008)	(1,598,924)	(1,796,040)	(1,997,060)	(2,206,473)	(2,420,988)	(2,637,513)	(2,859,011)
Net Revenue / (Deficit)	-	-	-	-	-	-	-	-	-	-
Ending Fund Balance	-	-	-	-	-	-	-	-	-	-

**APPENDIX 10 - SAN JOAQUIN COUNTY AUDITOR RESPONSE(S) TO RFI
(MARCH AND JULY 2023)**

RESPONSE INCLUDED AS ATTACHMENT TO THIS CFA



JEFFERY M. WOLTKAMP, CPA
AUDITOR-CONTROLLER
SAN JOAQUIN COUNTY



ASSISTANT AUDITOR-CONTROLLER
Tod Hill

CHIEF DEPUTIES
Randipa Gauba - Accounting
Janice McCutcheon, CPA - Internal Audit
Lori Rolleri - Payroll
Stanley Lawrence - Property Tax

March 13, 2023

Jocelyn Sanchez, Analyst
RSG
17872 Gillette Avenue, Suite 350
Irvine, CA 92614

Via Electronic Mail

RE: Mountain House Community Services District Incorporation

Dear Jocelyn,

This letter is in response to your February 28, 2023 request for updated information pertaining to certain revenues collected by our office for the community of Mountain House during fiscal 2021-22. Below are our responses to your specific questions.

Revenue Sources:

Fines and Forfeitures – These revenues are collected by the San Joaquin County Superior Court (Court) and passed to the County for distribution. Per the Court...."We believe the incorporation of Mountain House would result in an estimated collection of \$16,398 and \$16,548 in annual revenue from Fines and Forfeitures (Eligible to be apportioned to City following incorporation) for Study Area 1 and Study Area 2, respectively. We based our estimates on the proportional population of the two Study Area's relative to the City of Tracy, though we did include estimates based on the relative square mileage as well." Calculations are attached.

Franchise Fees – Per the San Joaquin County Administrator's Office, the County does not collect any franchise fee revenues on behalf of the Mountain House community. In each instance below, the service provider either pays the Mountain House Community Services District directly, or does not provide services to the area.

Cable Television - Comcast – pays franchise fees directly to Mountain House CSD.

Cable Television - Charter/Spectrum – no franchise fees currently received.

Cable Television - DirectTV – pays franchise fees directly to Mountain House CSD.

Water - CalWater – does not provide services to Mountain House community.

Electric and Gas - PG&E – pays franchise fees directly to Mountain House CSD.

Solid Waste Hauler – no franchise fees currently received.

Property Taxes – Our office apportioned property tax revenues for 2021-22 for the areas requested as follows (including property tax administrative fees charged):

Sum of Amount		Entity				
Account#	Description	County General	Fr Camp Fire	Tracy Rural Fire	MHCSD Study 1	MHCSD Study 2
- 4100100010	PROPERTY TAX-SECURED	170,318,600.91	767,896.09	7,418,676.46	6,196,462.94	6,231,163.13
- 4100200070	PROPERTY TAX-SECURED-SB813	8,645,850.28	40,720.48	377,264.62	318,660.97	320,445.47
- 4101000000	PROPERTY TAX-UNSECURED	8,012,406.79	37,675.82	368,697.72	312,237.21	313,985.74
- 4101000007	PROPERTY TAX-UNSECURED-SB813	141,508.33	679.40	6,056.64	5,100.30	5,128.86
- 4101000010	PROPERTY TAX-UNSECURED-BOAT	256,188.23				
- 4101000020	PROPERTY TAX-SB 813-PRIOR	34,169.04	161.58	1,440.10	1,208.40	1,215.17
- 4101000030	PROPERTY TAX-UNSECURED-PRIOR	214,276.20	951.94	7,933.61	6,089.56	6,123.66
- 4101000101	PROP TAX-RESID DISTR-MTCA SA	1,872,619.91				
- 4101000102	PROP TAX-RESID DISTR-RIPN SA	817,614.98				
- 4101000103	PROP TAX-RESID DISTR-STKN SA	3,218,418.79				
- 4101000104	PROP TAX-RESID DISTR-TRCY SA	1,128,897.91				
- 4101000203	PROPERTY TAX-LMIHF-STOCKTON SA	278,566.49				
- 4316000000	PENALTIES ON DEL TAXES-COST	194,885.00				
- 4316000001	PENALTIES ON DEL TAXES-INT	756,596.70				
- 4316001000	PENALTIES-DELINQ-SB813	65,348.36				
- 4505500000	ST-HOMEOWNER PROP TAX	1,182,599.86	5,380.80	52,670.76	44,605.50	44,855.29
- 4576000000	OTHER GOVT-REDEVLNMT PASS-THR	6,361,274.42				
- 4605010000	DIRECT ASSESSMENTS-WEED ABATE	64,289.78				
- 4605100000	SPECIAL ASSESSMENTS-PRIOR	236,932.49	533.72	5,263.73		
- 4605110000	SPECIAL ASSESSMENTS-CURRENT	2,977,353.90	298,812.20	1,578,306.72		
Grand Total		206,778,398.36	1,152,812.03	9,816,310.36	6,884,364.88	6,922,917.32

	County General	Fr Camp Fire	Tracy Rural Fire	MHCSD Study 1	MHCSD Study 2
Admin Fee %	0%	0.0862%	0.8984%	0.7275%	0.7275%
Admin Fee \$ (17,646,827 Total Admin Fee)	-	15,205.00	158,547.00	128,380.00	128,380.00

Countywide 2021-22 "Auditor's Ratio" for the San Joaquin County General Fund – Per the attached Auditor's Ratio Report, the ratio calculated pursuant to Government Code Section 56810(c)(1) for the fiscal year 2021-22 was 55.9%.

Please let our office know if you have any questions or need further detail or clarification.

Sincerely,



Jeffery M. Woltkamp, CPA

Auditor-Controller

CC: Jerome Wilverding, San Joaquin County Administrator

Attachments

San Joaquin County Superior Court
 Mountain House Incorporation Proposal
 Estimate of Projected Annual Revenue Collected from Fines and Forfeitures
 Updated 3/3/2023

Average City of Tracy Fine/Fee Revenue for Past Three Fiscal Years	\$ 82,903.66
---	--------------

Estimate by Population			
	Tracy Jurisdiction	Mtn House 1	Mtn House 2
Population	123,051	24,339	24,561
% of Tracy Population		19.78%	19.96%
Est. Annual Revenue		\$ 16,398.01	\$ 16,547.58

Estimate by Square Mileage			
	Tracy Jurisdiction	Mtn House 1	Mtn House 2
Sq. Miles	32.615	6.47	6.70
% of Tracy Sq. Miles		19.84%	20.54%
Est. Annual Revenue		\$16,446.01	\$17,030.65

County of San Joaquin
AUDITOR RATIO CALCULATION
 Based on FY 21/22 Actuals
 (per Govt Code sec. 56810)

Property Tax	=	201,948,237.41	=	RATIO
<u>General Purpose Revenue</u>		<u>361,092,583.94</u>		55.9%

		General Purpose Revenue	Property Tax
REVENUES-GENERAL			
4100100010	PROPERTY TAX-SECURED	170,318,600.91	170,318,600.91
4100100050	PROPERTY TAX-IN LIEU VLF	105,757,554.36	
4100200070	PROPERTY TAX-SECURED-SB813	8,645,850.28	8,645,850.28
4101000000	PROPERTY TAX-UNSECURED	8,012,406.79	8,012,406.79
4101000007	PROPERTY TAX-UNSECURED-SB813	141,508.33	141,508.33
4101000020	PROPERTY TAX-SB 813-PRIOR	34,169.04	34,169.04
4101000030	PROPERTY TAX-UNSECURED-PRIOR	214,276.20	214,276.20
4101000101	PROP TAX-RESID DISTR-MTCA SA	1,872,619.91	1,872,619.91
4101000102	PROP TAX-RESID DISTR-RIPN SA	817,614.98	817,614.98
4101000103	PROP TAX-RESID DISTR-STKN SA	3,218,418.79	3,218,418.79
4101000104	PROP TAX-RESID DISTR-TRCY SA	1,128,897.91	1,128,897.91
4101000203	PROPERTY TAX-LMIHF-STOCKTON SA	278,566.49	
4107000000	SALES AND USE TAXES	33,566,178.73	
4107000040	SALES AND USE TAXES-TRANSPORT	2,000.00	
4109000030	OTHER TAXES-DOCUMENTARY STAMP	8,206,026.35	
4109000050	OTHER TAXES-RACEHORSE	903.21	
4208001010	FRANCHISES-GENERAL-CA WATER	279,362.78	
4208001020	FRANCHISES-GENERAL-PG&E GAS	730,081.19	
4208001030	FRANCHISES-GENERAL-PG&E ELECTR	1,928,276.62	
4208003010	FRANCHISES-CATV	702,331.24	
4208003030	FRANCHISES-CATV-ATT	51,809.46	
4316000001	PENALTIES ON DEL TAXES-INT	756,596.70	
4316001000	PENALTIES-DELINQ-SB813	65,348.36	
4400000000	INTEREST INCOME	1,620,175.15	
4504000600	ST-MOTO VHCL FEE-R&T11001.5(B)	758,005.18	
4505110000	STATE-IN-LIEU TAXES	-	
4505500000	ST-HOMEOWNER PROP TAX	1,182,599.86	1,182,599.86
4574000200	OTHR GOVT-HOUSING AUTH IN LIEU	20,185.13	
4576000000	OTHER GOVT-REDEVLNMT PASS-THR	6,361,274.42	6,361,274.42
4601002000	PROP TAX ADMIN-SB813	1,262,507.71	
4601200000	REDEMPTION FEES	46,230.00	
4605100000	SPECIAL ASSESSMENTS-PRIOR	181,918.19	
4605110000	SPECIAL ASSESSMENTS-CURRENT	2,930,253.88	
4707000000	OTHER MISC REVENUES	35.80	
Totals		361,092,583.94	201,948,237.41



JEFFERY M. WOLTKAMP, CPA
AUDITOR-CONTROLLER
SAN JOAQUIN COUNTY



ASSISTANT AUDITOR-CONTROLLER
Tod Hill

CHIEF DEPUTIES
Randipa Gauba - Accounting
Janice McCutcheon, CPA - Internal Audit
Lori Rolleri - Payroll
Stanley Lawrence - Property Tax

July 5, 2023

Wesley Smith, Senior Analyst
RSG
17872 Gillette Avenue, Suite 350
Irvine, CA 92614

Via Electronic Mail

RE: Request for Auditor's Ratio Report for Mountain House Community Services District Incorporation

Dear Mr. Smith,

This letter is in response to your June 29, 2023 request for a Section 56810(c) determination of the proportion of property tax revenue pertaining to Mountain House Community Services District for fiscal year 2021-22, also known as the "Auditor's Ratio".

Per the attached Auditor's Ratio Report, the ratio calculated with respect to the Mountain House Community Services District for the fiscal year 2021-22 was 92.9%.

Please let our office know if you have any questions or need further detail or clarification.

Sincerely,

Jeffery M. Woltkamp, CPA

Auditor-Controller

CC: Jerome Wilverding, San Joaquin County Administrator

Attachment: Auditor Ratio Calculation

Mountain House Community Service District
AUDITOR RATIO CALCULATION
 Based on FY 21/22 Actuals
 (per Govt Code sec. 56810)

$$\frac{\text{Property Tax}}{\text{General Purpose Revenue}} = \frac{6,926,727.00}{7,453,773.00} = \boxed{\text{RATIO } 92.9\%}$$

	General Purpose Revenue	Property Tax
REVENUES-GENERAL		
PROPERTY TAXES	\$ 6,926,727	\$ 6,926,727
LICENSES AND PERMITS	6,925	
FRANCHISE FEES	1,145,319	
INVESTMENT EARNINGS (LOSSES)	(636,566)	
OTHER REVENUES	11,368	
Totals	\$ 7,453,773	\$ 6,926,727

**APPENDIX 11 – POLICE PROTECTION SERVICES AGREEMENT & 2017
BUDGET MEMO**

INCLUDED AS ATTACHMENT TO THIS CFA

AGREEMENT

A-04-432

POLICE PROTECTION SERVICES

JUN 15 2004

PARTIES: MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
Attention: General Manager
11 South San Joaquin Street, 7th Floor
Stockton, CA 95202

COUNTY OF SAN JOAQUIN
Attention: County Administrator
Courthouse – Room 707
Stockton, CA 95202

RECITALS:

- A) The Public Services Allocation Agreement entered into between the parties on May 28, 1996, provides that the parties shall contract to provide police protection services consistent with the level provided on a county-wide basis.
- B) The Mountain House Master Plan provides that the need for enhanced police services begins at the time the community begins to develop.
- C) The parties desire to contract for police protection services consistent with the Mountain House Master Plan.

The parties agree as follows:

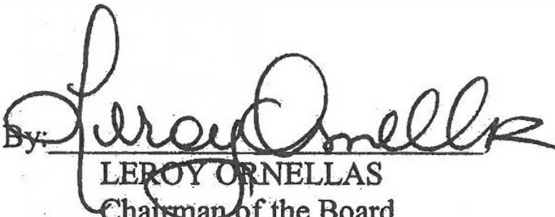
1. The County shall provide through the Sheriff's Office 24 hour per day police protection at the unincorporated area level of service provided in comparable areas throughout the County, plus the addition of two deputies to be assigned to patrol and provide police protection services exclusively within the Mountain House Community Services District. The Community Services District hereby designates the County's Sheriff's Office as its police agency.
2. The County's source of revenue for the basic unincorporated area level of service will be the existing sources of revenue for unincorporated area police protection. The revenue source for the additional two deputies identified in Section 1 above will be provided directly by the Mountain House Community Services District.
3. The parties shall begin preparation of the Police Protection Plan no later than the beginning of the 2004-05 fiscal year to identify the need and timing for police protection services beyond that specified in

Section 1 of this agreement. A Police Protection Plan shall be completed for MHCSD Board, Board of Supervisors, and the Sheriff's Department's consideration by January 1, 2005.

4. Beginning July 1, 2004, the Mountain House Community Services District will pay the County of San Joaquin Sheriff's Office \$21,286.00 per month for the additional two deputies identified in section 1 above until the adoption of the Police Protection Plan and a new contract for services based upon the Police Protection Plan. Charges for services provided for in this agreement will be invoiced on a quarterly basis and payment must be received within 30 days of invoice date. If a new agreement based on the Police Protection Plan is not adopted by the MHCSD Board by June 30, 2005, the parties agree to renegotiate startup costs as identified in Exhibit A.
5. Potential cost increases during the duration of this agreement may be necessary and are identified in Exhibit A to this agreement.
6. Changes or modifications to this agreement can only be executed in writing between both parties.
7. This agreement may be terminated by either the MHCSD Board or the Board of Supervisors upon recommendation from the Sheriffs Office.

The contract is entered into as of the date first written above.

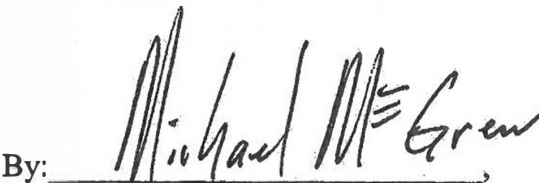
COUNTY OF SAN JOAQUIN:

By: 
LERROY ORNELLAS
Chairman of the Board
of Supervisors

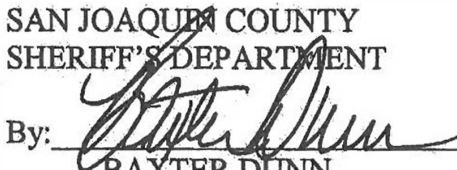
MOUNTAIN HOUSE
COMMUNITY SERVICES
DISTRICT:

By: 
PAUL M. SENSIBAUGH
General Manager

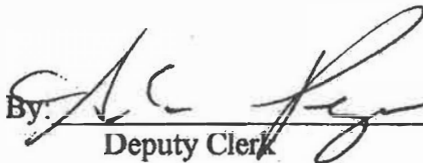
APPROVED AS TO FORM:

By: 
MICHAEL F. MCGREW
Special Counsel

RECOMMENDED FOR
APPROVAL:


SAN JOAQUIN COUNTY
SHERIFF'S DEPARTMENT
By: 
BAXTER DUNN
Sheriff

ATTEST: LOIS M. SAHYOUN
Clerk of the Board of Supervisors
of the County of San Joaquin, and
Secretary of the Board of Directors
of the Mountain House Community
Services District

By: 
Deputy Clerk



APPROVED AS TO FORM:

By: 
David Wooten
Assistant County Counsel

SAN JOAQUIN COUNTY SHERIFF'S DEPARTMENT
MOUNTAIN HOUSE COST ESTIMATE FY 2004-05
NEW POSITIONS EFFECTIVE JULY 1, 2004
DEPLOYMENT EFFECTIVE JANUARY 1, 2005

	Hourly Rate	# Hours	# Positions	Total
Start-up Costs*				
<u>July 1, 2004 - December 31, 2004</u>				
24 weeks salary/benefits for new hire	48.51	960	2	93,139
24 weeks salary/benefits for FTO amortized over 15 yrs	50.78	960	2	6,500
<u>Fixed Asset Purchase</u>				
Patrol vehicle incl. mobile data computer and mobile radio			1	38,366
Portable radio			2	6,213
Subtotal				144,218
Regular Staffing Costs				
<u>January 1, 2005 - June 30, 2005</u>				
Deputy Sheriff II	51.95	886.5	2	92,107
Overtime for 2080 hours coverage	62.25	153.5	2	19,111
Subtotal				111,218
TOTAL ESTIMATE				\$ 255,436

*Startup Costs include fixed asset purchases not covered in the hourly billing rate. Equipment and safety gear under \$1,000 are covered under the regular billing rate.

Overtime will be billed at a rate of \$62.25 per hour subject to increase in September 2004 retroactive to July 1, 2004

Regular Hourly Rate will increase in September 2004 retroactive to July 1, 2004 based on rates published by the County Auditor-Controller

Actual charges depending upon hours worked will be invoiced on a quarterly basis
 Currently estimated at \$21,286/month or \$63,859 per quarter

AGREEMENT

A-96- 688

INTERIM POLICE PROTECTION SERVICES

SEP 10 1996

DATE:

PARTIES: MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
Attention: General Manager
Courthouse - 6th Floor
Stockton, CA. 95202

COUNTY OF SAN JOAQUIN
Attention: County Administrator
Courthouse - Room 707
Stockton, CA. 95202

RECITALS:

- A) The Public Services Allocation Agreement entered into between the parties on May 28, 1996, provides that the parties shall contract to provide police protection services consistent with the level provided on a county-wide basis.
- B) The Mountain House Master Plan provides that the need for enhanced police services begins at the time the community begins to develop.
- C) The parties desire to contract for the current County unincorporated area level of police protection services, which is currently estimated at .7 officers per 1,000 population.

The parties agree as follows:

- 1. The County shall provide through the Sheriff's Office police protection at the unincorporated area level of service provided throughout the County. The Community Services District hereby designated the County's Sheriff's Office as its police agency.
- 2. The County's source of revenue for these services will be the existing sources

of revenue for unincorporated area police protection.

3. The parties shall begin negotiations for enhanced police protection services no later than the issuance of the first residential building permit within the boundaries of the Mountain House Community Services District.

The contract is entered into as of the date first written above.

ATTEST: LOIS M. SAHYOUN
Clerk of the Board of Super-
visors of the County of San
Joaquin, State of California

By MARY ANNE CHIU
Deputy Clerk



COUNTY OF SAN JOAQUIN, a
political subdivision of
the State of California

By ROBERT J. CABRAL
ROBERT J. CABRAL, Chairman
Board of Supervisors

RECOMMENDED FOR APPROVAL:
BAXTER DUNN, Sheriff

By Baxter Dunn

MOUNTAIN HOUSE COMMUNITY
SERVICES DISTRICT

By ROBERT J. CABRAL
ROBERT J. CABRAL, Chairman
Board of Supervisors

APPROVED AS TO FORM:
TERRENCE R. DERMODY
County Counsel

By Michael McGrew
MICHAEL MCGREW
Assistant County Counsel



OFFICE OF
SHERIFF-CORONER

COUNTY OF SAN JOAQUIN

7000 Michael N. Canlis Blvd.
French Camp, California 95231-9781

June 29, 2017

Patrick Withrow
Sheriff-Coroner
Public Administrator

*Board of Supervisors
County of San Joaquin
44 N. San Joaquin Street, Suite 627
Stockton, California 95202*

Dear Board Members:

***APPROVE ADDITION OF ONE SERGEANT AND ONE DEPUTY SHERIFF
POSITION FOR MOUNTAIN HOUSE POLICE SERVICES AND RELATED
BUDGET ADJUSTMENTS OF \$530,351 (4/5ths Vote Required)***

RECOMMENDATION:

It is recommended that the Board of Supervisors approve:

- 1. The addition of one Sergeant and one Deputy Sheriff position to the Sheriff-Mountain House budget; and*
- 2. Fixed asset purchases of a vehicle, mobile radio, and two portable radios; and*
- 3. Budget adjustments of \$530,351 associated with salaries and benefits, equipment, and other operating costs with offsetting revenue from Mountain House Community Services District (4/5ths vote required).*

REASON FOR RECOMMENDATION:

The Sheriff's Office has provided supplemental police services to Mountain House Community Services District (MHCS D) since 2004. Currently, six Deputy Sheriffs provide services exclusively to MHCS D above and beyond the level of service provided by unincorporated county patrol.

The Sheriff's Office and MHCS D have been discussing the need for increased law enforcement services over the last several months. MHCS D recently approached the Sheriff's Office requesting the addition of a dedicated Sergeant and a seventh Deputy Sheriff position, for a total of eight officers. Additional funding for these positions was adopted on June 21, 2017 by the

MHCSD Board of Directors in its Fiscal Year 2017-2018 budget. Please see letter from MHCSD attached. The Sheriff's Office is agreeable to providing the additional services and recommends your Board approve the addition of two positions plus associated equipment and operating costs.

FISCAL IMPACT:

There is no net county cost associated with this action. An estimated cost of \$530,351 will be incurred for salaries and benefits for two positions for 22 pay periods during Fiscal Year 2017-2018, vehicle operating expenses, equipment, training, other supplies, and overhead, with full reimbursement from MHCSD. The Sheriff-Patrol budget will also receive additional revenue in the form of start-up cost reimbursement associated with the backfill hiring and training of two Deputy Sheriff trainees to replace seasoned officers transferred to Mountain House Police Services. These two positions were not included in the 2017-2018 Proposed Budget.

ACTION TO BE TAKEN FOLLOWING APPROVAL:

Human Resources will add the two positions. The Sheriff's Office will coordinate the assignment of officers to Mountain House Police Services.

Sincerely,

STEVE MOORE
SHERIFF-CORONER

c: County Administrator
County Counsel
Board Clerk for Agenda 7-25-17

Reviewed by County Administrator's Office:

Reviewed by County Counsel's Office:

Sandra Regato



7/5/2017

Matthew P. Deery



6/29/2017

Before the Board of Supervisors

County of San Joaquin, State of California

B-17-493

MOTION: Villapudua/Patti/5

APPROVE ADDITION OF ONE SERGEANT AND ONE DEPUTY SHERIFF POSITION FOR MOUNTAIN HOUSE POLICE SERVICES AND RELATED BUDGET ADJUSTMENTS OF \$530,351 (4/5ths Vote Required)

THIS BOARD OF SUPERVISORS DOES hereby approve the addition of one Sergeant and one Deputy Sheriff position to the Sheriff-Mountain House budget; and

FURTHER, approves fixed asset purchases of a vehicle, mobile radio, and two portable radios; and

FURTHER, approves budget adjustments of \$530,351 associated with salaries and benefits, equipment, and other operating costs with offsetting revenue from Mountain House Community Services District (4/5ths vote required).

I HEREBY CERTIFY that the above order was passed and adopted on 07/25/2017 by the following vote of the Board of Supervisors, to wit:

AYES: Villapudua, Miller, Patti, Elliott, Winn

NOES: None

ABSENT: None

ABSTAIN: None



MIMI DUZENSKI
Clerk of the Board of Supervisors
County of San Joaquin
State of California

Mimi Duzenski

BEFORE THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN JOAQUIN
STATE OF CALIFORNIA

R E S O L U T I O N

R-17-89

RESOLUTION AMENDING SALARY ASSIGNMENT AND
DEPARTMENTAL ALLOCATION LISTING

WHEREAS, Section 2-5206 of the Ordinance Code of San Joaquin County, as amended, provides that the Board of Supervisors shall, by resolution, determine the numbers and classes of positions permitted in the County departments, and assign salaries and salary ranges to all officers and employees of the County; and

WHEREAS, Mountain House Community Services District contracts and pays for additional officers for its community and has requested additional Sergeant and Deputy Sheriff positions;

NOW, THEREFORE, BE IT RESOLVED, that the Salary Range Assignment and Departmental Allocation Listing be amended by the following actions:

Effective August 7, 2017

Sheriff-Mountain House (BU# 2021615000)

1. Add the following positions at the following Job Code, Salary Grade, FLSA Code, Union Code and EEO Code.

<u>Class</u>	<u># of Positions</u>	<u>Job Code</u>	<u>Salary Grade</u>	<u>FLSA Code</u>	<u>Union Code</u>	<u>EEO Code</u>
Sergeant	1	RP1010	783	2	L	4
Deputy Sheriff II	1	RP1003	758	4	K	4

PASSED AND ADOPTED 07/25/2017, by the following vote of the Board of Supervisors, to wit:

AYES: **Villapudua, Miller, Patti, Elliott, Winn**

NOES: **None**

ABSENT: **None**

ABSTAIN: **None**

Charles Winn

CHARLES WINN
Chair, Board of Supervisors
County of San Joaquin
State of California

ATTEST: MIMI DUZENSKI
Clerk of the Board of Supervisors
Of the County of San Joaquin,
State of California



By, **Mimi Duzenski**

COUNTY OF SAN JOAQUIN

REQUEST FOR ADJUSTMENT, ADDITIONAL APPROPRIATIONS / EST. REV. OR TRANSFER OF FUNDS

FISCAL YEAR: 2017/18
(YYYY/YY)

BD. ORDER NO. B-17-493a
CONTROL NO. APPSRF427
0.00 0.00

APPROPRIATIONS:					AMOUNT	
Fund No.	Dept No.	Account No.	Prog. No.	Proj./Grant No.	INCREASE	DECREASE
10001	2021615000	6001000000			151,906.00	
10001	2021615000	6001600000			15,191.00	
10001	2021615000	6003200000			9,641.00	
10001	2021615000	6001100000			20,558.00	
10001	2021615000	6001100000			887.00	
10001	2021615000	6010300000			2,400.00	
10001	2021615000	6020000000			155,204.00	
10001	2021615000	6020000050			10,011.00	
10001	2021615000	6030100000			2,874.00	
10001	2021615000	6010100000			298.00	
10001	2021615000	6050000000			13,090.00	
10001	2021615000	6070000000			450.00	
10001	2021615000	6080000000			58.00	
10001	2021615000	6040000000			207.00	
10001	2021615000	6206000300			166.00	
10001	2021615000	6217000000			334.00	
10001	2021615000	6217001800			1,334.00	
10001	2021615000	6218000000			53,420.00	
10001	2021615000	6226000000			334.00	
10001	2021615000	6206000600			167.00	
10001	2021615000	6451000800			40,000.00	
10001	2021615000	6452000000			7,122.00	
10001	2021615000	6452000000			11,742.00	
10001	2021615000	6221020100			32,957.00	
TOTAL					530,351.00	0.00
ESTIMATED REVENUE:					AMOUNT	
Fund No.	Dept No.	Account No.	Prog. No.	Proj./Grant No.	INCREASE	DECREASE
10001	2021615000	4629811700			530,351.00	
TOTAL					530,351.00	0.00
FUNDS (CASH):					AMOUNT	
Fund No.	Dept No.	Account No.			Transfers Out	Transfers In
TOTAL					0.00	0.00
REQUEST TOTAL					0.00	0.00

REQUEST FOR ADJUSTMENT, ADDITIONAL APPROPRIATIONS / EST. REV. OR TRANSFER OF FUNDS

FISCAL YEAR: 2017/18
(YYYY/YY)

BD. ORDER NO. B-17-493a
CONTROL NO. APPSRF427
0.00 0.00

<p>REASON FOR REQUEST: Establish appropriations for addition of one Sergeant and one Deputy Sheriff for 22 pay periods; plus one time equipment purchases.</p> <p>Fixed asset purchases as follows: 1 vehicle @ \$40,000; 1 mobile radio @ \$7,122; 2 portable radios @ \$5,871 each = \$11,742</p>	<p>REQUESTED BY: <u>6/28/2017 Steve Moore</u></p> <p align="center">DATE DEPARTMENT HEAD</p> <hr/> <p>APPROVED: <u>7/25/2017 Sandra Regalo</u></p> <p align="center">DATE COUNTY ADMINISTRATOR</p>
--	--

BOARD OF SUPERVISORS

I HEREBY CERTIFY that the above order was passed and adopted on 7/25/2017 by the following vote of the Board of Supervisors,
to wit:

MOTION: Villapudua/Patti/5
AYES: Villapudua, Miller, Patti, Elliott, Winn
NOES: None
ABSENT: None
ABSTAIN: None

BY Wanda L. Smith
DEPUTY CLERK

APP REQ



Mountain House Community Services District

230 S. Sterling Drive, Suite 100, Mountain House, CA 95391

Tel (209) 831-2300 • Fax (209) 831-5610

www.mhcsd.com

June 28, 2017

Monica Nino
County Administrator
44 North San Joaquin Street
6th Floor, Suite 640
Stockton, CA 95202

Dear Ms. Nino:

On behalf of the Mountain House Community Services District Board of Directors, staff, and community, I thank you for the ongoing support San Joaquin County provides this community. Mountain House has its vision and roots in the county, which will continue to grow as this community grows. Mountain House is now approaching a population of 20,000 people, along with growth in arterial connectivity, retail shopping, new Town Hall and Library facilities, and high-density multi-family residential apartments. With this growth comes the need for additional law enforcement presence.

The Fiscal Year 2017-18 budget recently adopted by the MHCS D Board of Directors includes an appropriation in the amount of \$600,000 to hire additional law enforcement for Mountain House. MHCS D staff has worked with the San Joaquin County Sheriff's Office to identify and recommend the best fit for increasing law enforcement in the community. The recommendation is to retain and equip a 'Working Sergeant' and an additional Deputy exclusively for Mountain House. The \$600,000 should cover these services, including start-up costs, for the first year. Successive years should be less as the start-up costs should no longer be necessary.

This letter serves as a commitment to San Joaquin County for this additional law enforcement presence in Mountain House. If you have any questions or comments, please feel free to contact me by calling me at (209) 831-5656 or epattison@sjgov.org . Thank you and enjoy your holiday!

Yours truly,

Edwin Pattison
General Manager

*"To provide responsive service to our growing community
that exceeds expectations at a fair value"*



MOUNTAIN HOUSE

COMMUNITY SERVICES DISTRICT

11 S. SAN JOAQUIN STREET, 7TH FLOOR, STOCKTON, CA 95202
MAIL: 222 E. WEBER AVENUE, ROOM 3, STOCKTON, CA 95202
(209) 468-9997 · (209) 468-3010 FAX · mhcsd1@pacbell.net

June 15, 2004

Board of Directors
Mountain House Community Services District
Courthouse -Room 701
Stockton, CA 95202

Dear Board Members:

**Approval of a Police Protection Services Agreement
between Mountain House Community Services District
and County of San Joaquin Sheriff's Department**

Recommendation

It is recommended that the Board of Directors and the Board of Supervisors approve the Police Protection Services Agreement between the Mountain House Community Services District (MHCSD) and the County of San Joaquin on behalf of the Sheriff's Department and authorize and direct the Chairman of the Board of Supervisors on behalf of the County of San Joaquin, and the General Manager on behalf of the Mountain House Community Services District, to sign the agreement.

Reason for Recommendation

On September 10, 1996, the Board of Supervisors approved an agreement between the MHCSD and the Sheriff's office to provide the MHCSD with police protection services consistent with the Master Plan. The agreement required the MHCSD and the Sheriff's Office to start negotiations for enhanced police protection services no later than the issuance of the first residential building permit within the boundaries of the MHCSD. Also, the Public Services Allocation Agreement entered into between the parties on May 28, 1996, provides that the parties shall contract to provide police protection services consistent with the level provided on a countywide basis.

Board of Directors

June 15, 2004

Page 2

On January 14, 2003, the MHCS D sent a letter to the Sheriff requesting initiation of negotiations for police protection services. These negotiations have led to the subject agreement, which will call for increased police services in the 2004-2005 budget, and the preparation of a Police Protection Plan by the end of the calendar year.

This agreement involves hiring two officers, which will be an addition to the Sheriff's budget. However, the revenue to cover costs will be payments from MHCS D to the Sheriff's Department. It is anticipated that a police protection plan will be completed by Jan 1, 2005 for Board consideration. A new long-term agreement is expected to replace this agreement by July 1, 2005.

Therefore, the MHCS D staff and the Sheriff's Department is recommending approval of this agreement to satisfy the requirement of the Master Plan. The agreement has been reviewed by County Counsel and MHCS D Special Counsel.

Fiscal Impact

The County's source of revenue for the basic unincorporated area level of service will be the existing sources of revenue for unincorporated area police protection. The revenue source for the additional two deputies identified in Section 1 above will be provided directly by the MHCS D. The MHCS D 2004-2005 budget includes the estimated contract cost of \$255,436, which is the total cost of salaries and benefits for two officers.

Action To Be Taken Following Approval

The Sheriff's Department will hire two deputies to be assigned to patrol and provide police protection services exclusively within MHCS D. The MHCS D will pay the Sheriff's Department when the invoices are submitted for payment.

Respectfully submitted,



Paul M. Sensibaugh
General Manager

c: Terrence R. Dermody, County Counsel
Michael McGrew, Special Counsel
Manuel Lopez, County Administrator
Duane Grimsman, Trimark Communities, LLC
Sheriff's Department

AGREEMENT

POLICE PROTECTION SERVICES

PARTIES: MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

Attention: General Manager
11 South San Joaquin Street, 7th Floor
Stockton, CA 95202

COUNTY OF SAN JOAQUIN

Attention: County Administrator
Courthouse – Room 707
Stockton, CA 95202

RECITALS:

- A) The Public Services Allocation Agreement entered into between the parties on May 28, 1996, provides that the parties shall contract to provide police protection services consistent with the level provided on a county-wide basis.
- B) The Mountain House Master Plan provides that the need for enhanced police services begins at the time the community begins to develop.
- C) The parties desire to contract for police protection services consistent with the Mountain House Master Plan.

The parties agree as follows:

1. The County shall provide through the Sheriff's Office 24 hour per day police protection at the unincorporated area level of service provided in comparable areas throughout the County, plus the addition of two deputies to be assigned to patrol and provide police protection services exclusively within the Mountain House Community Services District. The Community Services District hereby designates the County's Sheriff's Office as its police agency.
2. The County's source of revenue for the basic unincorporated area level of service will be the existing sources of revenue for unincorporated area police protection. The revenue source for the additional two deputies identified in Section 1 above will be provided directly by the Mountain House Community Services District.
3. The parties shall begin preparation of the Police Protection Plan no later than the beginning of the 2004-05 fiscal year to identify the need and timing for police protection services beyond that specified in

Section 1 of this agreement. A Police Protection Plan shall be completed for MHCS D Board, Board of Supervisors, and the Sheriff's Department's consideration by January 1, 2005.

4. Beginning July 1, 2004, the Mountain House Community Services District will pay the County of San Joaquin Sheriff's Office \$21,286.00 per month for the additional two deputies identified in section 1 above until the adoption of the Police Protection Plan and a new contract for services based upon the Police Protection Plan. Charges for services provided for in this agreement will be invoiced on a quarterly basis and payment must be received within 30 days of invoice date. If a new agreement based on the Police Protection Plan is not adopted by the MHCS D Board by June 30, 2005, the parties agree to renegotiate startup costs as identified in Exhibit A.
5. Potential cost increases during the duration of this agreement may be necessary and are identified in Exhibit A to this agreement.
6. Changes or modifications to this agreement can only be executed in writing between both parties.
7. This agreement may be terminated by either the MHCS D Board or the Board of Supervisors upon recommendation from the Sheriff's Office.

The contract is entered into as of the date first written above.

COUNTY OF SAN JOAQUIN:

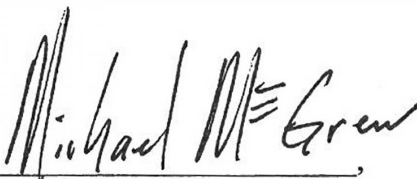
MOUNTAIN HOUSE
COMMUNITY SERVICES
DISTRICT:


By: _____,
LEROY ORNELLAS
Chairman of the Board
of Supervisors

By: _____,
PAUL M. SENSIBAUGH
General Manager

APPROVED AS TO FORM:

RECOMMENDED FOR
APPROVAL:

By: 
MICHAEL F. MCGREW
Special Counsel

SAN JOAQUIN COUNTY
SHERIFF'S DEPARTMENT
By: 
BAXTER DUNN
Sheriff

ATTEST: LOIS M. SAHYOUN
Clerk of the Board of Supervisors
of the County of San Joaquin, and
Secretary of the Board of Directors
of the Mountain House Community
Services District

By: _____ (SEAL)
Deputy Clerk

APPROVED AS TO FORM:

By: 
David Wooten
Assistant County Counsel

SAN JOAQUIN COUNTY SHERIFF'S DEPARTMENT
MOUNTAIN HOUSE COST ESTIMATE FY 2004-05
NEW POSITIONS EFFECTIVE JULY 1, 2004
DEPLOYMENT EFFECTIVE JANUARY 1, 2005

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 Currently estimated at \$21,286/month or \$63,859 per quarter



Mountain House Community Services District

230 S. Sterling Drive, Suite 100, Mountain House, CA 95391

Tel (209) 831-2300 • Fax (209) 831-5610

www.mhcsd.com

June 28, 2017

Monica Nino
County Administrator
44 North San Joaquin Street
6th Floor, Suite 640
Stockton, CA 95202

Dear Ms. Nino:

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The Fiscal Year 2017-18 budget recently adopted by the MHCS D Board of Directors includes an appropriation in the amount of \$600,000 to hire additional law enforcement for Mountain House. MHCS D staff has worked with the San Joaquin County Sheriff's Office to identify and recommend the best fit for increasing law enforcement in the community. The recommendation is to retain and equip a 'Working Sergeant' and an additional Deputy exclusively for Mountain House. The \$600,000 should cover these services, including start-up costs, for the first year. Successive years should be less as the start-up costs should no longer be necessary.

This letter serves as a commitment to San Joaquin County for this additional law enforcement presence in Mountain House. If you have any questions or comments, please feel free to contact me by calling me at (209) 831-5656 or epattison@sigov.org. Thank you and enjoy your holiday!

Yours truly,


Edwin Pattison
General Manager

*"To provide responsive service to our growing community
that exceeds expectations at a fair value"*

CONSENT - IN HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY

32. COB - Approve the Announcement of Two Positions to the In-Home Supportive Services Advisory Committee: Other Representative, Position No. 3701.3 and User Representative, Position No. 3703.6.

CONSENT - LAW & JUSTICE

33. PROB - Approval of Victor Community Support Services, Inc. Agreement for Evidence Based Programming and Other Services in the Amount of \$723,600 for Fiscal Year 2017-2018.
34. PROB - Approval of Interagency Agreement with San Joaquin County Office of Education for Probation Services for the 2017-2018 Fiscal Year in the Amount of \$77,259.
35. PROB - Approval of Interagency Agreement with San Joaquin County Office of Education for the Probation Services for the 2017-2018 Fiscal Year in the Amount of \$450,000.
36. PROB - Approval of Aramark Correctional Services Agreement for Food Services in the Amount of \$682,000 for Fiscal Year 2017-2018.
37. PROB - Approval of Allied Universal Security Services Agreement for Unarmed Security Services in the Amount of \$105,900 for Fiscal Year 2017-2018.
38. PROB - Accept the Public Safety Realignment Act 2017 Annual Report: An Examination of AB109 Recidivism in San Joaquin County in Year 5.
39. S/O - Approve Purchase of Rapid Infrared Threat Assessment Device for \$5,200 and Related Budget Adjustments. **(4/5ths Vote Required)**
-  40. S/O - Approve Addition of One Sergeant and One Deputy Sheriff Position for Mountain House Police Services and Related Budget Adjustments of \$530,351. **(4/5ths Vote Required)**

CONSENT - PUBLIC WORKS

41. PW - Agreement for Design Engineering Services with Hardesty & Hanover, LLP., in the Amount of \$1,342,000 for Five Movable Span Bridges in San Joaquin County. (3rd and 4th Districts) **(4/5ths Vote Required)**
42. PW - Approval and Adoption of Plans and Specifications for the Bright, Endow and Lockhart Roads Resurfacing and **Setting a Bid Opening Date of August 17, 2017, at 1:30 P.M.** (1st District)
43. PW - Award of Contract for the Cherokee Road Improvements to DSS Company DBA Knife River Construction, Inc., in the Amount of \$2,229,229 and Authorization of Change Order Authority of up to \$222,771. (1st and 2nd Districts) **(4/5ths Vote Required)**

Law Enforcement Services Division

	AUDITED ACTUAL FY 2016/17	AUDITED ACTUAL FY 2017/18	PROJECTED ACTUAL FY 2018/19	ADOPTED BUDGET FY 2019/20
DEPARTMENT FUNDING SUMMARY				
Special Assessment Funds				
Special Tax # 2 - Public Safety	1,191,146.34	1,654,665	1,730,000	2,018,338
Total	1,191,146	1,654,665	1,730,000	2,018,338
EXPENDITURES				
Personnel Services				
Personnel	-	-	-	-
Labor allocation	-	-	-	-
Total Personnel Services	-	-	-	-
Operations and Maintenance				
SJC Sheriff	1,191,146	1,654,665	1,730,000	2,018,338
Total Operations and Maintenance	1,191,146	1,654,665	1,730,000	2,018,338
Total	1,191,146	1,654,665	1,730,000	2,018,338

DIVISION SUMMARY

The Law Enforcement Services Division provide services aimed at protecting the rights of individuals, reducing crime and the fear of crime while working to enhance community safety overall.

BUDGET HIGHLIGHTS

- \$1,978,338 is included for San Joaquin County Sheriff services.
- \$40,000 is included for Highway Patrol services.

COUNTY OF SAN JOAQUIN SHERIFF FY 2019-2020 BUDGET

Expenditures	2018/2019 Est/Act	2019/2020 Budget	Variance
6001000000 SALARIES & WAGES-REGULAR	625,736	636,749	11,013
6001100000 SALARIES-CAFETERIA	29,234	34,709	5,475
6001600000 CAREER INCENTIVE PAY	14,446	14,607	161
6003000000 SALARIES-OVERTIME	60,002	65,000	4,998
6003200000 SALARIES-HOLIDAY PAY	29,663	30,000	337
6003300000 SALARIES-3RD PARTY WC REIMB CR	(3,472)	-	3,472
Total Salaries	755,609	781,065	25,456
6010100000 UNEMPLOYMENT COMP INSURANCE	1,132	347	(785)
6010300000 OTHER EMP BENEFITS-UNIFORM	9,600	9,600	-
6020000000 RETIREMENT-EMPLOYER SHARE	487,381	512,459	25,078
6020000050 RETIREMENT-EMPLOYER ADDTL CONT	34,770	34,783	13
6020610000 POST EMPL HLTH BEN CONTRIB	-	400	400
6030100000 SOCIAL SECURITY-MEDICARE	10,944	10,074	(870)
6040000000 LIFE INSURANCE	778	1,093	315
6050000000 HEALTH INSURANCE	110,011	131,566	21,555
6070000000 DENTAL INSURANCE	3,186	3,180	(6)
6080000000 VISION CARE	410	408	(2)
Total Benefits	658,212	703,910	45,698
6206000300 COMM SVS-CELL PHONE	595	6,047	5,452
6206000600 COMMUNICATIONS-ON-LINE NETWORK	1,556	1,550	(6)
6211000000 MAINTENANCE-EQUIPMENT	2,572	1,500	(1,072)
6211000100 RADIO MAINTENANCE	603	1,000	397
6214100600 EQUIP RENTAL & LEASES-OTHER	-	645	645
6217000000 TRANS AND TRAVEL-GENERAL	500	24,695	24,195
6217001800 POST-ADVANCED OFFICER TRAINING	920	1,834	914
6218000000 TRANS/TRAVEL-MOTORPOOL	83,844	90,402	6,558
6221020100 ALLOCATED DEPT OVERHEAD	129,238	136,039	6,801
6221050300 SPECIAL SVS	718	718	-
6221600100 PROF & SVCS -VIDEO	-	21,150	21,150
6226000000 SPECIAL DEPARTMENTAL EXPENSE	117	1,000	883
6240000100 LAW ENFORCEMENT EQUIPMENT	6,349	1,443	(4,906)
6269000000 SMALL TOOLS & INSTRUMENTS	-	3,550	3,550
Total Services & Supplies	227,012	291,573	64,561
6295211081 RADIO MAINTENANCE-ISF	18,885	24,997	6,112
6295214386 RENTS/LEASES-AUTO EQUIP-ISF	8,243	12,093	3,850
6295220700 DATA PROCESSING CHARGES	-	380	380
6295232000 INSURANCE-WORKER'S COMP	29,195	30,633	1,438
6295236000 INSURANCE-CASUALTY	1,960	1,992	32
6295999900 CNTY INDIRECT CST CHARGES-A-87	-	17,626	17,626
Total Centrally Budgeted Expenses	58,283	87,721	29,438
6453000000 AUTOMATION EQUIPMENT	-	54,543	54,543
Total Capital Expenditures Fixed Assets	-	54,543	54,543
Total Expenditures	1,699,116	1,918,812	219,696
Revenues			
4629800000 LAW ENF SVS	(90)	-	90
4629811700 LAW ENF SVS-MTN HOUSE	1,699,206	1,918,812	219,606
Total Revenues	1,699,116	1,918,812	219,696
Allocated Position FTE	0	8	
Start-Up Costs			
Positions eff 7/1/06; 24 wks salary/benefits FTO amortized over 15 yrs (Year 14 of 15)		9,381	
Positions eff 7/1/08; 24 wks salary/benefits FTO amortized over 15 yrs (Year 12 of 15)		10,915	
Positions eff 7/1/17; 24 wks salary/benefits FTO amortized over 15 yrs (Year 3 of 15)		39,230	
Total Start-Up Costs		59,526	
Total 2019/2020 Budget		1,978,338	

Steven A. Herum
sherum@herumcrabtree.com

November 14, 2022

Ms. Jennifer Jolley
Community Development Director
San Joaquin County
1810 E. Hazelton Ave.
Stockton, CA 95205-6232

Re: Mountain House Annexation and PLEP

Dear Ms. Jolley:

In connection with continued efforts to incorporate the Mountain House community as San Joaquin County's eighth city, this letter respectfully calls to the County's attention the Public Lands Equity Program (PLEP)¹, an adopted ordinance that is a vested element of the Trimark Development Agreement. A newly formed Mountain House city would assume from the County its responsibilities and duties of the Trimark Development Agreement and assume the responsibilities and duties of the PLEP ordinance.

The PLEP is "necessary to implement" the Mountain House Master Plan (§9-1245.2M(b)) and the Mountain House Public Financing Plan (§9-1245.2M(c)), and is found to be "integrated" into the Master Plan "to assure the public health safety and welfare of all landowners, residents, businesses, and employees". (§9-1245.2M(e)).

The PLEP is currently administered by the County.

Based on a calculation conducted by the Public Land Equity Program Technical Report Twenty-One and two tenths (21.2%) of the land within the project is devoted to public use. §9-1245.3M. Upon receiving a land use entitlement permit application the County must determine whether the proposed project has a "Public Land Deficit or a Public Land Surplus". §9-1245.4M.² Satisfying a PLEP deficit is a "condition of final approval" for all discretionary land use permits. Section 9-1245.5M(c).

¹ The PLEP is found in the County Zoning Ordinance. San Joaquin County Ordinance sections 9-1245.1M to 9-1245.14M.

² According to section 9-1245.5M(a): "**All parcels** within the Mountain House Community, for which a discretionary Development Permit application has been made...**shall be subject to**" the PLEP. (Emphasis added.)

Ms. Jennifer Jolley
November 14, 2022
Page 2 of 2

We respectfully point out the master developer, Trimark, entered into agreements with several landowners to assure payment to Trimark for the other landowners' PLEP deficiencies and some of those parties have paid funds in the amount necessary to fulfill their PLEP obligation and reimburse Trimark for dedicating substantially more than 21.2 percent of its land to public purposes. In short, there is significant precedent for third party landowners to satisfy PLEP obligations as a condition of their final approval.

We have become aware of projects moving forward within the Mountain House community that have not yet satisfied their PLEP obligations (eg. Grupe Apartments) to Trimark Communities. Please advise as to the status of those projects and when their PLEP obligations to Trimark will be assessed and disbursed to Trimark.

By this letter we respectfully remind the San Joaquin County, the Mountain House CSD and the San Joaquin Local Agency Formation Commission of the need for development projects within the Mountain House Community to fulfill their PLEP obligations as a condition of those project's final approval. Fulfilling the duties and obligations of the PLEP should also be a factor considered in any incorporation discussion.

Very truly yours,



STEVEN A. HERUM
Attorney-at-Law

SAH:lac

cc: Steve Pinkerton
J.D. Hightower
John Anderson
Duane Grimsman

Community Meeting Questions from the Mountain House Workshop

Name: Nilesh

Comment: Will this give Mountain House the ability to deny license to see the alcoholic beverages within 500 feet of schools? Currently it is under ABC.

Name: Infan Ahmed

Comment: Would CSD continue to remain once we are an incorporated city? Would we not go into a normal streamline of political positions like Mayor and all related elections?

Name: Samik

Comment: Could we incorporate without keeping the CSD intact?

Comment: Are the four-year terms staggered? What are the alternatives to the four City Council Members, could it be five or seven?

Name: Igor Kiselev

Comment: Why do we see projected drop expenditure of road funds after 3rd year?

Name Satnik Mody

Comment: Why is police listed as contract post incorporation? Is that immediate and then can it be changed?

Name: Jay Lee

Comment: Will M.H. create own Police Department or still contract out?

Comment: How much does M.H. currently pay (yearly) for Sheriff's dept. to patrol M.H.?

Name: Sanjay

Comment: What are the services that are not currently covered by CSD but will be covered once it becomes a city?

Comment: Would the special tax passed by MHCSO continue once the CSD becomes a city? Can City Council get rid of those special taxes by taking a new vote?

Comment: Planning Commission in the city, would this be under City Council? Who can be members of the Planning Commission?

Name: Brian

Comment: Just to be confirm, voters will also be voting for the new City Council and Mayor at the same time as incorporation, correct?

Name:

Comment: Since the population increased, are there any plans to increase Council Members?
Any term limits for Mayor and Council Members.

Comment: Why incorporation excluded some of the parcels from the master plan?

Comment: City Council at large now, any plans to sub division?

Comment: When do we redo five year SOI, how long will we need to pay special tax?

Comment: I am hearing if we get more business, and need more police, it will cost more, so what if sales tax dos not help city? Are we trying to reply of special taxes?



Mountain House Community Services District

Municipal Service Review and Sphere of Influence Plan 2022 Update

Prepared by MHCS D for
San Joaquin LAFCO

June 8, 2022

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY 1

A. DETERMINATIONS REGARDING SPHERE OF INFLUENCE BOUNDARIES 2

 1. Present and Planned Land Use within the Current Sphere of Influence..... 2

 2. Present and Probable Need for Public Facilities and Services 3

 3. Present Capacity of Public Facilities and Adequacy of Public Services 3

 4. Existence of Social and Economic Communities of Interest 3

B. Municipal Services Review Determinations Regarding the MHCS D's Ability to Provide Services ...4

 Determination #1: Growth and Population Projections 4

 Determination #2: Disadvantaged Unincorporated Communities 4

 Determination #3: Present and Planned Capacity of Public Facilities and Adequacy of Public Services, including Infrastructure Needs or Deficiencies 4

 Determination #4: Financial Ability of the Agency to Provide Service 5

 Determination #5: Status of, and Opportunities for, Shared Services..... 6

 Determination #6: Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies 6

II. INTRODUCTION 8

III. SPHERE OF INFLUENCE PLAN 9

A. SPHERE OF INFLUENCE BOUNDARIES 10

 1. Present and Planned Land Uses 10

 Map III-1 Mountain House Master Plan Land Uses 12

 Map III-2 MHCS D and Remaining Annexation Areas within Master Plan 13

B. PROJECTED POPULATION WITHIN THE SPHERE OF INFLUENCE 14

C. DETERMINATIONS..... 14

 1. Present and Planned Land Use within the Current Sphere of Influence..... 14

 Map III-3 Presently Approved Land Uses 16

 2. Present and Probable Need for Public Facilities and Services 17

 3. Present Capacity of Public Facilities and Adequacy of Public Services 18

 4. Existence of Social and Economic Communities of Interest 18

MUNICIPAL SERVICE REVIEW 19

IV. DETERMINATION #1: GROWTH AND POPULATION PROJECTIONS 19

A. CURRENT POPULATION AND DWELLING UNITS 19

B. PROJECTED POPULATION..... 19

 Table IV-1 Projected Population..... 20

C. DETERMINATIONS..... 20

V. Determination #2: Disadvantaged Unincorporated Communities..... 21

VI. Determination #3: Present and Planned Capacity of Public Facilities and Adequacy of Public Services, including Infrastructure Needs or Deficiencies 22

A. FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES 22

 Fire & EMS Service Delivery..... 23

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN 2022 UPDATE
JUNE 8, 2022

Training	24
Equipment	24
Fire and EMS Responses	25
Table VI-1: Fire - EMS Summary Statistics (2021)	25
Ability to Serve Existing and Future Development	25
Map VI-1 Fire Stations in SCFA Service Area	27
B. LAW ENFORCEMENT	28
Table VI-2: San Joaquin Sheriff’s Department Response Times to Mountain House	29
Table VI-3 San Joaquin Sheriff’s Department Calls for Service to Mountain House FY2020-21 and FY2021-22 (year-to-date through March)	31
C. WATER SUPPLY, CONSERVATION AND TREATMENT	32
1. Water Distribution System	33
2. Water Treatment Plant and Storage	33
3. Water Conservation Measures	33
4. Future Supply and Demand and Improvements to the System	34
D. WASTEWATER COLLECTION AND TREATMENT	35
1. Wastewater Collection System	36
2. Wastewater Treatment Plant	36
Table VI-4 Total Annual Average Day Flow (AADF) in million gallons per day	37
3. Effluent Discharge, Sludge Disposal and Industrial Waste Regulation	37
4. Future Wastewater Demand and Systems Improvement	37
E. STORM WATER DRAINAGE	38
1. Existing Storm Water Collection System and Planned Expansion	39
2. Storm Water Discharge Permit and Water Quality Management Program	40
3. Future Storm Water Drainage Demands and System Improvements	40
F. Determinations	41
VII. Determination #4: Financial Ability of the Agency to Provide Service	43
A. INFRASTRUCTURE FINANCING	43
B. OPERATING SERVICES FINANCING	44
1. Utility Services	45
2. General Government Services	46
3. Services to Assist Developers	47
C. School Construction Financing	47
D. Other Assessment Districts	47
E. Opportunities	48
F. Determinations	48
VIII. Determination #5: Status of, and Opportunities for, Shared Services	50
A. Current and Future Potential Shared Facilities	50
1. Law Enforcement, Fire and Emergency Medical Services	50
2. Utility Services	50
3. Landscape Maintenance	51
4. Library Services	51

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN 2022 UPDATE
JUNE 8, 2022

5. Parks and Recreation	51
6. Infrastructure.....	52
7. Transit	52
B. Determinations	52
<i>IX. Determination #6: Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies.....</i>	<i>53</i>
A. Governmental Structure.....	53
1. Incorporation	53
2. Public Information and Participation	53
B. Evaluation of Operational Efficiencies	54
1. Method of Establishing New Operating Systems and Procedures	54
C. Determinations	55
<i>Exhibit I Mountain House Master Plan Land Use Summary</i>	<i>56</i>
<i>Exhibit II Buildout Potable Water Distribution System.....</i>	<i>57</i>
<i>Exhibit III Buildout Wastewater Collection Facilities.....</i>	<i>58</i>
<i>Exhibit IV On-site Watershed Drainage Map.....</i>	<i>59</i>

I. EXECUTIVE SUMMARY

California has established a Local Agency Formation Commission (LAFCO) for every county. LAFCO's purposes include discouraging urban sprawl and encouraging the orderly formation and development of local agencies and districts.

LAFCOs have numerous powers, but those of primary concern are the power to act on local agency and district boundary changes and to adopt spheres of influence. The "Sphere of Influence" (SOI) means a plan for the probable physical boundaries and service area of a local agency, as determined by the LAFCO commission.¹

The 2022 Municipal Services Review (MSR) and Sphere of Influence (SOI) update has been prepared for the San Joaquin Local Agency Formation Commission in order to comply with the 2000 Cortese-Knox-Hertzberg Act (Act). The Act requires that an MSR be prepared prior to or concurrent with an update of a SOI. Moreover, this 2022 updated MSR and SOI will be used by the San Joaquin LAFCO when reviewing amendments and annexations of immediate and surrounding lands into the Mountain House Community Services District's (MHCS D's) SOI and require adequate public services and facilities. The MSR reviews the MHCS D's ability to provide services to residents and businesses within its existing boundaries and for future annexed areas. The 2022 MSR updates the MSR adopted by LAFCO in 2017.²

State law and LAFCO Policies and Procedures for Spheres of Influence, Service Reviews, and Annexations require this Municipal Service Review (MSR) to make written determinations with regard to the ability of an agency to provide services:³

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

¹ Gov't Code 56076.

² Municipal Service Review and Sphere of Influence Plan, January 12, 2017, Final.

³ Gov't Code Sec. 56430(a).

This 2022 MSR updates the 2017 MSR prepared for MHCSO.⁴ The MSR addresses the current sphere of influence and each of these municipal service determinations in a separate chapter.

A. DETERMINATIONS REGARDING SPHERE OF INFLUENCE BOUNDARIES

The MHCSO SOI covers an area of 4,784 acres or approximately 7.5 square miles. The 1994 adopted Master Plan for Mountain House identified the Sphere of Influence boundary to coincide with the ultimate MHCSO community "buildout" boundaries.

The MHCSO SOI was established when the original boundaries of the Mountain House Master Plan area were adopted by the County Board of Supervisors. The intention of the requirements and policies in the Master Plan is that these boundaries not change so that planned public facilities, services, and the financing plan continue adequately to meet the needs of the current and future populations of the Mountain House Community. The following determinations are each consistent with the original plans for Mountain House and affirm the MHCSO's ability to provide adequate services to existing and future populations within the SOI boundaries.

Additional information and detail supporting these SOI determinations can be found in **Chapter III. Sphere of Influence Plan** and in the MSR determinations that follow beginning with **Chapter IV**.

1. Present and Planned Land Use within the Current Sphere of Influence

Present and planned land uses are consistent with the adopted Master Plan and SOI boundaries. The MHCSO Master Plan includes goals, policies, and implementation programs that address growth, development, and conservation of open space. The present and planned land uses are appropriate for serving existing and future residents of Mountain House within the SOI boundaries. The Master Plan provides for a range of residential densities, commercial and industrial uses, open space and public facilities designed to adequately serve the community and to provide a diverse mix of uses supporting a vibrant and economically vital community. Infrastructure and facilities are planned and sized appropriately to serve the current and planned buildout.

Currently, approximately 2,000 acres, or about 45 percent of Mountain House Master Plan acreage is developed.⁵ Present population of 25,673 represents about two-thirds of projected buildout population anticipated by 2040; recent data indicate 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout.⁶ MHCSO anticipates about 2.3 million of commercial and industrial uses remain to be developed.⁷

⁴ Municipal Service Review and Sphere of Influence Plan, January 12, 2017, Final.

⁵ Correspondence with MHCSO received May 6, 2022.

⁶ MHCSO, as of March 31, 2022.

⁷ Correspondence with MHCSO received April 7, 2022, file: "Projected Projects.xlsx".

2. Present and Probable Need for Public Facilities and Services

The ability of the MHCS D to provide services is presented in this MSR with an analysis that shows MHCS D's capability in providing adequate public facilities and services to meet the existing and growing needs of the community.

MHCS D entered into a Public Services Allocation (PSA) agreement that defines which services will continue to be the responsibility of the County and which will be provided by the District. The County will provide land use and building approval/inspection services, while the MHCS D provides services under its eighteen legal powers as defined in the California government code establishing the MHCS D for water, wastewater, storm water, garbage, law enforcement, fire and EMS, street lighting, library and building services, road maintenance, transportation services, graffiti abatement, CC&R enforcement, flood control protection, pest and weed abatement, wildlife habitat mitigation, telecommunication, dissemination of information, and park and recreation. Many of these services are currently provided through contracts for service. As the community grows and/or incorporates, contract for services will be continually re-evaluated for cost-effectiveness, efficiency, and service quality to the community.

Public facilities, including all water, wastewater, storm water, streets/signals/lighting, parks, schools, community centers, public safety buildings, library, corporation yard, and town hall are specified in the Master Plan, along with binding agreements with developers to ensure proper funding and triggers for construction of the facilities are met. New development within the SOI will lead to population growth and the need for additional public facilities and service provisions as stipulated within the development and financing agreements that serve as implementation of the Master Plan.

Master Plan policies, including financing mechanisms, are in place to ensure adequate service provisions for current and future populations. Greater detail regarding present and planned public facilities is in **Chapter III**.

3. Present Capacity of Public Facilities and Adequacy of Public Services

The determinations included in this MSR beginning with **Chapter IV** demonstrate that public facilities and services are adequate to meet the needs of the current population, are being improved over time, and specific timeframes and triggers have been established to meet the public facility and public service needs of future populations.

4. Existence of Social and Economic Communities of Interest

No change in the Mountain House Sphere of Influence is being proposed. Thus, no adjacent community or population will be impacted any differently than anticipated in the environmental review of the Master Plan and subsequent Specific Plans.

B. Municipal Services Review Determinations Regarding the MHCS D's Ability to Provide Services

Determination #1: Growth and Population Projections

The Mountain House Master Plan and Specific Plans provide the basis for development of the community. Together, these plans detail the approved land uses and project the population in the land uses that will need the services provided by the MHCS D.

As shown in **Table IV-1**, the current population of 25,673 as of January 1, 2021, is projected to continue to grow. According to the Master Plan, the buildout population is projected to be approximately 39,000. The updated projected buildout year is year 2040.

Recent data indicate that 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout.⁸

Facilities, services and infrastructure described in Chapter VI are adequate to meet the needs of the projected buildout population of the Master Plan and Sphere of Influence area.

Determination #2: Disadvantaged Unincorporated Communities

According to the Department of Water Resource's Disadvantaged Communities mapping instrument,⁹ there are no communities within or contiguous to the City's SOI that meet the definition of a disadvantaged unincorporated community.

Determination #3: Present and Planned Capacity of Public Facilities and Adequacy of Public Services, including Infrastructure Needs or Deficiencies

The ability of the MHCS D to provide services is presented in this MSR with an analysis that shows MHCS D's capability in providing adequate public facilities and services to meet the existing and growing needs of the community.

MHCS D entered into a Public Services Allocation (PSA) agreement that defines which services will continue to be the responsibility of the County and which will be provided by the District. The County will provide land use and building approval/inspection services, while the MHCS D provides services under its eighteen legal powers as defined in the California government code establishing the MHCS D for water, wastewater, storm water, garbage, law enforcement, fire and EMS, street lighting, library and building services, road maintenance, transportation services, graffiti abatement, CC&R enforcement, flood control protection, pest and weed abatement, wildlife habitat mitigation, telecommunication, dissemination of information, and park and recreation. Many of these services are currently provided through contracts for service. As the community grows and/or incorporates, contract for services will be continually re-evaluated for cost-effectiveness, efficiency, and service quality to the community.

⁸ MHCS D, as of March 31, 2022.

⁹ DAC Mapping Tool, <https://gis.water.ca.gov/app/dacs/>

Public facilities, including all water, wastewater, storm water, streets/signals/lighting, parks, schools, community centers, public safety buildings, library, corporation yard, and town hall are specified in the Master Plan, along with binding agreements with developers to ensure proper funding and triggers for construction of the facilities are met. New development within the SOI will lead to population growth and the need for additional public facilities and service provisions as stipulated within the development and financing agreements that serve as implementation of the Master Plan. MHCS D track and forecasts the timing and amount of new development to anticipate and plan for needed public facilities and infrastructure; the District continually updates its long-term plans and its 5-Year Capital Improvement Program.

Master Plan policies and plans are in place to ensure adequate service provisions for current and future populations. Greater detail regarding present and planned public facilities is in **Chapter III**.

Determination #4: Financial Ability of the Agency to Provide Service

Revenue from the current fee and tax structure is adequate to fund the projected level of services needed at buildout of the community, except utility rate charges for water and wastewater operations and maintenance costs. As stated previously, ongoing rate analysis for water and wastewater operations and maintenance enterprise funds is conducted to eliminate General Fund subsidies for utilities. All property owners and residents will pay their fair proportionate share toward the provision of services based on the fee and tax structure adopted by the MHCS D Board of Directors.

A financing plan was developed that projected the costs of providing an urban level of service to the Master Plan area at buildout of the community and established financing mechanisms sufficient to fund needed facilities. Details regarding the level of services are contained in the Master Plan and subsequent supporting documents approved by the County. Sufficient funds are currently available to meet the needs of the present population and are projected to be sufficient to meet the needs of the population at buildout. The sufficiency of funding has been reviewed by the County each time it has approved a Specific Plan.

The MHCS D receives funds from utility user service charges, property and special parcel taxes, franchise and permit fees, and developer reimbursement of MHCS D costs in support of developer construction of infrastructure and planning activities. As land within the Master Plan and Sphere of Influence area are annexed to the MHCS D, the tax and fee structure of the District will apply equally to the newly annexed territory.

The expanded tax base that results from new development will provide funding for these facilities and services. Development fees collected when building permits are issued are used to pay back developers for constructing community facilities, while utility debt service fees collected as part of the monthly utility bill are used to pay back the Master Developer for design and construction of the state-of-the-art water, wastewater and storm water treatment systems. Development and connection fees will fund capital costs with user charges funding

operating and maintenance (O&M) expenses. Current O&M rates are under review by the MHCS D to ensure revenues cover O&M expenses.

Determination #5: Status of, and Opportunities for, Shared Services

The MHCS D has multiple planning processes in place to assess whether levels of service provided are adequate to accommodate new growth, including appropriately noticed and managed Board meetings, the Master Plan and Specific Plans, financial planning and audits, strategic planning, capital improvement plans, pavement management plans, annual budgeting process, master planning processes for water supply and distribution, wastewater and sewer systems, urban water management plan, as well as fire protection and law enforcement services. The financial department is now preparing non-mandated, but appropriate, Comprehensive Annual Financial Report (CAFR) as a tool to provide high level financial integrity in the District's systems. Through these processes the MHCS D will continue to monitor and assess whether future opportunities for shared facilities will improve levels of service in a cost-effective manner.

Determination #6: Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

The present governance structure of the MHCS D changed to that of an independent district in December 2008. The establishment of a voter-approved MHCS D resulted with the seating of a newly elected Board of Directors. The Board of Directors make the final decisions concerning fee structures and provisions of service subject to state law. The MHCS D Board of Directors reviews its fee structures for fire protection and emergency medical, water, sewer, and storm drainage on a nearly continual basis, but no less than once every five years. MHCS D Master Plan and other documents have numerous goals, objectives, policies, and actions to ensure that adequate services are provided in a cost effective manner to accommodate new growth; the documents are publicly reviewed and posted to assure transparency.

MHCS D has submitted an application to LAFCO to incorporate and become a city. LAFCO is in the process of preparing a Comprehensive Fiscal Analysis (CFA) as required by to determine financial feasibility. The Incorporation Feasibility Analysis (IFA) prepared by MHCS D in advance of its application to LAFCO concluded that a new city could be financially viable while increasing and improving local services and facilities provided to the community.¹⁰

Mechanisms are in place within the organization to effectively provide for public participation in the planning and development process to address government structure options to provide efficient and cost effective public facilities and services. Most of the planning, operational and financial systems of the MHCS D are continually being improved as the District staff implement large infrastructure projects and establish new services for the growing community. MHCS D staff continues to seek approval and direction from the Board in prioritizing goals and

¹⁰ MHCS D Incorporation Feasibility Analysis (IFA), Oct. 2, 2020, prepared by Berkson Associates.

objectives to assess service levels, appropriate staff levels for the needed services, and to monitor the effectiveness of service delivery.

The MHCS D's use of its budget process and long range infrastructure planning processes ensure that it is able to provide directly, and through contract, adequate levels of service in a cost-effective manner within its service areas. The MHCS D has demonstrated the ability to work with other service providers and districts to ensure that adequate, reliable services are provided in a cost effective manner. Efforts to ensure effective government structure for the provision of fire protection and emergency medical, law enforcement, water supply, wastewater treatment, and storm drainage facilities demonstrate the MHCS D's foresight to plan and provide for future service needs as MHCS D boundaries expand due to annexations and population increases.

II. INTRODUCTION

In accordance with the 2000 Cortese-Knox-Hertzberg Act, the San Joaquin County Local Agency Formation Commission (LAFCO) is required to prepare a Municipal Services Review (MSR) for the Mountain House Community Services District (MHCS D) prior to establishing or updating the MHCS D sphere of influence (SOI). This MSR has been prepared by the District for LAFCO to reconfirm the existing sphere of influence and to make determinations regarding the MHCS D's ability to provide services.

State law and LAFCO Policies and Procedures for Spheres of Influence, Service Reviews, and Annexations require this Municipal Service Review (MSR) to the following written determinations with regard to the ability of an agency to provide services:¹¹

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

This 2022 MSR updates the 2017 MSR.¹² The MSR addresses the current sphere of influence and each of these municipal service determinations in a separate chapter.

This MSR is exempt from the California Environmental Quality Act because it is an information document that is intended only to be used in the consideration of future actions that have not been approved or funded. LAFCO will prepare a notice of exemption as part of the process of reviewing this MSR.

¹¹ Gov't Code Sec. 56430(a).

¹² Municipal Service Review and Sphere of Influence Plan, January 12, 2017, Final.

III. SPHERE OF INFLUENCE PLAN

The California Government Code defines a Sphere of Influence (SOI) as a "plan for the probable physical boundaries and service area of a local agency, as determined by the commission."¹³ It is an area within which a city or district may expand through the annexation process.

The SOI is a planning tool and the establishment of a SOI or the inclusion of property within a SOI of an existing governmental entity does not automatically mean that the area is being proposed for annexation and development at this time. LAFCO is responsible for determining that an agency is reasonably capable of providing needed resources and basic infrastructure to serve areas within the MHCSO and in the SOI. The information in this MSR supports the MHCSO current boundaries to expand via annexation to buildout of the master plan community, which coincides with the existing SOI.

This chapter describes the MHCSO SOI Plan and analyzes the District's ability to serve both the current residents and the projected buildout population within the SOI boundaries. Analysis is provided that will permit LAFCO to make determinations for the following factors required to be considered:¹⁴

- Present and planned land uses in the area, including agricultural and open-space lands.
- Present and probable need for public facilities and services in the area.
- Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
- Present and probable need for those public facilities and services¹⁵ of any disadvantaged unincorporated communities within the existing sphere of influence.

LAFCO's guidelines for determining spheres of influence (SOI)¹⁶ provide that territory that is currently receiving services from the MHCSO, or is projected to need services from the MHCSO, within a 30 year timeframe may be considered for inclusion within the MHCSO SOI. LAFCO requires that "Sphere Horizons," or planning increments, should depict the District's logical boundaries at a time period between 5 and 10 years and up to a 30-year time period. The territory must be consistent with the General Plan Land Use element. The adopted SOI must also consider the County general plans, and policies for growth management, annexation, resource management and any other relevant policies, unless the plans or policies conflict with

¹³ Gov. Code Sec. 56076.

¹⁴ Gov. Code Sec. 56425(e).

¹⁵ Per Gov. Code Sec. 56425(e)(5) which applies to an SOI update of a "...special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012.

¹⁶ San Joaquin LAFCO Policies and Procedures for Spheres of Influence, rev. Dec. 14, 2012.

the legislative intent of the Cortese-Knox-Hertzberg Act.¹⁷ LAFCO Policies and Procedures make it clear that LAFCO's preference is for sphere of influence proposals that are based on general plan policies for implementing ordinances and programs that address smart growth principles, infill and redevelopment strategies, mixed use and increased densities, job development centers, community buffers, and conservation of habitat, agricultural land, and open space.

The SOI determinations are based on this updated 2022 MSR and the MSR determinations described in subsequent chapters.

A. SPHERE OF INFLUENCE BOUNDARIES

The MHCSO was created by the County of San Joaquin to provide services within the boundaries of the master planned Mountain House community. A General Plan and three Specific Plans have been adopted that encompass the entirety of the 4,784-acre territory (approximately 7.5 square miles) intended to be the maximum geographic extent of growth for MHCSO. **Map III-1** shows the Master Plan's land use designations and Master Plan boundaries, which are the same as the established boundaries of the MHCSO Sphere of Influence. This MSR is only intended to provide LAFCO with the information and determinations to reaffirm the existing Sphere of Influence for the MHCSO.

1. Present and Planned Land Uses

As shown in **Map III-1**, the Mountain House Master Plan provides for a range of land uses including residential, commercial, mixed use, industrial, open space, and public (schools, transit, and utilities). **Exhibit I** includes the Master Plan Land Use Summary showing total planned buildout by land use. Buildout land use includes approximately 2,486 acres of residential, 501 acres of commercial, 382 acres of industrial, 524 acres of open space, and 423 acres of public/school land use.

Currently, approximately 2,000 acres, or about 45 percent of Mountain House Master Plan acreage is developed.¹⁸ Present population of 25,673 represents about two-thirds of projected buildout population anticipated by 2040; recent data indicate 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout.¹⁹ MHCSO anticipates about 2.3 million of commercial and industrial uses remain to be developed.²⁰

Not all of the area within the Master Plan and Sphere of Influence has been annexed to the District, although Specific Plans have been adopted for the entire area. **Map III-2** shows the current boundaries of MHCSO and the portions of the Master Plan area that have not been annexed. The non-MHCSO property in **Map III-2** is expected to be annexed when the property owners complete their infrastructure design and are ready for construction. These annexations

¹⁷ Gov. Code Sec. 56000 et seq.

¹⁸ Correspondence with MHCSO received May 6, 2022.

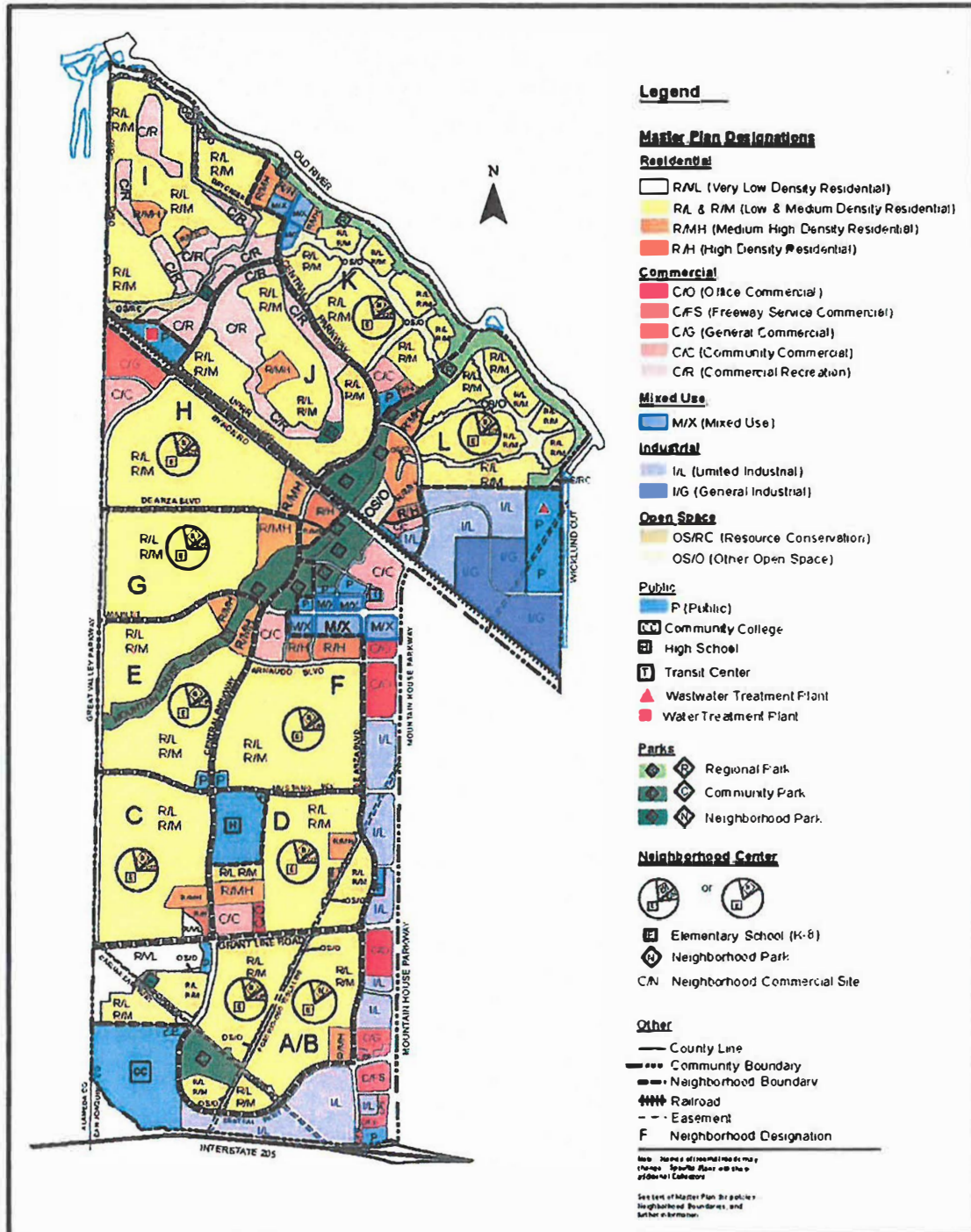
¹⁹ MHCSO, as of March 31, 2022.

²⁰ Correspondence with MHCSO received April 7, 2022, file: "Projected Projects.xlsx".

are anticipated in the Master Plan and all of the associated public facility and public financing plans for Mountain House.

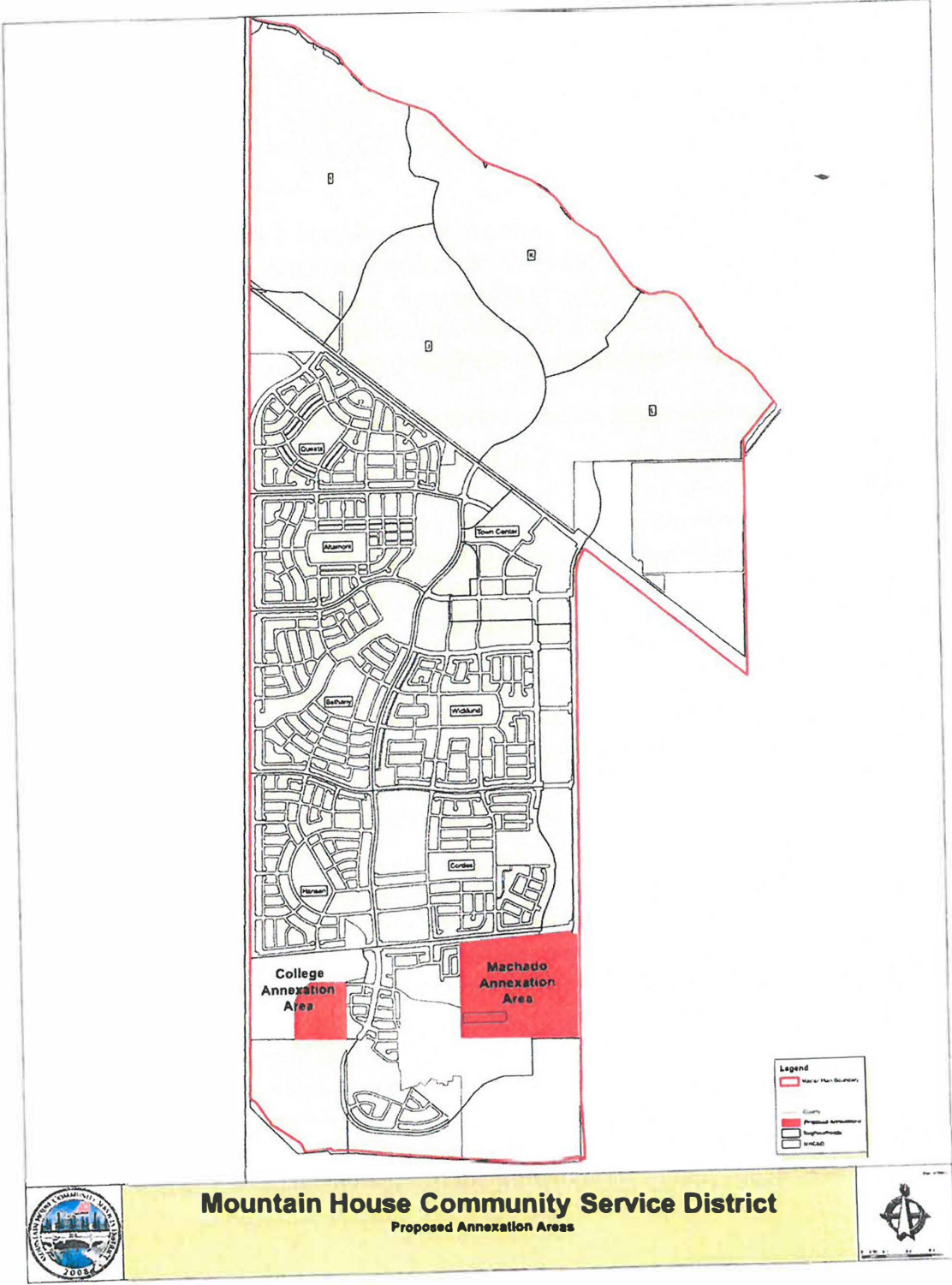
Map III-2 also shows two proposed projects requiring annexation to MHCS D. The proposed projects include a 34.17 acre parcel, the "College Annexation Area" (more specifically referred to as College Park - Q & N) and a 141.28 acre parcel, the "Machado Annexation Area" (more specifically referred to as Machado - P). The Machado project has an existing Tentative Map approval. The Machado application also includes Specific Plan amendments to convert a school site to residential and a Tentative Map on that site as well as swapping certain locations of Office Commercial and Limited Industrial designations.

Map III-1 Mountain House Master Plan Land Uses



Revised April 2004, February & November 2005, December 2006, September 2007, November 2017, April & November 2019

Map III-2 MHCSD and Remaining Annexation Areas within Master Plan



B. PROJECTED POPULATION WITHIN THE SPHERE OF INFLUENCE

As described under Determination #1, recent data indicate that 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout²¹ and a buildout population of 39,062.

C. DETERMINATIONS

MHCSD is not requesting, nor does it intend to change the current sphere of influence boundary. Therefore, the determinations in the following sections describe the continuing ability of the MHCSD to provide services adequate to meet the needs of both the current population within the Mountain House Master Plan and Sphere of Influence boundaries as well as the projected population at buildout of the Master Plan area.

1. Present and Planned Land Use within the Current Sphere of Influence

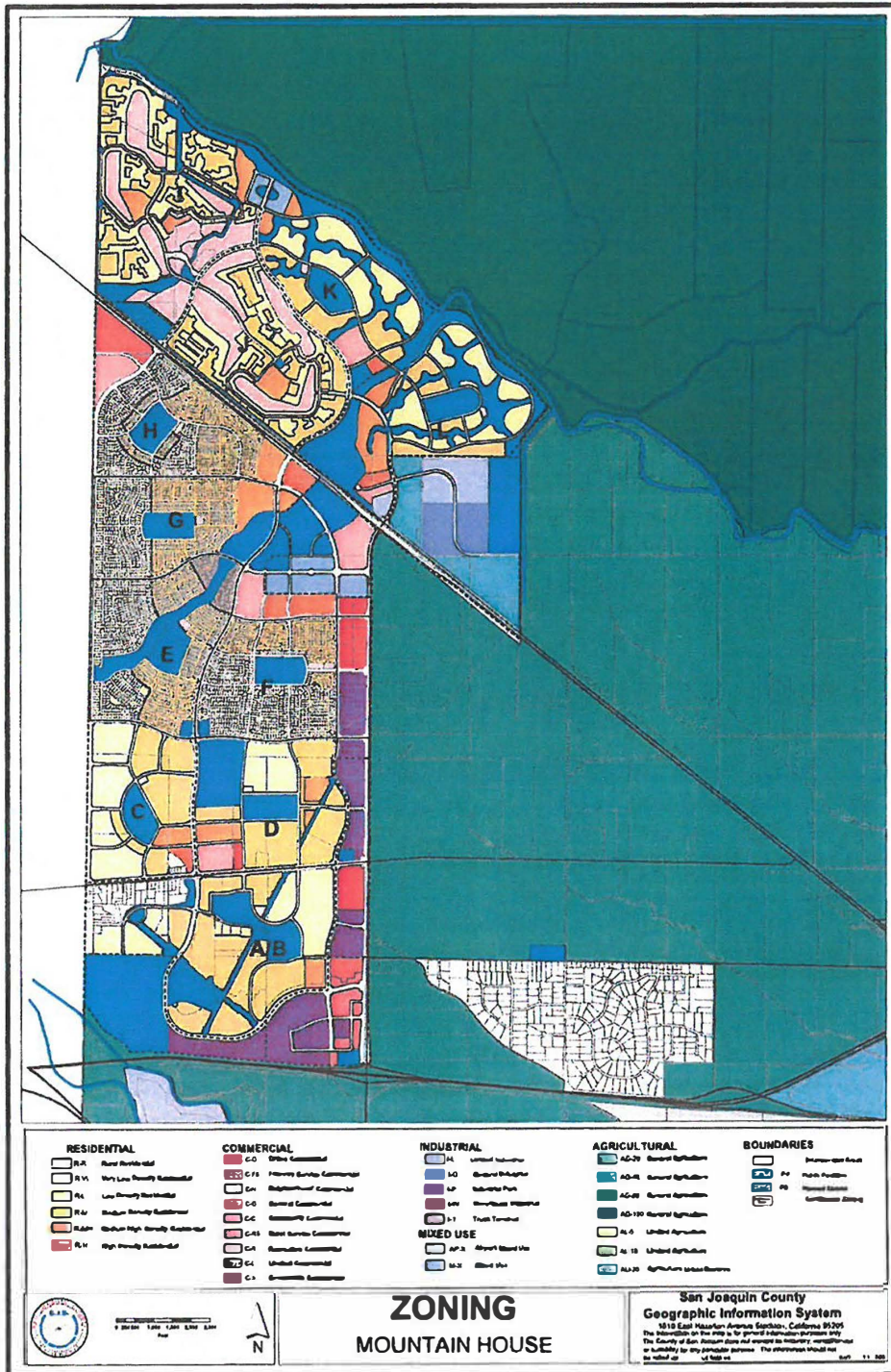
The Mountain House Master Plan and Specific Plan I were adopted by the San Joaquin County Board of Supervisors on November 10, 1994, Specific Plan II adopted on February 8, 2005, and Specific Plan III adopted on November 22, 2005. The total Master Plan area is 4,784 acres. Presently approved land uses are reflected on **Map III-3**. The land uses reflect a mix of Low- to High-Density residential, commercial and industrial uses to provide job opportunities for those that want to work in the community, and to provide housing that is affordable to those working residents. Open space and recreational facilities have been provided in the Master Plan, with their implementation provided in greater detail in the Specific Plans. Fiscal policies to ensure the implementation of community amenities are provided in the Mountain House Public Financing Plan (PFP) and the Master Acquisition and Reimbursement Agreements (MARA) with each developer. A buffer around the community is provided by policies of San Joaquin County as well as sizing the infrastructure to serve only the geographic area and population within the sphere of influence/master plan area.

Present and planned land uses as specified in the Master Plan, SOI, and Specific Plans (Plans) are appropriate for serving existing and future residents of the Mountain House community. Together, these Plans are consistent with land use goals, policies, and objectives contained in the existing and current draft San Joaquin County General Plans. All of these plans include goals, policies, and implementing programs that address growth, development, and conservation of open space. Present and planned land uses as specified in the Master Plan include Very Low Density Residential, Low Density Residential, Medium Density Residential, Medium-High Density Residential, High Density Residential, Neighborhood Commercial, Community Commercial, General Commercial, Freeway Service Commercial, Mixed Use, Office Commercial, Recreation Commercial, Limited Industrial, General Industrial, Industrial Park,

²¹ MHCSD, as of March 31, 2022.

Open Space/Resource Conservation, Open Space/Other, Public Facilities, Neighborhood Park, Community Park, and Regional Park.

Map III-3 Presently Approved Land Uses



The 2035 San Joaquin County General Plan Land Use Map remains unchanged for Mountain House from what is shown in the current County General Plan 2010. The updated 2035 General Plan is also carrying forward all the current policies from the 2010 General Plan regarding Mountain House to the General Plan 2035. No new policies or map updates are being added. Open space and recreational facilities have been provided in the Master Plan, with their implementation provided in greater detail in the Specific Plans. Fiscal policies to ensure the implementation of community amenities are provided in the Mountain House Public Financing Plan (PFP) and the Master Acquisition and Reimbursement Agreements (MARA) with each developer. A buffer around the community is provided by policies of San Joaquin County as well as sizing the infrastructure to serve only the geographic area and population within the sphere of influence/master plan area.

Currently, approximately 2,000 acres, or about 45 percent of Mountain House Master Plan acreage is developed.²² Present population of 25,673 represents about two-thirds of projected buildout population anticipated by 2040; recent data indicate 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout.²³ MHCS D anticipates about 2.3 million of commercial and industrial uses remain to be developed.²⁴

The 2035 San Joaquin County General Plan Land Use Map remains unchanged for Mountain House from what is shown in the current County General Plan 2010. The updated 2035 General Plan is also carrying forward all the current policies from the 2010 General Plan regarding Mountain House to the General Plan 2035. No new policies or map updates are being added.

2. Present and Probable Need for Public Facilities and Services

The ability of the MHCS D to provide services is presented in this MSR with an analysis that shows MHCS D's capability in providing adequate public facilities and services to meet the existing and growing needs of the community.

The MHCS D entered into a Public Services Allocation (PSA) agreement that defines which services will continue to be the responsibility of the County and which will be provided by the District. The County will provide land use and building approval/inspection services, while the MHCS D provides services under its eighteen legal powers as defined in the California government code establishing the MHCS D for water, wastewater, storm water, garbage, law enforcement, fire and EMS, street lighting, library and building services, road maintenance, transportation services, graffiti abatement, CC&R enforcement, flood control protection, pest and weed abatement, wildlife habitat mitigation, telecommunication, dissemination of information, and park and recreation. Many of these services are currently provided through contracts for service. As the community grows and/or incorporates, contract for services will be

²² Correspondence with MHCS D received May 6, 2022.

²³ MHCS D, as of March 31, 2022.

²⁴ Correspondence with MHCS D received April 7, 2022, file: "Projected Projects.xlsx".

continually re-evaluated for cost-effectiveness, efficiency, and service quality to the community.

Public facilities, including all water, wastewater, storm water, streets/signals/lighting, parks, schools, community centers, public safety buildings, library, corporation yard, and town hall are specified in the Master Plan, along with binding agreements with developers to ensure proper funding and triggers for construction of the facilities are met. New development within the SOI will lead to population growth and the need for additional public facilities and service provisions as stipulated within the development and financing agreements that serve as implementation of the Master Plan.

Master Plan policies, including financing mechanisms, are in place to ensure adequate service provisions for current and future populations. Greater detail regarding present and planned public facilities is in **Chapter III**.

3. Present Capacity of Public Facilities and Adequacy of Public Services

The determinations included in this MSR beginning with **Chapter IV** demonstrate that public facilities and services are adequate to meet the needs of the current population, are being improved over time, and specific timeframes and triggers have been established to meet the public facility and public service needs of future populations.

4. Existence of Social and Economic Communities of Interest

No change in the Mountain House Sphere of Influence is being proposed. Thus, no adjacent community or population will be impacted any differently than anticipated in the environmental review of the Master Plan and subsequent Specific Plans.

MUNICIPAL SERVICE REVIEW

IV. DETERMINATION #1: GROWTH AND POPULATION PROJECTIONS

This part of the Municipal Services Review provides information on the current and projected population in Mountain House that will create the need for the services discussed in Chapter III.

Occupancy in Mountain House began in 2003 following the conclusion of the 2000 United States federal census, therefore detailed demographic data for the current population were not available until the 2010 census, where records show a population as of April 1, 2010, of 9,675. Estimated current population is based on California Department of Finance estimates. Projections are from the draft Mountain House Urban Water Management Plan (2022).

A. CURRENT POPULATION AND DWELLING UNITS

The most recent 2020 census reports a population of 24,499. The present population of Mountain House is currently estimated by the California Department of Finance to be 25,673 as of January 1, 2021, and the persons per household is 3.812.²⁵

The overall average 3.8 persons per household is higher than the 3.04 persons/unit from a 2006 special census noted in the 2017 MHCS D MSR. The average density is expected to decline as higher density residential units are constructed.

B. PROJECTED POPULATION

Table IV-1 shows current and projected population for Master Plan and Sphere of Influence buildout expected by 2040. Recent data indicate that 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout²⁶ and a buildout population of 39,062.

The anticipated growth is based on the land uses approved in the most recent Specific Plans and tentative maps and General Plan designations.

²⁵ Cal. Dept. of Finance letter to MHCS D, Sept. 7, 2001.

²⁶ MHCS D, as of March 31, 2022.

Table IV-1 Projected Population²⁷

Population Served	2020	2025	2030	2035	2040	2045(opt)
	24,499	28,140	31,781	35,421	39,062	39,062
<p>NOTES: 2020 population is based on the 2020 Census. Buildout of the Mountain House community is estimated in 2040, and buildout population is based on the MHCSD's 2020 PWSMP. Population is assumed to grow linearly between 2020 and 2040 and remain flat between 2040 and 2045.</p>						

C. DETERMINATIONS

The Mountain House Master Plan and Specific Plans provide the basis for development of the community. Together, these plans detail the approved land uses and project the population in the land uses that will need the services provided by the MHCSD.

As shown in **Table IV-1**, the current population of 25,673 as of January 1, 2021, is projected to continue to grow. According to the Master Plan, the buildout population is projected to be approximately 39,000. The updated projected buildout year is year 2040.

Recent data indicate that 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout.²⁸

Facilities, services and infrastructure described in Chapter VI are adequate to meet the needs of the projected buildout population of the Master Plan and Sphere of Influence area.

²⁷ 2020 Urban Water Management Plan (UWMP), Draft Report November 2021, Prepared for MHCSD by West Yost.

²⁸ MHCSD, as of March 31, 2022.

V. Determination #2: Disadvantaged Unincorporated Communities

According to the Department of Water Resource's Disadvantaged Communities mapping instrument,²⁹ there are no communities within or contiguous to the City's SOI that meet the definition of a disadvantaged unincorporated community.

The State Codes describe a "Disadvantaged unincorporated community"³⁰ to mean inhabited territory,³¹ or as determined by commission policy, that constitutes all or a portion of a "disadvantaged community" as defined by the Water Code.³²

²⁹ DAC Mapping Tool, <https://gis.water.ca.gov/app/dacs/>

³⁰ Gov. Code Sec. 56033.5.

³¹ As defined by Gov. Code Sec. 56046.

³² Water Code Sec. 79505.5.

VI. Determination #3: Present and Planned Capacity of Public Facilities and Adequacy of Public Services, including Infrastructure Needs or Deficiencies

The purpose of this section is to evaluate infrastructure needs and identify potential deficiencies of services provided by the MHCSO, especially as they relate to current and future users. LAFCO is required to make a determination regarding the infrastructure needs, or deficiencies, within the MHCSO and the SOI.

This section of the MSR will address the provision of the following public services, some of which are directly provided by the MHCSO and others which are provided through contracted services:

- Fire Protection and Emergency Medical Services
- Law Enforcement
- Water Supply and Treatment
- Wastewater Collection and Treatment
- Storm Water Collection, Treatment, and Discharge and Flood Protection
- Parks, Schools and Libraries.

In order to approve a change in the SOI and annexation of land into the MHCSO, LAFCO must determine that the necessary infrastructure and public services exist to support the new uses at comparable service levels. The information put forward in this MSR demonstrates support for the MHCSO build-out SOI boundaries.

A. FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES³³

Fire and Emergency Medical Services are managed through a combination of service providers. The Fire and Emergency Medical Services (Fire and EMS) is managed through a contract³⁴ with the French Camp McKinley Fire District (FCMFD), also referred to as the Mountain House Fire Department (MHFD), since September 13, 2015. Prior to this date the contracted fire services were managed through Tracy Rural Fire Protection District (TRFPD - by contract with the City of Tracy through the South County Fire Authority).³⁵ The MHFD holds a public protection classification of "03/3X".³⁶

³³ Response to 4/8/2022 data request, Marty Cornilsen, Fire Chief, French Camp McKinley Fire District.

³⁴ Fire Protection and EMS Agreement Between MHCSO and French Camp McKinley Rural County Fire Protection District, Second Amendment, Aug. 11, 2021.

³⁵ MHCSO 2017 MSR.

³⁶ ISO, January 23, 2017. This means properties located within 5 road miles of municipal water supply were classified as a 3. Properties located within 5 road miles of a fire station were classified as a 3X.

The MHFD is a recognized member of the San Joaquin County Fire Chief's Association and participates in the local and statewide mutual aid system. Automatic aid agreements exist between MHFD and the following organizations: The Defense Logistics Agency (Tracy Depot), Montezuma Fire District, along with additional resources available through the San Joaquin County Mutual Aid system. Currently MHFD and SCFPA have a standing mutual aid response that is activated through the two dispatch agencies. Both organizations are members of the SJC Fire Chiefs Association, and currently attend county training and EMS meetings held within the county. MHFD is open to any correspondence with SCFPA and would participate in any joint meeting or training that would enhance both organizations.

The Emergency Medical Services are provided through a combination of expanded scope Basic Life Support 7 (Expanded Scope BLS provides additional life saving measures beyond BLS) through MHFD with transport provided primarily by American Medical Response (AMR); AMR provides basic life support (BLS), advanced life support (ALS), critical care transport, and neonatal transport. The expanded BLS scope provided by MHFD allows department personnel to administer Epinephrine in severe allergic reaction cases and Naloxone to reverse the effects of opiate (pain killers, narcotics) overdoses. These were formerly only allowed to be given by Paramedic Personnel. MHFD is the first fire department in the County to participate in this program under the San Joaquin EMS Agency.³⁷

The MHD Fire and EMS is staffed through a contract with the FCMFD. FCMFD is considered a combination agency, with Full-Time line staff and Reserve Firefighter personnel. FCMFD employs approximately 29 personnel: 24 full time firefighters working a 48-96, on a three-shift platoon schedule. One full time Fire Chief and one full time Administrative Assistant, working a 40 hour a week schedule. 3 Reserve Fire Fighters that are in a support roll to the paid firefighting staff. Reserve Firefighters have the qualifications to assist in firefighting and driver operating roles as needed by the fire district.

French Camp Station 11-1 is staffed with three personnel one officer, engineer, and firefighter. Mountain House Station 16-1 is staffed with two officers (Captain & Lieutenant) two engineers, and one firefighter. The district responded to approximately 1,900 emergency calls between Mountain House and French Camp (2021). The French Camp McKinley Fire District has several significant life-safety hazards such as the San Joaquin County Jail, San Joaquin County Juvenile Justice Center, Honor Farm, San Joaquin County Sheriff's Office, San Joaquin County General Hospital, and Interstate 5.

Fire & EMS Service Delivery

MHFD operates out of Mountain House Fire Station 1 (aka Station 16-1) at 911 Tradition Ln. Mountain House Station 1 is staffed with 5 personnel daily, with an on-duty officer to oversee major incidents. Station 1 houses two type 1 engines, a ladder truck, and a type 6 wildland apparatus.

³⁷ MHCSO 2017 MSR.

Station 16-1 continues to staff five personnel, 24 hours a day, 7 days a week, with an available Duty Officer. They work on a 48-96 hours three platoon system. The shift includes one Captain (Duty Officer) one Lieutenant, two engineers or certified driver operator, and one firefighter. This allows for a 3-person engine company and a two person cross-staffed truck or wildland unit to be always available. MHFD's five fire personnel provide expanded services to the Mountain House community beyond traditional Fire & EMS duties that include the following: assistance in emergency preparedness to include the MHCSD's Emergency Operation Plan and Emergency Operations Center, Incident Action Plans, Community Emergency Response Team, education in the classrooms from K-12, and participation in community events such as National Night Out, Music in the Park, 4th of July, Bike Rodeo, Farmers Market, Veterans Day, and Santa's Parade and Tree Lighting.

Training

The Department's Fire and EMS training officers are assigned to two of the current shift captains. The training captains are responsible for the delivery of all fire and EMS programs, through both cognitive and psychomotor skills. Staff training consists of fire operations, including live fire training, technical rescue, special operation, auto extrication, Hazmat First Responder Operations (FRO) and Decontamination (Decon), professional development courses, prevention courses, EMS operation and procedures. These training requirements are scheduled annually by the training officers using local, state, and national standards. Department training standards are two hours of training per shift with a minimum of 240 hours per year. Department utilizes on-line training in conjunction with a hands-on training program.

Equipment

Equipment at Mountain House Station 16-1:

Vehicle	Type	Make/Model	Year	Flow	Capacity
E16-1	Type 1	Rosenbauer	2014	1500 gpm	1000 gal
E16-2	Type 1	KME	1999	1750 gpm	500 gal
T16-1	Aerial 75'	Pierce	1991	1750 gpm	300 gal
BC11-1		Ford F150	2017		
BR16-1	Type 6	Ford F550	2008	95 gpm	300 gal

Equipment at French Camp Station 11-1:					
Vehicle	Type	Make/Model	Year	Flow	Capacity
E11-1	Type 1	Spartan	2010	1500 gpm	500 gal
E11-2	Type 1	Spartan	1995	1500 gpm	750 gal

E11-3	Type 3	Pierce	2012	500 gpm	500 gal
Ch11-1		Chevrolet	2021		
UT11-1		Ford F150	2010		
OES4606	Type 6	Ford F550	2020	500 gpm	280 gal

(State owned vehicle)

Currently MHFD is awaiting the delivery of a 2021 Rosenbauer 109' Viper EXT Aerial Apparatus in June 2022. This new aerial will replace the 1991 Pierce 75' aerial that MHFD currently has in service. MHFD is also in the process of presenting proposals for two new type 1 engines to replace and add to the current fleet. One type 1 engine will be replacing the 2016 Rosenbauer and putting it into a reserve status at Station 16-1. The MHFD recommends that the second type 1 engine be put into service at Station 16-2 when the new station is operational.

Fire and EMS Responses

Calls are dispatched through the Valley Regional Emergency Communications Center (VRECC), as part of a Joint Powers Agreement with the San Joaquin County Joint Radio Users Group (JRUG) in which the FCMFD participates as a voting member.

As shown in the table below, the average response time (turn out time after receiving the assignment plus travel time) to all calls is 6 minutes and 32 seconds.³⁸ The response time for ninety percent of all calls is 9 minutes and 39 seconds or less; for ninety percent of fire emergencies the response time is 9 minutes and 31 seconds or less.

Table VI-1: Fire - EMS Summary Statistics (2021)³⁹

Mountain House Data January 1 December 31 2021		Total								
		Count	Pick up to Dispatch	Average			90th Percentile			
Assign Time	Turn Out			Travel Time	Pick up to Dispatch	Assign Time	Turn Out	Travel Time		
Fire Emergency	Total	242	0:01:44	0:00:16	0:01:02	0:04:51	0:03:04	0:00:23	0:02:00	0:07:31
Medical Emergency	Total	474	0:03:06	0:00:14	0:01:20	0:05:32	0:04:08	0:00:24	0:01:57	0:07:41
All Responses	Total	716	0:01:45	0:00:15	0:01:14	0:05:18	0:03:07	0:00:23	0:01:58	0:07:41

Note: "Pick up to Dispatch" plus "Assign Time" equals the total "Call Assignment, Received to Dispatch" time applicable to the dispatch center's activity.

Ability to Serve Existing and Future Development

The Mountain House Master Plan, consistent with the County General Plan, specifies that the MHCSO will provide a suburban level of fire protection service and emergency medical services either as direct provider or by contracting for services. Fire protection is required to be

³⁸ Correspondence from Chief Cornilsen, French Camp McKinley Fire District, 6/7/2022.

³⁹ *ibid*, Chief Cornilsen, 6/7/2022.

provided in compliance with County General Plan requirements and all applicable standards adopted by the MHCSO. The MHFD's ISO rating of "3" has not changed since 2017, although since then, MHFD has added one type 1 reserve engine and a 75' aerial truck to its fleet, and currently a second station is in planning stage and should be completed in the fall of 2024. These additions should improve the next ISO rating.

The contract with the FCMFD provides for staffing additional fire stations and engine companies as the need occurs. A second fire station is planned north of Byron Road and as noted above should be completed in 2024. National Fire Protection Administration and Insurance Service Office performance standards are met through the current Fire and EMS level and will continue to be met as demands increase from the growing population, equipment is added, and when the second fire station is operational.

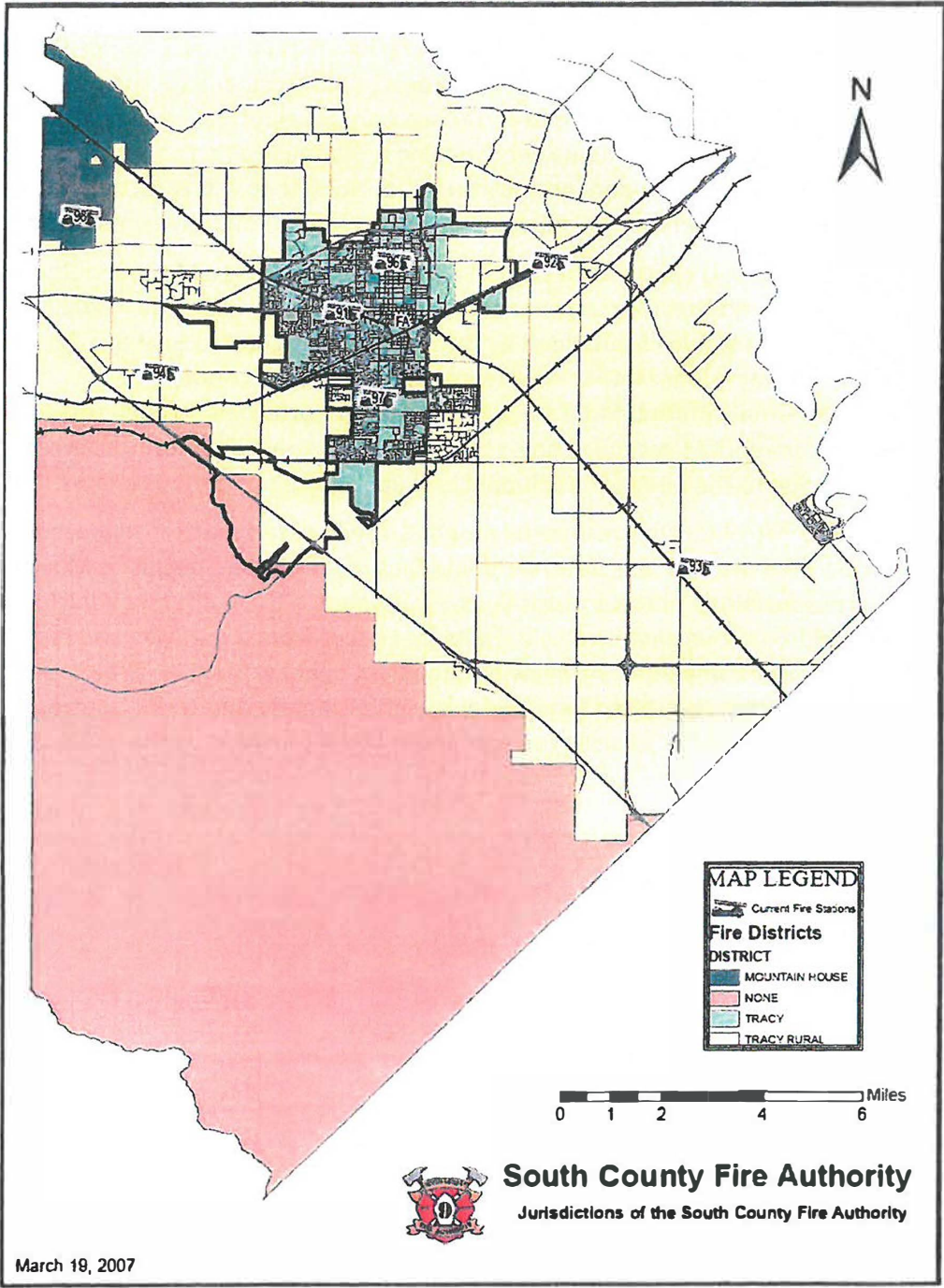
Map VI-1 shows the location of existing Mountain House Fire Station No. 1 located at 911 Tradition Street, in Mountain House, and the surrounding *South County Fire Authority* fire stations which all have available services for the Master Planned Mountain House community and SOI areas. A second new fire station Mountain House Fire Station No.2 is to be located north of Byron Road, in the Mountain House SOI and master planned areas, to help respond to calls from development north of Byron Highway. With the new station added, MHFD will have a total of three companies (2 engine/1 truck/ 1 duty office) and nine total personnel when build-out is complete. The addition of a new station, more personnel and new engines will improve response times and services.⁴⁰

The adopted Fiscal Year 2021-22 budget by the MHCSO for Fire and Emergency Medical Services contracted services is \$2,541,035 which is sufficient to cover the current staffing levels and operations and maintenance of the fire station and equipment.⁴¹ The need for additional personnel in the future will be addressed by the Board of Directors, MHCSO General Manager, the FCMFD Board of Directors, and the FCMFD Fire Chief, as response times are reassessed and as the budget allows and as new development occurs.

⁴⁰ *ibid*, Chief Cornilsen, 6/7/2022.

⁴¹ MHCSO 2021/2022 Adopted Budget, pg. 97.

Map VI-1 Fire Stations in SCFA Service Area⁴²



⁴² South County Fire Authority—Fire Department Standards of Cover Study
Volume 2—Technical Report, Citygate Associates, May 2, 2017, pg. 16.

B. LAW ENFORCEMENT

Law enforcement is contracted through the San Joaquin County Sheriff's Office (SJCOSO).⁴³ The SJCOSO command staff and deputies operate out of two facilities: (1) a satellite office located at the MHCSO Town Hall, 251 E. Main Street, Mountain House, California; and (2) the SJCOSO headquarters located at 7000 Michael Canlis Blvd, French Camp, California. As the community grows, a separate law enforcement headquarters building is planned to be constructed adjacent to Town Center Community park near Byron Road. No date for construction has been established; its timing is dependent on the needs of law enforcement and the community.

The SJCOSO presently assigns six patrol officers and a sergeant full time to Mountain House; this number will increase with the addition of another full time deputy expected in 2022.⁴⁴ Additional law enforcement service is provided by the deputies assigned to Beat 8, a "beat area" that includes Mountain House and the adjacent unincorporated county area. Investigative and all other law enforcement support services are provided through the SJCOSO.⁴⁵ **Table VI-2** summarizes response times by call priority; the high priority calls require a longer response time due to the need for additional backup required by serious crimes.

The California Highway Patrol (CHP) is responsible for all traffic related matters that occur within the unincorporated areas of the state, including Mountain House. Specific to Mountain House, the CHP is responsible to enforce traffic laws, as outlined in the California Vehicle Code, investigate traffic accidents, investigate vehicle thefts that occur from a roadway and respond to parking and other traffic complaints. As a law enforcement agency, the CHP also assists other local and state agencies when requested for general law enforcement and traffic control.⁴⁶ MHCSO contracts with the CHP for services to supplement those provided by the SJCOSO.⁴⁷

⁴³ Agreement, Police Protection Services, A-04-432, June 15, 2004.

⁴⁴ Correspondence from San Joaquin County Sheriff's Office to MHCSO, 4/27/2022.

⁴⁵ MHCSO 2017 MSR, pg. 31.

⁴⁶ MHCSO 2017 MSR, pg. 33.

⁴⁷ Department of California Highway Patrol and Mountain House Community Service District CHP Agreement# 20R266000, 12/1/2020 through 11/30/22.

Table VI-2: San Joaquin Sheriff’s Department Response Times to Mountain House⁴⁸

Priority	Description	Avg. Response Time
Priority 1	Highest Priority, requires immediate dispatching, A crime, typically in-progress, where the physical well-being of a person is in jeopardy, e.g., assault, homicide, kidnapping, robbery, home invasion, burglary (suspect possibly on premises), brandishing a weapon, bomb threats, coroner’s case, missing or lost children, disaster, etc.	9.6 minutes
Priority 2	Priority 2 calls do not require an immediate response but should be dealt with as soon as possible. Non-violent persons' crimes and property crimes with known suspects, e.g., family disturbance, suspicious person (no weapons seen), burglary (suspect not on premises), theft of property with possible suspect lead, welfare check, etc.	5.4 minutes
Priority 3	The majority of calls fall into Priority 3; these calls are handled in the order in which the call is received. Property crimes with no suspect leads, incidents where the victim delayed reporting the crime. Examples include cold burglary, property theft or damage, mail theft, noise complaints, information requests, etc.	27.6 minutes

Crime rates are typically low in Mountain House, especially when compared with other communities located in northern San Joaquin Valley and compared to other metrics as shown in **Table VI-3**. Mountain House property and violent crime rates per 100,000 population were among the lowest by comparison to other San Joaquin County communities. Property crime rates and violent crime rates both declined from 2017 through 2019.

⁴⁸ Correspondence with Sgt. Burke, SJCOSO, 2022-05-03.

Table VI-3 Comparison of Violent and Property Crime Rates per 100,000 2017-2019⁴⁹

City	2017 Violent Crime Rate per 100000	2018 Violent Crime Rate per 100000	2019 Violent Crime Rate per 100000	2017 Property Crime Rate per 100000	2018 Property Crime Rate per 100000	2019 Property Crime Rate per 100000
Mountain House	61	43	36	1677	1302	1078
Lathrop	NA	790	362	NA	2932	1299
San Ramon	73	56	76	1276	1027	1439
Ripon	83	63	81	1826	1417	1540
Pleasanton	117	129	133	1967	1700	1942
Tracy	214	216	179	2414	2534	1984
Escalon	448	274	209	2267	1620	1766
Livermore	183	203	211	2185	1851	1700
Manteca	326	316	238	2851	2822	2213
Lodi	497	417	351	2584	2561	2452
Stockton MSA- San Joaquin County	809	795	785	2935	2956	2836
National Crime Rate	384	370	367	2363	2210	2109
California	449	397	441	2497	2672	2331
Suburban Cities 10K-24K	224	216	218	1973	1784	1712
Non Suburban Cities 10K -24K	422	413	401	3274	3077	2821

Table VI-4 shows 1,190 total monthly calls for service for FY2020-21 compared to FY2021-22 year-to-date through March 2022. MHCS staff works closely with the SJCOSO command staff and deputies to proactively address concerns, such as crime or traffic safety. The Sheriff's Office collects monthly statistical data for Mountain House that is available online at the (1) Sheriff's web page⁵⁰ and (2) the MHCS website in the monthly Board agenda packages.⁵¹

⁴⁹ Kirchoff and Associates, Report to MHCS, March 3, 2021, Exh. II-C.

⁵⁰ www.sjsheriff.org and mapping of calls at:
<https://www.communitycrimemap.com/?address=San+Joaquin+County>

⁵¹ <https://www.mountainhousecsd.org/government/board-meeting-agendas-and-minutes>

Table VI-4 San Joaquin Sheriff’s Department Calls for Service to Mountain House
FY2020-21 and FY2021-22 (year-to-date through March)



Through its contract with the San Joaquin County Sheriff's Department for law enforcement, the MHCS D provides the Mountain House community with six full-time (Full-Time Equivalents or FTEs) deputies; the service levels are planned to increase as noted below. Mountain House is designated by the Sheriff's Department as Beat 8. The Sheriff's Office also provides additional deputy support to Mountain House through its assignment of one full-time deputy for the western part of the county defined as Beat 8.

The Fiscal Year 2021-22 MHCS D Budget contains funds to hire the additional staff for full-time assignment to Mountain House that will ensure a patrol unit 24 hours per day, 7 days a week present within the MHCS D boundaries and SOI. The current budget also contains funds to provide 'enhanced' traffic enforcement by the SJCOSO in Mountain House, with assistance by the California Highway Patrol. The Fiscal Year 2021-22 MHCS D adopted budget for law enforcement services is \$2,863,523 which is sufficient to cover the current law enforcement services.⁵² The budget includes \$50,000 for California Highway Patrol traffic enforcement services to supplement existing services in Mountain House.

The Master Plan includes policies and implementation measures that would allow for the MHCS D to continue providing adequate staffing levels. The Mountain House Master Plan provides that sworn officers will be added at levels specified in the County General Plan

⁵² MHCS D 2021/2022 Adopted Budget, pg. 96.

consistent with standards for comparable urban communities within the County and any additional needs determined by the community.

As the community of Mountain House grows, the need for additional law enforcement personnel will be addressed by the Board of Directors, MHCSO General Manager, the County's Board of Supervisors, and the Sheriff's Department. The analysis will include an assessment of crime statistics, response times, community needs, and revenue availability.

C. WATER SUPPLY, CONSERVATION AND TREATMENT

The MHCSO serves drinking water to the Mountain House community. The MHCSO water system consists of one water treatment plant, three storage tanks, three booster pump stations, and approximately 74 miles of pipelines.⁵³ All water supply infrastructure, including the diversion point, conveyance facilities, treatment plant, storage, and pump stations is designed for ultimate buildout of the community. MHCSO owns the water treatment plant and distribution system and contracts operations and maintenance (O&M) to a private operator to meet MHCSO contract specifications and State and Federal laws and permit conditions.

Prior to development, the San Joaquin County Board of Supervisors approved a water supply reliability analysis conducted as part of an Environmental Impact Report in 1994 for Specific Plan I; subsequently, Specific Plan II and Specific Plan III were the subject of water supply assessments (WSAs)⁵⁴ that demonstrated an adequate, reliable water supply.

MHCSO is in the process of updating its Urban Water Management Plan (UWMP) which is a requirement of State law⁵⁵ to help water suppliers assess the availability of their water supplies with current and projected water use to help ensure reliable water service under different conditions. The UWMP evaluate conditions for the next 20 to 25 years, so required updates every five years ensure continued, long-term water supply planning. The UWMP provides further detail about the MHCSO water system including how it is meeting conservation targets, achieving water service reliability, and preparing a plan to respond to water shortages.

The MHCSO's current water supplies are exclusively purchased from the Byron Bethany Irrigation District (BBID). BBID's primary source of supply is the State Water Project (SWP), which diverts surface water from the Sacramento-San Joaquin Delta (Delta). The raw water is provided by BBID through their pump station located along the California Aqueduct downstream of the Harvey O. Banks Pumping Plant (BBID's diversion and pumping facilities pre-date the State Water Project system, and therefore, the BBID possesses a settlement agreement with the SWP recognizing BBID's right to divert) and is delivered through a BBID-owned 30-inch pipeline to the treatment plant, where the raw water becomes the responsibility of MHCSO's O&M operator.⁵⁶

⁵³ 2020 Urban Water Management Plan (UWMP), Draft Report November 2021, Prepared for MHCSO by West Yost.

⁵⁴ WSAs were required by SB 610 and SB 221 (statutes adopted by the California State Legislature in 2001)

⁵⁵ Urban Water Management Planning Act.

⁵⁶ MHCSO 2017 MSR.

1. Water Distribution System

The existing water distribution system includes distribution mains, a treated water storage tank and pump station located at the water treatment plant (WTP) site, the Westside Booster Pump Station, and two College Park Storage Tanks and booster pump stations (BPS).⁵⁷

The existing distribution system consists of approximately 74 miles of pipelines ranging from 6 to 36 inches in diameter. Most existing pipelines are polyvinyl chloride, with the remainder being ductile iron or cement-lined steel.

2. Water Treatment Plant and Storage⁵⁸

The BBID diversion to Mountain House is located approximately three miles northwest of the MHCS D WTP. The WTP began operations in 2002 and is currently operated under a third-party contract with Inframark Water & Infrastructure Operations (Inframark). While the WTP has a current capacity of 15 million gallons per day (MGD), it will ultimately be expanded to a capacity of approximately 20 MGD.

At the WTP site, raw water from BBID is stored in a 4-million gallon (MG) raw water storage tank before entering the compact water treatment facility containing an absorption clarifier, filter, and filter well. The treated water is then pumped through an ultraviolet disinfection system, chlorinated, and stored in a 4.5 MG treated water storage tank.

The existing water system has three treated water storage tanks, which provide water to meet hourly demand fluctuations, supply demands during emergency and power outage conditions, and provide a fire flow reserve. The 4.5-MG treated water storage tank at the WTP is described above. The other two tanks (College Park Tanks 1 and 2) are 3.7 MG each and provide water to the Zone 1 and Zone 2 booster pumps.

3. Water Conservation Measures

MHCS D continues to implement demand management measures (DMMs) to promote conservation and reduce demands on water supplies. DMMs include water waste prevention ordinances, required water metering, conservation pricing, public education and outreach, and programs to assess and manage distribution system losses. MHCS D also provides staff to support its residential water conservation program and its large landscape irrigation conservation program.⁵⁹

By implementing the DMMs summarized above and described in Chapter 9 of the 2015 UWMP, MHCS D achieved its interim and final targets established in the 2015 UWMP.⁶⁰

⁵⁷ Ibid, 2020 UWMP.

⁵⁸ Ibid, 2020 UWMP.

⁵⁹ Ibid, 2020 UWMP.

⁶⁰ Ibid, 2020 UWMP.

4. Future Supply and Demand and Improvements to the System

The MHCS D reviewed development and planning documents to estimate water demands for a fully developed community (i.e., buildout), which is expected in 2040. Mountain House is projected to develop the remaining 6 residential neighborhoods over the next 20 years. The Town Center/Central Commercial area and the industrial and office space areas of the Master Plan are yet to be built out. Mountain House plans to align with the overall community goals outlined in the Master Plan as a self-sufficient community offering employment, goods, services, and recreation to a growing population.

Based on data presented in the 2020 Potable Water System Master Plan Update⁶¹ (2020 PWSMP), the buildout land use includes approximately 2,486 acres of residential, 502 acres of commercial, 382 acres of industrial, 525 acres of open space, and 423 acres of public/school land use.⁶² The MHCS D's 2020 service area population is based on the 2020 US Census and estimated at 24,499. Buildout of the Mountain House community is expected in 2040. Per the MHCS D's 2020 Potable Water System Master Plan Update (2020 PWSMP), buildout population is projected to be 39,062, an increase of approximately 59 percent from 2020.

Current total water demand for 2020 of 4,672 Acre Feet (AF), including system losses, is projected to grow to 9,595 AF by buildout expected in 2040.⁶³ Water demand is expected to remain constant between 2040 and 2045 because buildout is anticipated around 2040.⁶⁴

MHCS D is expected to continue to purchase water from BBID. In the future, the MHCS D will be able to use the riparian water rights on properties north of Byron Road as they are developed. MHCS D is in the process of finalizing the transfer and ability to use these riparian rights.⁶⁵ These rights allow for the beneficial use of Old River water within those properties, and the projected increase in water supply is approximately 2,570 AF.⁶⁶ For the MHCS D to use Old River water, certain properties near the river must be developed. After development, Old River water must be used within those properties.

Table VI-5 compares projected buildout demand to future supplies. As shown in the table, MHCS D will have a surplus of 2,788 AF/yr.⁶⁷ Therefore, MHCS D will be able to meet projected buildout demands with available water from BBID and riparian rights. The District is pursuing additional sources and conservation measures to further bolster water supplies.

⁶¹ MHCS D 2020 Potable Water System Master Plan Update, Nov. 2020, West Yost Associates.

⁶² *ibid*, 2020 UWMP.

⁶³ *ibid*, 2020 UWMP, Table 4-3.

⁶⁴ *ibid*, 2020 UWMP.

⁶⁵ Correspondence from MHCS D, Nadir Shareghi, May 25, 2022.

⁶⁶ *ibid*, 2020 UWMP, Table 6-5.

⁶⁷ *ibid*, 2020 Potable Water System Master Plan Update, pg. 4-3.

Table VI-5 Comparison of Water Supplies to Projected Demands⁶⁸

Origin	BBID af/yr	Riparian af/yr	Total af/yr
Specific Plan I	2,662	-	2,662
Specific Plan II	5,246	2,570 ^(a)	7,816
Specific Plan III	1,505	-	1,505
Additional Contracted Amount	400	-	400
Total Supplies	9,813	2,570	12,383
Projected Buildout Demands (Raw and Potable)			9,595
Projected Supply Surplus			2,788
<p>(a) Because riparian water is not a right to a particular quantity of water, the projected amount of riparian water supply available (2,570 af) is based on the current estimate of customer demands within the riparian area at buildout (subject to the availability of riparian water). The amount of riparian water supply available to the MHCS D is subject to change based on the actual amount of water used by customers on the land with riparian water rights.</p>			

The MHCS D does not currently have plans to use recycled water (i.e., highly treated wastewater) or develop groundwater supplies, though it may in the future.

Existing distribution systems are sized to serve the community at buildout with additional lines to be constructed by the developers as future neighborhoods are built. The existing WTP is designed to be expanded by adding treatment equipment into existing treatment bays with new water storage tanks to be constructed as a requirement to meet future development needs.

MHCS D maintains two funds to support its water enterprise fund: (1) annual Operations and Maintenance fund; and (2) Capital Improvement Plan (CIP)⁶⁹ to fund water system upgrades. Both plans are updated each year and adopted as part of the overall annual operation budget for the MHCS D. Revenues for these funds are generated from water rates. Water rates are reviewed and updated as needed periodically to assure adequate funds are available for required water system upgrades and maintenance. Expansion to the system to serve new development is funded by developers.

D. WASTEWATER COLLECTION AND TREATMENT⁷⁰

The MHCS D provides wastewater collection and treatment infrastructure for the master planned Mountain House community. Key documents and primary sources of information include:

- *Mountain House-Master Plan (November 10, 1994), the Mountain House-Specific Plan I (November 10, 1994)*

⁶⁸ *ibid*, 2020 Potable Water System Master Plan Update, Table 4-2.

⁶⁹ MHCS D prepares and annually updates (or more frequently, as needed) its 5-year CIP.

⁷⁰ 2017 MSR has been updated based on review and comment by MHCS D DPW, 5/4/2022.

- *MHCSD Sanitary Sewer Collection System Study (dated June 1, 1999, revised May 17, 2001)*
- *Amendment to the Sanitary Sewer Collection System Study (May 17, 2001)*

The master plans and studies outline a long-term strategy for meeting future discharge and capacity requirements in order to meet the community needs for buildout of the Master Plan. A drawing of the Wastewater System Master Plan is attached as **Exhibit III**.

The wastewater collection and treatment system are managed by the MHCSD's Public Works Department. Operations and maintenance services (O&M) are contracted to a private entity, currently Inframark (formerly known as Severn Trent), for the wastewater collection and treatment system to meet MHCSD contract specifications, State and Federal laws, and permits conditions. The wastewater O&M contract was originally approved by the MHCSD Board of Directors in May 2008, but has since been renewed, including an extension in 2020 through 2024.⁷¹

The wastewater treatment plant (WWTP) and additional lift stations and collection lines will be constructed by developers as needed to connect the trunk sewer lines as new development comes online.

1. Wastewater Collection System

The wastewater system serving the Mountain House community includes a wastewater collection, treatment and disposal system. Approximately 80% of the service area drains by gravity through a backbone collection system to the treatment plant. The remaining 20% is and will be pumped as development occurs to the treatment plant through lift stations and force mains. For instance, the wastewater collection system located south of Byron Road is a gravity system to the treatment plant, currently consisting of approximately 67 miles of collection lines. The wastewater treatment and disposal system were designed and built to serve build out of the community with phasing for expansion of equipment within the treatment plant to be added as necessary to meet development needs. The existing system serves Neighborhoods A (Delta College), B, C, D (High School, Fire Station), E, F, G and H. Additional wastewater infrastructure will be constructed by the developers, as development occurs to meet new demands.

At buildout of the community, all wastewater will flow to the WWTP located within the community master plan and SOI boundaries.

2. Wastewater Treatment Plant

The WWTP will be sized at total buildout to provide 5.4 million gallons per day (mgd) Average Dry Weather Flow (ADWF) of treatment capacity (all future references to treatment plant capacity will be ADWF). During 2007, the present Phase II treatment system and the associated

⁷¹ Amendment Renewing Agreement for Operation and Maintenance of Water, Wastewater and Stormwater Facilities and Utility Billing Services for the MHCSD, effective June 1, 2021 through June 30, 2024.

infrastructure were replaced with 3.0 mgd Sequential Batch Reactor (SBR) system. Subsequent improvements changed the SBR system to a Membrane Bioreactor (MBR) treatment system. All new treatment plant facilities have extensive instrumentation and control (I&C) systems, such as SCADA, and an integrated state-of-the-art security system.

Design of the additional expansion of the WWTP is complete and construction is anticipated as development triggers the need per the master plan. Final phase of the WWTP expansion will bring the plant treatment capacity to a total dry weather treatment capacity of 5.4 mgd, sufficient to treat all of the wastewater generated within the Master Plan and SOI boundaries and contained within the existing permit conditions.

Past, current (2021) and projected annual flows at the wastewater treatment plant are as shown in **Table VI-6**:

Table VI-6 Total Annual Average Day Flow (AADF) in million gallons per day

	2008	2015	2021	Estimated Buildout 2040
Flows (MGD)	0.60	0.70	1.25	5.4

The actual amount of wastewater treated each year between now and buildout of the community will depend upon the pace of development as determined by market conditions.

3. Effluent Discharge, Sludge Disposal and Industrial Waste Regulation

Treated effluent is discharged to the Old River pursuant to Wastewater Discharge Requirements in the Order No. R5-2017-0119 , NPDES Permit No. CA0084271 and Time Schedule Order No. R5-2017-0120. These orders and the permit are effective February 1, 2018 and expire on January 31, 2023.

Sludge generated in the Sequential Batch Reactors is removed as needed and recycled on permitted lands or disposed of in a landfill of appropriate classification.

The MHCS D Board of Directors has adopted an ordinance "Regulating Industrial Waste into the Mountain House Wastewater Collection and Treatment System."⁷² MHCS D is responsible for administration of the programs to enforce the provisions of this ordinance and expects day-to-day monitoring to be the responsibility of the contracted services provider. The MHCS D's WWTP is governed by an NPDES permit issued by the Central Valley Regional Water Quality Control Board (Regional Board), which is required to be reviewed every five years.

4. Future Wastewater Demand and Systems Improvement

Based on projected wastewater generation factors for various land use, the projected buildout plant capacity is 5.4 mgd. An evaluation is underway that estimates the capacity to be 4.0 mgd

⁷² See Div. 6. – Wastewater Control and Pretreatment Ordinance, MHCS D Municipal Codes.

and the current expansion is for a 4.0 mgd MBR treatment plant that can be expanded to 5.4 mgd if necessary, by adding additional membranes.

The Wastewater Operations and Maintenance (O&M) Fund and the Capital Improvement Plan (CIP) Fund pay for necessary O&M as well as any system upgrades necessary to meet regulatory conditions and infrastructure repairs. Revenues for these two funds are generated from wastewater rates which are reviewed and updated as necessary. Rates are planned to be reviewed every five years to ensure O&M expenses and CIP requirements are met. Infrastructure expansion to serve new development is funded by developer impact fees.

The MHCS D evaluates its rates and pledged facilities fee structure on a continuous basis to assure that sufficient funds are generated to pay for the various public improvements needed to provide wastewater treatment and collection services for the existing and increased population, and to reimburse initial developers of infrastructure.

Current ongoing maintenance and CIP projects include evaluation of pumps and mixers to determine indications of bearing or bus ing failure; based on this assessment and age of the equipment, certain units may be marked for removal and replacement. An amount of \$368,000 is budgeted in the FY2021-22 CIP budget for this testing and repair.⁷³

During Phase III of the Wastewater Treatment Plant expansion the plant was designed and is being constructed as an MBR plant with a 4.0 mgd capacity which is expandable to 5.4 or any capacity needed for the buildout of the community.

E. STORM WATER DRAINAGE

The MHCS D provides storm water drainage infrastructure for the master planned Mountain House community. The Mountain House Master Plan establishes objectives, policies and implementation measures for the community's storm drain collection system, including off-site watershed, primary storm drain facilities, secondary storm drain facilities, Mountain House Creek, BMP treatment, flood protection, and phasing of the storm drain collection system. Subsequent storm water master plan updates revised the Master Plan. A drawing of the Storm Water Drainage System Master Plan is attached as **Exhibit IV**.

The storm water drainage system is managed by the MHCS D's Public Works Department. Although managed by the MHCS D, the operations and maintenance services are contracted to a private entity, currently Inframark (formerly known as Severn Trent), for the storm water drainage system to meet MHCS D contract specifications, State and Federal laws, and permits conditions. The MHCS D NPDES permit is also managed by the Public Works Department. The contract was originally approved by the MHCS D Board of Directors in May 2008, but has since been renewed, including an extension through 2024.⁷⁴

⁷³ MHCS D 2021/2022 fiscal year budget, pg. 139.

⁷⁴ Amendment Renewing Agreement for Operation and Maintenance of Water, Wastewater and Stormwater Facilities and Utility Billing Services for the MHCS D, effective June 1, 2021 through June 30, 2024.

1. Existing Storm Water Collection System and Planned Expansion⁷⁵

The existing "state-of-the-art" storm water collection system collects, filters, conveys, and treats runoff from within the master planned SOI area and from within the watersheds to Old River via a gravity flow system.

The Mountain House storm water collection system is a gravity system consisting of street inlets, carbon filters located at the inlets, water quality storage ponds and treatment basins, an engineered Mountain House Creek (for further treatment), culverts, inlets, and approximately 78.14 miles of lines.⁷⁶

The storm water collection system has been designed for buildout through its various master infrastructure plans. The current system will be expanded as development occurs within the master planned and SOI area. Additional lines and infrastructure will be constructed by the developers as neighborhoods are ready for development and as development occurs in Town Center and other planned development areas.

The charcoal filters located at each existing inlet within the developed area provides initial treatment of runoff collected from rooftops and streets. The primary treated storm water flows from the street level inlets to water quality detention and treatment ponds where secondary treatment occur allowing sediments, debris, and chemicals to settle before runoff is allowed to enter the primary channel of Mountain House Creek, and ultimately Old River. Maintenance of the detention basins is contained in a Mountain House Creek O&M plan. Further filtration of water quality occurs in Mountain House Creek as flow meanders through vegetated areas. In addition to treatment, the ponds serve as temporary storage regulating storm water flow to the system downstream. Additional water quality detention basins currently exist north of Byron Road, adjacent to the railroad and Mountain House Creek, and south of Grant Line Road at Central Parkway.

Storm water quality standards imposed and monitored by the EPA and the State Water Resources Control Board through the City's storm water NPDES permit require treatment of storm water runoff prior to its release into the sloughs, creeks, rivers or the Delta. Treatment is often provided within the detention basins in a separate "wet" area that is adjacent to the main basin. Other treatments are being provided by on-site source control and by site specific BMP measures such as inlet filtration fabrics, and street sweeping.

Mountain House Creek has been enlarged to maintain the minimum required freeboard for 100-year flood conditions and to contain detention ponds to regulate flow downstream. MHCS D has updated a hydraulic model of Mountain House Creek showing capacity to contain flows in excess of the 100-year flood event. In accordance, with Senate Bill 5 and interrelated flood management bills passed by the California Legislature in 2007, the County of San Joaquin defined a 200-year discharge event in terms of flow. In 2022 MHCS D updated the previous

⁷⁵ MHCS D 2017 MSR.

⁷⁶ Correspondence from MHCS D, 4/25/2022.

Mountain House floodplain mapping analysis (2017) that analyzed flood risks to the MHCSO lands to incorporate the consideration of future hydrologic projections due to climate change.⁷⁷

2. Storm Water Discharge Permit and Water Quality Management Program

MHCSO has obtained a NPDES Storm Water Discharge permit from the Central Valley Regional Water Quality Control Board.⁷⁸ These permits issued by the Regional Board set forth the regulatory requirements that MHCSO is required to follow in order to operate and maintain its storm water facility with the goal of minimizing any environmental impact to the waterways of the state. These requirements are contained in the Regional Board's Basin Plan and are better known as Best Management Practices (BMPs), which identify the following programmatic requirements to protect water quality. BMPs include the following: educational activities, street sweeping, periodic testing of storm water runoff and working with commercial and industrial businesses to minimize their contribution of polluting elements contained in runoff that goes into the storm water system. The MHCSO has installed individual storm drain catch basin carbon-based filter inserts to treat and capture various debris, litter, waste, and other contaminants at its collection points prior to entering the storm water conveyance facilities.

A Storm Water Management Program (SWMP) was developed in August 2008.⁷⁹ In October 2015, the SWMP was revised to comply with the NPDES Phase II requirements for small municipal separate storm sewer systems (MS4s). The goal of the SWMP is to reduce the discharge of storm water pollutants to the Maximum Extent Practicable (MEP), protect water quality and satisfy the requirements of the Clean Water Act (CWA). The SWMP includes the implementation of best management practices (BMPs) in each of six categories, an implementation schedule, and measurable goals to help ensure that storm water discharged is of the highest quality that is economically possible.

3. Future Storm Water Drainage Demands and System Improvements

MHCSO maintains a Storm Water Master Plan (May 2003) with updates (2006) for the Mountain House community. The existing storm water infrastructure is designed to employ a variety of drainage concepts, the most critical being the ability to exceed 100-year flood protection. In 2006, development located along Old River added and graded material to protect against a 100-year flood event.

The storm water system also serves to improve water quality and enhance the community's natural aesthetics by providing open space and nature trails along the perimeter of Mountain House Creek, the primary storm water conveyance that collects storm water from the residential villages and conveys the storm water to the downstream discharge at Old River.

⁷⁷ Mountain House 200-Year Climate Change Floodplain Mapping, Prepared by R&F Engineering, Inc., March 9, 2022.

⁷⁸ NPDES permit numbers for Mountain House MS4 Small Non-Traditional Stormwater: ORDER NO. 2013-0001 DWQ NPDES NO. CAS000004.

⁷⁹ MHCSO Storm Water Management Program, August 2008, Prepared by Jacobs Carter Burgess.

According to modeling studies,⁸⁰ Mountain House Creek is able to convey the 200-year flood event, with several areas of minor over topping of the creek's banks adjacent to woodland and park areas that can store and regulate the 200-year storm water event without damage to critical infrastructure or residential areas.

MHCSD has an Operations and Maintenance Manual - Mountain House Creek.⁸¹ The purpose of this manual is to determine and provide O&M guidelines for proper management and engineering of Mountain House Creek.

The Capital Improvement Plan contained in the FY2021-21 adopted MHCSD Operating and Capital Improvement Budget includes \$575,000 for Stormwater Facility Repair for permit related consultation, establishment of staging areas and access for Creek Park maintenance, and work related to beaver burrows. The funding source for this project is identified from the Storm Water Fund.

MHCSD evaluates its storm water fee structure on a continuous basis to assure that sufficient funds are generated from development to pay for the various public improvements needed to serve the increased population.

F. Determinations

The ability of the MHCSD to provide services is presented in this MSR with an analysis that shows MHCSD's capability in providing adequate public facilities and services to meet the existing and growing needs of the community.

MHCSD entered into a Public Services Allocation (PSA) agreement that defines which services will continue to be the responsibility of the County and which will be provided by the District. The County will provide land use and building approval/inspection services, while the MHCSD provides services under its eighteen legal powers as defined in the California government code establishing the MHCSD for water, wastewater, storm water, garbage, law enforcement, fire and EMS, street lighting, library and building services, road maintenance, transportation services, graffiti abatement, CC&R enforcement, flood control protection, pest and weed abatement, wildlife habitat mitigation, telecommunication, dissemination of information, and park and recreation. Many of these services are currently provided through contracts for service. As the community grows and/or incorporates, contract for services will be continually re-evaluated for cost-effectiveness, efficiency, and service quality to the community.

Public facilities, including all water, wastewater, storm water, streets/signals/lighting, parks, schools, community centers, public safety buildings, library, corporation yard, and town hall are specified in the Master Plan, along with binding agreements with developers to ensure proper funding and triggers for construction of the facilities are met. New development within the SOI will lead to population growth and the need for additional public facilities and service

⁸⁰ Pace Advanced Water Engineering Technical Memorandum, 200-Year Flood Elevations in Mountain House Creek, November 2015

⁸¹ Operations and Maintenance Manual - Mountain House Creek, 2016.

provisions as stipulated within the development and financing agreements that serve as implementation of the Master Plan. MHCSD track and forecasts the timing and amount of new development to anticipate and plan for needed public facilities and infrastructure; the District continually updates its long-term plans and its 5-Year Capital Improvement Program.

Master Plan policies are in place to ensure adequate service provisions for current and future populations. Greater detail regarding present and planned public facilities is in **Chapter VI**.

VII. Determination #4: Financial Ability of the Agency to Provide Service

This chapter of the Municipal Services Review describes the financing system currently in place that provides the Mountain House Community Services District with the ability to fund all of the services contemplated in the original Master Plan and the Public Service Allocation Agreement between the MHCSO and San Joaquin County. The financing system was described in the Public Financing Plan adopted by the County as one of the "Community Approvals" that provide the guidance for the implementation of the Master Plan.

A. INFRASTRUCTURE FINANCING

All infrastructure needs for the Mountain House Master Plan area and SOI are described in the Mountain House Master Plan and detailed in the Specific Plans and the tentative maps. The concept approved by the San Joaquin County Board of Supervisors (from the beginning and carried out today) is that developers would install and fund all infrastructure necessary for buildout of Mountain House.

Developers would be reimbursed from subsequent development and from bond proceeds as development occurs for the costs associated with installing this "backbone" infrastructure. This financial system is managed by the MHCSO as developers construct the various required facilities contained within the conditions of approvals for each map. Required facilities include utility collection and distribution lines, water and wastewater treatment plants, pump and lift stations, storm water basins, arterial and many of the collector streets and associated street lighting, traffic signals, parks and public facilities - all facilities necessary to provide a high quality of life for Mountain House residents. These facilities are detailed in the various planning documents. Costs for infrastructure within the boundaries of individual "tracts" that serve individual parcels are not reimbursable since this is the developers' cost of preparing parcels for building.

Developer reimbursements occur through two financial vehicles. The first primary financial reimbursement is to the Master Developer, Trimark, for the construction of the water, wastewater, and stormwater treatment facilities required prior to any construction in Mountain House. Located on Mountain House ratepayer monthly utility bills is a line item for debt service. These line items represent water, wastewater, and stormwater notes payable to the Master Developer that constructed the original improvements. The current debt balance for the systems identified above is \$135.9 million.⁸² Bonds typically contain a fixed repayment schedule at an identified interest rate; notes can have a repayment schedule as well, but in the case of Mountain House, the debt payments are paid as they are received from the ratepayers, which means there is no repayment schedule or term that is defined when the debt should be paid in full, which is projected to be around the year 2050. MHCSO discloses the debt numbers and supporting documentation in the annual financial statements, the most recent available is for the fiscal year ending June 30, 2021. According to the "Payment Requirements for Debt

⁸² MHCSO Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021, Long-term debt, pg. 11.

Service", an explanation reads as follows: "Due to the unknown amount and timing of future debt payments on the pledged (debt service) notes payable, the future maturity schedules for these payables are not available."⁸³

The second financial vehicle for reimbursing developers for constructing public facilities and roads is through the Community Facility Fee (CFF) and Transportation Improvement Fee (TIF) programs. As the community develops, maps are approved that contain conditions of approval requiring the construction of public facilities, many of which contain triggers when certain public facilities and roads must be built. Once the facilities are built, MHCS D accepts and certifies the facility following a detailed inspection to ensure it meets all standards and specifications. Once accepted by MHCS D, the facility ownership and responsibility for operations and maintenance (O&M) is transferred to MHCS D. The certification process and the Master Acquisition and Reimbursement Agreement (MARA) stipulate the amount to be reimbursed to the developer. As building permits are pulled, a certain amount of each permit goes into restricted CFF and TIF funds maintained by the MHCS D, which are then paid to the developer next in line for reimbursement.

B. OPERATING SERVICES FINANCING

The Public Finance Plan for the Mountain House Community Services District was coordinated with the Public Service Allocation Agreement (PSAA) between the MHCS D and San Joaquin County to ensure that the MHCS D has sufficient funds at buildout to provide the services that the Agreement delegates to the District without a financial impact to the County. This chapter of the MSR addresses the source and adequacy of funding for each type of service.

Operating Services have five principal sources of funding. Utility Services are funded through user fees. General government services such as public safety, parks and recreation, and road maintenance are funded through a combination of Parcel Taxes designated for particular services, property taxes, and franchise and permit fees from the gas and electric and other utility type providers and the refuse collection provider. Services to oversee developer construction of infrastructure are funded entirely through charges to the developers.

Gas Tax, Motor Vehicle in lieu taxes and Sales Taxes are unavailable to the CSD and retained by the County to provide a source of funding for county land use, law enforcement (MHCS D also funds law enforcement via contract with the county described elsewhere within this document), social and health services available and provided to Mountain House residents.

Four special taxes by parcel exist in Mountain House - one of the primary funding mechanisms to adequately fund services and to ensure that the Master Plan community of Mountain House is not a financial burden to existing San Joaquin County residents. The table below reflects the

⁸³ Notes to Basic Financial Statements, June 30, 2021, Page 37

use of the tax and the amount paid by the average sized residential property in Mountain House.⁸⁴ Rates are subject to adjustment annually by the MHCS D Board.

Table VII-1: Special Parcel Tax Use and Annual Rate

<u>Tax</u>	<u>Use</u>	<u>Rate for Average Size Home</u>
Special Tax No. 1 - Roads, Transportation and Community Services	Maintenance of streets, public transportation, and operational costs not adequately funded from other sources	\$984
Special Tax No. 2 - Public Safety	Fire, police, ambulance, security, graffiti abatement and animal control	\$505
Special Tax No. 3 - Parks	Parks, landscaping, open space and community facilities maintenance and operation and provision of recreation services	\$86
Special Tax No.4 - Public Works	Street lighting and traffic signals, and other public works services.	\$92

Approximately 15.9 percent of the 1 percent of property tax collected on property within the MHCS D is returned to the District to fund services. The Byron Bethany Irrigation District collects 11 percent of the 1 percent of the property tax within MHCS D because Mountain House is located within BBID's irrigation district service area, which provides access to the pre-1914 water rights.

1. Utility Services

Water, wastewater and storm water utilities are intended to be funded through user fees, billed monthly to the customers. The user fee rates were initially set to require the use of property tax revenue to supplement user fee revenue in the first five years, assuming that land within the Mountain House Master Plan area would be developed at the rate last projected in 2002. It was understood that fixed costs to operate the utilities would change largely at the rate of inflation and in response to any new federal or state regulatory conditions. Some costs, such

⁸⁴ Avg. rate per home estimated based on current rates per ordinances adopted June 9, 2021. Rates assume average home size of 2,650 sq.ft. on an average lot of 4,000 sq.ft. and 42% FAR. Actual rates will vary depending on home and parcel size.

as purchase of raw water from the Byron Bethany Irrigation District, would increase in proportion to the rate of development in Mountain House.

With the downturn in the housing market in 2008, the projected growth did not occur leaving single-family residential construction significantly behind expectations, along with little in the way of retail, commercial, or industrial development. As a result, utility user fees revenue continued to be insufficient to cover all of the costs of operating the three utilities, requiring the use of property tax revenue to balance the utility enterprise. As described in the District's budget, in order to address the unsustainable subsidy of the water and sewer enterprises, the District conducted a rate study during the 2016/2017 fiscal year to determine the appropriate rates needed to make the enterprises self-supporting. The District is entering the fifth year of the adopted plan and reviewed and approved utility rates in 2022.⁸⁵ The goal is to eliminate the subsidy by the end of the 2021/2022 fiscal year. MHCS D will need to perform another rate study for the five-year period beginning in fiscal year 2022/2023.⁸⁶

2. General Government Services

MHCS D is legally responsible to provide eighteen (18) general government services. Eighteen of the primary general government services for which the MHCS D is responsible are the following:

1. Water Service
2. Sewer Service
3. Garbage Service
4. Fire Protection
5. Public Recreation
6. Street Lighting
7. Library Buildings and Services
8. Convert Utilities to Underground
9. Police Protection
10. Road Maintenance
11. Transportation Services
12. Graffiti Abatement
13. Covenant Codes & Restrictions Enforcement
14. Flood Control Protection
15. Pest and Weed Abatement

⁸⁵ Fees were reviewed and approved by the MHCS D Board 5/11/2022.

⁸⁶ MHCS D 2021/2022 Adopted Budget, pg. 8.

16. Wildlife Habitat Mitigation
17. Telecommunication Services
18. Dissemination of Information

Some of the regulatory powers provided to MHCS D by law, such as "Convert Utilities Underground," are not applicable, since all utilities are designed and built underground per the Master Plan since the inception of the community. Services that do apply are funded through Special Taxes, Property Taxes, Franchise Fees and Permit revenue. The most recent fiscal model prepared for the adoption of Specific Plan III illustrates that there is sufficient funding available at buildout of the Master Plan and Sphere of Influence area to finance the required services.

3. Services to Assist Developers

As developers construct water, wastewater and storm water facilities, parks, roads and community buildings, MHCS D checks the plans to ensure that they conform to the Master Plan requirements and that the detailed plans and specifications will provide a facility that is long lived and meets the expectations of levels of service in various detailed planning documents such as the Mountain House Water, Wastewater and Storm Water Master Plans and the Park and Leisure Plan. As facilities are constructed, the MHCS D inspects them to ensure they are constructed according to the approved plans. This work is preceded by extensive meetings with the developers as they plan the timing of facility construction. The Master Acquisition and Reimbursement Agreement (MARA), tentative map conditions, and fee schedule collectively provide developer funding requirements for MHCS D staff time and materials to facilitate approval of infrastructure development and community planning. No general government funds are used to support developer activities. Rather, the developers are invoiced and reimburse MHCS D for the cost of services.

C. School Construction Financing

Prior to approval of a final map, the developer must reach a financing mitigation agreement with the Lammersville Unified School District (LUSD). To date, those mitigation measures have been the formation of a Mello-Roos District, pursuant to the Mello-Roos Community Facilities Act of 1982, to have each property pay a tax to generate the revenue for school construction. While each developer may use some other financing arrangement to pay the cost of school construction, it is anticipated that all of the property within the Mountain House Master Plan and Sphere of Influence area will be included in a Mello-Roos District to generate the needed school construction funds. MHCS D is not legally responsible or involved in any way with the LUSD and development activities regarding the payment and construction of schools.

D. Other Assessment Districts

If the developer chooses to provide open space, park land or lighting infrastructure in excess of the standards established for Mountain House, they are required to form an assessment district under the appropriate state code provisions, so that the properties that will benefit from the

higher level of infrastructure to pay the cost of on-going maintenance. The MHCS D is in the process of forming several lighting and landscape assessment districts at the request of developers pursuant to this policy.

E. Opportunities

The residents of Mountain House and Board of Directors of the MHCS D have the following opportunities to increase revenue to fund District services:

- Increase utility user charges to reduce the amount of general tax money needed to fund utility services. This option would trigger the statutory requirement for a protest ballot vote contained within Proposition 218 requirements approved by California voters in 1996. MHCS D reviewed and updated its utility fees in 2022.⁸⁷
- Increase the special tax rate. The MHCS D Board is limited to increasing the rate not more than 4% per year to offset the impact of inflation on service costs. The Board has limited past increases because of concerns regarding high property taxes, assessments, and rates in Mountain House.
- Establish a community-wide Mello Roos District to fund a higher level of service than the present tax and fee revenue might allow.
- Establish and periodically review and update park and recreation fees to help offset operating costs as recreation services are implemented and community facilities, such as community centers and swimming pools, are constructed and operated.

F. Determinations

Revenue from the current fee and tax structure is adequate to fund the projected level of services needed at buildout of the community, except utility rate charges for water and wastewater operations and maintenance costs. As stated previously, ongoing rate analysis for water and wastewater operations and maintenance enterprise funds is conducted to eliminate General Fund subsidies for utilities. All property owners and residents will pay their fair proportionate share toward the provision of services based on the fee and tax structure adopted by the MHCS D Board of Directors.

A financing plan was developed that projected the costs of providing an urban level of service to the Master Plan area at buildout of the community and established financing mechanisms sufficient to fund needed facilities. Details regarding the level of services are contained in the Master Plan and subsequent supporting documents approved by the County. Sufficient funds are currently available to meet the needs of the present population and are projected to be

⁸⁷ Fees were reviewed and approved by the MHCS D Board 5/11/2022.

sufficient to meet the needs of the population at buildout. The sufficiency of funding has been reviewed by the County each time it has approved a Specific Plan.

The MHCS D receives funds from utility user service charges, property and special parcel taxes, franchise and permit fees, and developer reimbursement of MHCS D costs in support of developer construction of infrastructure and planning activities. As land within the Master Plan and Sphere of Influence area are annexed to the MHCS D, the tax and fee structure of the District will apply equally to the newly annexed territory.

The expanded tax base that results from new development will provide funding for these facilities and services. Development fees collected when building permits are issued are used to pay back developers for constructing community facilities, while utility debt service fees collected as part of the monthly utility bill are used to pay back the Master Developer for design and construction of the state-of-the-art water, wastewater and storm water treatment systems. Development and connection fees will fund capital costs with user charges funding operating and maintenance (O&M) expenses. Current O&M rates are under review by the MHCS D to ensure revenues cover O&M expenses.

VIII. Determination #5: Status of, and Opportunities for, Shared Services

This chapter is a review of the current use of shared facilities by MHCSD and the opportunity for sharing additional facilities and resources. MHCSD provide an appropriate level of fire protection and emergency medical services, law enforcement, water, wastewater (sewer), and storm water services in a cost efficient manner to areas within the master planned area and SOI as buildout continues.

A. Current and Future Potential Shared Facilities

1. Law Enforcement, Fire and Emergency Medical Services

Currently, the MHCSD has a joint fire station and sheriff's administrative substation located in the same building. Dedicated office space is also located within the MHCSD offices that the Sherriff's patrol deputies utilize on a 24/7 basis. Law enforcement support services originate from the main Sheriff's Department facility, approximately 20 minutes driving time from Mountain House. At times, the Sherriff's department utilizes personnel and resources from the California Highway Patrol, from the nearby CHP Tracy, California station. Additionally, the new, permanent Town Hall has been built with a significantly larger police substation within the shared town hall.

Additionally, the MHCSD main fire station and the planned second station north of Byron Road are part of an overall fire response and emergency medical system for the community of Mountain House. Mutual and Automatic Aid is received from and provided to fire districts adjacent to Mountain House providing additional Fire and EMS services. This sharing of resources and facilities avoids duplication and overlapping service areas while providing all of the residents with a properly spaced set of fire stations and a timely response from not only the closest station but also quick and adequate backup from nearby fire stations.

The current fire station has provided sharing opportunities for community meetings to take place by sharing their conference rooms for meetings and assembly. The Emergency Operations Center is housed at the current fire station and is available for shared emergency response and the California Office of Emergency Services. The fire station parking facility also is utilized for shared parking of MHCSD official vehicles.

2. Utility Services

The current contract for utility operations and maintenance provides that the operator can establish a state certified laboratory at the Mountain House facility. This laboratory results in cost savings to the MHCSD by having the ability to conduct tests with on-site staff rather than send them to another laboratory. The certified lab was established however it is not currently staffed and tests are sent to an outside facility. The lab could be re-established in the future.⁸⁸

⁸⁸ Correspondence from MHCSD, N.Shareghi, May 13, 2022.

3. Landscape Maintenance

Presently, the contractor providing landscape maintenance services stores equipment outside of Mountain House because storage and work yard facilities are not available. The MHCS D has considered the usefulness of the contractor leasing a portion of a 3-5 acre site outside the wastewater treatment plan compound that would include a power supply and an area for equipment and a job trailer; no plans for leasing have been implemented, however, the option remains open for future discussion.⁸⁹ Once the corporation yard is constructed by the developer, the landscape maintenance contractor intends to share a portion of the MHCS D corporation yard to house its equipment. This will provide a faster response and lower cost of service to the MHCS D through the lease revenue.

4. Library Services

The Mountain House branch library is part of the Stockton-San Joaquin County unified library system. The Master Plan for the community and the Public Service Allocation Agreement between the County and the MHCS D both note that the library services will be provided to Mountain House through this arrangement. The MHCS D, like other communities with branch libraries of the countywide system, provides the library building and building operating expenses. The initial collection of library material and all furnishings were also provided by the MHCS D. The library system provides the staff and replacement/enhancement of the collection. Funding for the library system's responsibility comes from a portion of the County property tax revenue that is earmarked by the County to fund library services to the branches outside of the City of Stockton and to provide access for all county residents to both the main library in Stockton and any branch library. Materials can be reserved and will be delivered to Mountain House from other branches upon request by a library patron.

MHCS D included a new permanent library co-located with the new permanent community Town Hall on Main Street in the Town Center. The two new buildings share a common conditioned lobby and courtyard, as well as share a multi-purpose room and conference rooms accessible to the community. Both facilities are designed to serve the community through buildout of the Master Plan and SOI.

5. Parks and Recreation

The Mountain House community in conjunction with the MHCS D has individual neighborhood parks located in each of the twelve villages and a Central Community Park to provide ample park and recreational shared facilities with various parties, groups, vendors, bands, and others who wish to hold events, activities, and recreation. The Master Plan discusses the planned regional trail system that can have the opportunity to share and link with other regional trails such as the Alameda County's East Bay Regional Park District's trail system. This trail system connectivity will provide shared facilities for recreational use on a regional level. Portions of the

⁸⁹ Correspondence from MHCS D, D.Louie, May 16, 2022.

regional trail system including the trail along the creek have been built. A proposed trail along the river located north of Byron Road will be built as development occurs in the area.

6. Infrastructure

The current infrastructure in terms of poles, public facilities, and lands offers shared opportunities with high-tech companies to provide modern technologies (i.e., cell phone towers, Wi-Fi antennas, 5G facilities, etc.) to the master planned population while providing an additional revenue stream for the MHCSO from franchise fees.

7. Transit

The planned Transit Center located within the Town Center will provide shared facilities with other transit agencies, operators, and entities to/from the master planned community for commuting or mobility purposes. These shared transit opportunities and facilities will serve and provide quality of life benefits for the current and future population within and outside the master plan and SOI boundaries. MHCSO is also working with Commute Connection and Regional Transit to develop Park-N-Rides strategically located throughout the Mountain House community using a phased approach to begin providing this service at the earliest possible date. During this interim period, the MHCSO parking lot is used as a Park-N-Ride for commuters to meet and carpool.

B. Determinations

The MHCSO has multiple planning processes in place to assess whether levels of service provided are adequate to accommodate new growth, including appropriately noticed and managed Board meetings, the Master Plan and Specific Plans, financial planning and audits, strategic planning, capital improvement plans, pavement management plans, annual budgeting process, master planning processes for water supply and distribution, wastewater and sewer systems, urban water management plan, as well as fire protection and law enforcement services. The financial department is now preparing non-mandated, but appropriate, Comprehensive Annual Financial Report (CAFR) as a tool to provide high level financial integrity in the District's systems. Through these processes the MHCSO will continue to monitor and assess whether future opportunities for shared facilities will improve levels of service in a cost-effective manner.

IX. Determination #6: Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

This chapter of the Municipal Services Review considers the accountability for community service needs given the MHCS D's government structure and operational efficiencies. LAFCO is required to consider the advantages and disadvantages of any options that might be available to provide the services. In reviewing potential government structure options, consideration may be given to financial feasibility, service delivery, quality and cost, regulatory or government frameworks, operational practicality, and public reference.

A. Governmental Structure

The initial stage in the process of creating a district that is representative of the Mountain House community residents was to create a "dependent district," with the San Joaquin County Board of Supervisors serving as the District Board of Directors. The state legislation creating the district specified that an election would be held to determine if the residents wanted to change the district to an "independent district." This election was held in November 2008, and the residents voted to convert to an "independent district" governmental structure also known as the MHCS D. The election for the Mountain House Board of Directors was also held in November 2008 and the new Board took office in December 2008.

The functions of the MHCS D Board of Directors are the same as those of the Board of Supervisors who initially acted as the District Board of Directors. These functions are spelled out in the Public Services Allocation Agreement as well as the Master Plan. The County Board of Supervisors retained and continues to provide responsibility through its planning and building department for land use decisions, as originally planned. The sources of revenue for the district have remained unchanged and all ordinances, resolutions, board orders and agreements approved by the San Joaquin County Board of Directors to-date have remained in effect.

1. Incorporation

MHCS D has submitted an application to LAFCO to incorporate and become a city. LAFCO is in the process of preparing a Comprehensive Fiscal Analysis (CFA) as required by to determine financial feasibility. The Incorporation Feasibility Analysis (IFA) prepared by MHCS D in advance of its application to LAFCO concluded that a new city could be financially viable while increasing and improving local services and facilities provided to the community.⁹⁰

2. Public Information and Participation

Since its creation and election, the MHCS D and its Board of Directors have been holding public meetings in the evening. Such Board meetings and other meetings are widely advertised in advance per the Brown Act and encourage the community to attend/participate. These same meetings are streamed live online. In addition, for those who are not able to attend, or are not

⁹⁰ MHCS D Incorporation Feasibility Analysis (IFA), Oct. 2, 2020, prepared by Berkson Associates.

able to watch real time via streaming services, community members can watch a recording of the board meeting available thru the MHCSO website. Over the past few years, the community has communicated and ramped up its public participation processes and the MHCSO has exchanged public information through expanding use of social media. Representatives of the Sheriff's Department and the Fire Department, the Library and local medical providers continue to make presentations at MHCSO Board meetings and MHCSO sponsored community Town Hall meetings. The use of "Town Hall" meetings is very successful and meetings are well attended, which serves to convey important and timely information to the community.

MHCSO publishes a monthly newsletter mailed to all of the residents and notifies them of special community events and other information. Further, the District's website allows staff to update the website on a continual basis to provide dynamic, current information to the community. To assure inclusion of non-digital residents, the MHCSO conducts an annual public survey thru a combination of either or both hard copy mailings and home visits. MHCSO offices and staff are public and directly accessible to the public.

B. Evaluation of Operational Efficiencies

1. Method of Establishing New Operating Systems and Procedures

As a participatory form of local government, residents ultimately have input and oversight on the provision of community service needs and public services. Residents elect its Board of Directors through staggered four-year (4) terms. Elected directors take an oath of office to serve in the best interest of the community. In turn, the Board of Directors appoints a General Manager responsible for carrying out the day-to-day policy decisions and direction of the Board. The General Manager is responsible for overseeing and directing the MHCSO staff and resources for meeting the community service needs.

Since the principal focus of the staff is necessarily on designing and implementing infrastructure and services, the MHCSO uses the services of consultants experienced in managing all aspects of urban services to develop the detailed plans, ordinances, policies, standards and financial systems. Where possible, MHCSO has continued to use the services of the County. However, the MHCSO has also developed its own personnel rules and labor relations policy, purchasing ordinance, waste management, water and sewer ordinances. Many new operating systems and procedures are continually being developed, implemented, or purchased as they are needed.

The MHCSO is constantly evolving to add new operating systems, policies, and procedures. The MHCSO staff via the General Manager brings these issues to the attention of the Board of Directors, along with the history and status of policies and procedures, and recommends new operating systems, policies, and procedures for the Board to adopt. The Board of Directors work with the General Manager to ensure that staffing levels are appropriate to the level of service desired by the community and that work processes are prioritized to the needs of the community and are the most cost effective.

C. Determinations

The present governance structure of the MHCS D changed to that of an independent district in December 2008. The establishment of a voter-approved MHCS D resulted with the seating of a newly elected Board of Directors. The Board of Directors make the final decisions concerning fee structures and provisions of service subject to state law. The MHCS D Board of Directors reviews its fee structures for fire protection and emergency medical, water, sewer, and storm drainage on a nearly continual basis, but no less than once every five years. MHCS D Master Plan and other documents have numerous goals, objectives, policies, and actions to ensure that adequate services are provided in a cost effective manner to accommodate new growth; the documents are publicly reviewed and posted to assure transparency.

MHCS D has submitted an application to LAFCO to incorporate and become a city. LAFCO is in the process of preparing a Comprehensive Fiscal Analysis (CFA) as required by to determine financial feasibility. The Incorporation Feasibility Analysis (IFA) prepared by MHCS D in advance of its application to LAFCO concluded that a new city could be financially viable and increase services provided to the community.⁹¹

Mechanisms are in place within the organization to effectively provide for public participation in the planning and development process to address government structure options to provide efficient and cost effective public facilities and services. Most of the planning, operational and financial systems of the MHCS D are continually being improved as the District staff implement large infrastructure projects and establish new services for the growing community. MHCS D staff continues to seek approval and direction from the Board in prioritizing goals and objectives to assess service levels, appropriate staff levels for the needed services, and to monitor the effectiveness of service delivery.

The MHCS D's use of its budget process and long range infrastructure planning processes ensure that it is able to provide directly, and through contract, adequate levels of service in a cost-effective manner within its service areas. The MHCS D has demonstrated the ability to work with other service providers and districts to ensure that adequate, reliable services are provided in a cost effective manner. Efforts to ensure effective government structure for the provision of fire protection and emergency medical, law enforcement, water supply, wastewater treatment, and storm drainage facilities demonstrate the MHCS D's foresight to plan and provide for future service needs as MHCS D boundaries expand due to annexations and population increases.

⁹¹ MHCS D Incorporation Feasibility Analysis (IFA), Oct. 2, 2020, prepared by Berkson Associates.

Exhibit I Mountain House Master Plan Land Use Summary

Table 3.1: Land Use Summary									
LAND USE		Gross Area AC	% Acres	Expected Density DU/AC	Expected Units DU	Person DU	Population	Jobs per Acre	Jobs
RESIDENTIAL									
RVL	Residential/Very Low	63.7	2.6%	2.0	121	3.12	378		
RL	Residential/Low	921.8	37.7%	4.5	4,100	3.12	12,611		
RL	Residential/Low - Active Adult	277.2	11.1%	4.5	1,247	1.55	2,245		
RM	Residential/Medium	878.0	35.3%	6.0	5,338	2.70	14,415		
RM	Residential/Medium - Active Adult	104.7	4.2%	6.0	628	1.80	1,130		
RMH	Residential/Medium High	148.7	6.0%	14.0	2,075	2.00	4,150		
RMH	Residential/Medium High - Active Adult	29.4	1.2%	14.0	412	2.00	824		
RMH	Residential/Medium High - Senior Housing	5.0	0.2%	14.0	70	2.00	140		
RH	Residential/High	45.2	1.8%	20.0	904	2.00	1,808		
RH	Residential/High - Senior Housing	11.5	0.5%	20.0	230	2.00	460		
MX	Mixed Use (Town Center)				200	2.00	400		
	SUBTOTAL	2,681.2	100.0%		16,332		38,781		
ADDITIONAL & SPECIAL UNITS									
	Additional Units (Town Center)				240	2.00	480		
	Garage Units (For HD Housing)				90	2.00	180		
	SUBTOTAL				330		660		
COMMERCIAL									
CN	Neighborhood Commercial	12.8	0.5%					24	307
OC	Community Commercial	97.4	3.6%					24	2,339
CG	General Commercial	41.8	1.6%					24	1,003
CO	Office Commercial	50.8	1.9%					44	2,235
CFS	Freight Service Commercial	24.8	0.9%					24	586
CR	Commercial Recreation	215.5	8.0%					0.5	106
MX	Mixed Use (Town Center)	39.8	1.5%					51	2,030
MX	Mixed Use (Old River)	18.4	0.7%					51	938
	SUBTOTAL	601.4	22.4%						8,654
INDUSTRIAL									
IL	Limited Industrial (N. of Byron)	87.0	3.2%					20	2,278
IL	Limited Industrial (S. of Byron)	187.9	7.0%					32.3	6,089
IG	General Industrial	105.8	3.9%					14	1,452
	SUBTOTAL	380.7	14.2%						9,819
OPEN SPACE									
NP	Neighborhood Park	61.2	2.3%					0.2	12
CP	RMH Creek Community Park	92.2	3.4%					0.2	18
CP	Central Community Park	41.0	1.5%					0.2	8
CP	Other Community Parks	53.3	2.0%					0.2	11
RP	Regional Park	88.2	3.3%					0.2	18
OS/O	Utilities	95.0	3.5%					0.2	19
OS/O	Water Quality/Conservation (buffers)	20.8	0.8%					0	0
OS/O	Other Open Space (buffers, gas/electric corridors)	41.2	1.5%					0.2	8
OS/RC	Wetland / Resource Conservation	17.2	0.6%					0	0
OS/RC	Dry Creek	13.0	0.5%					0.2	3
	SUBTOTAL	624.4	23.3%						87
SCHOOLS									
	K-8	100.0	3.7%					2.5	400
	High School	46.5	1.7%					2.5	118
	Community College	107.9	4.0%					n/a	532
	SUBTOTAL	254.4	9.5%						1,050
PUBLIC									
P	Wastewater Treatment Plant/Service Area	48.2	1.8%					5	241
P	Water Treatment Plant	16.9	0.6%					5	65
P	Trails (includes designated parking lots)	10.9	0.4%					5	58
P	Public Facilities (public)	22.3	0.8%					5	112
P	Public Facilities (private)	10.2	0.4%					5	51
	SUBTOTAL	108.5	4.0%						647
TOTALS		4,517.0			16,662		39,421		21,049

Notes:
 1) All averages exclude Arterial roadways. In Town Center, averages also exclude Collector roads. RVL, RL and RM areas include Collector and local roadways (including some roads serving non-residential uses) and water under power line easement.
 2) Neighborhood 6 total excludes the high school and fire station. 13 acres of Neighborhood Commercial in Neighborhood F is for a community pool.
 3) Density units are "Expected Units." For "Minimum Units" and "Maximum Units", see Table 3. Second unit dwellings are not included in Expected Units.

Exhibit II Buildout Potable Water Distribution System

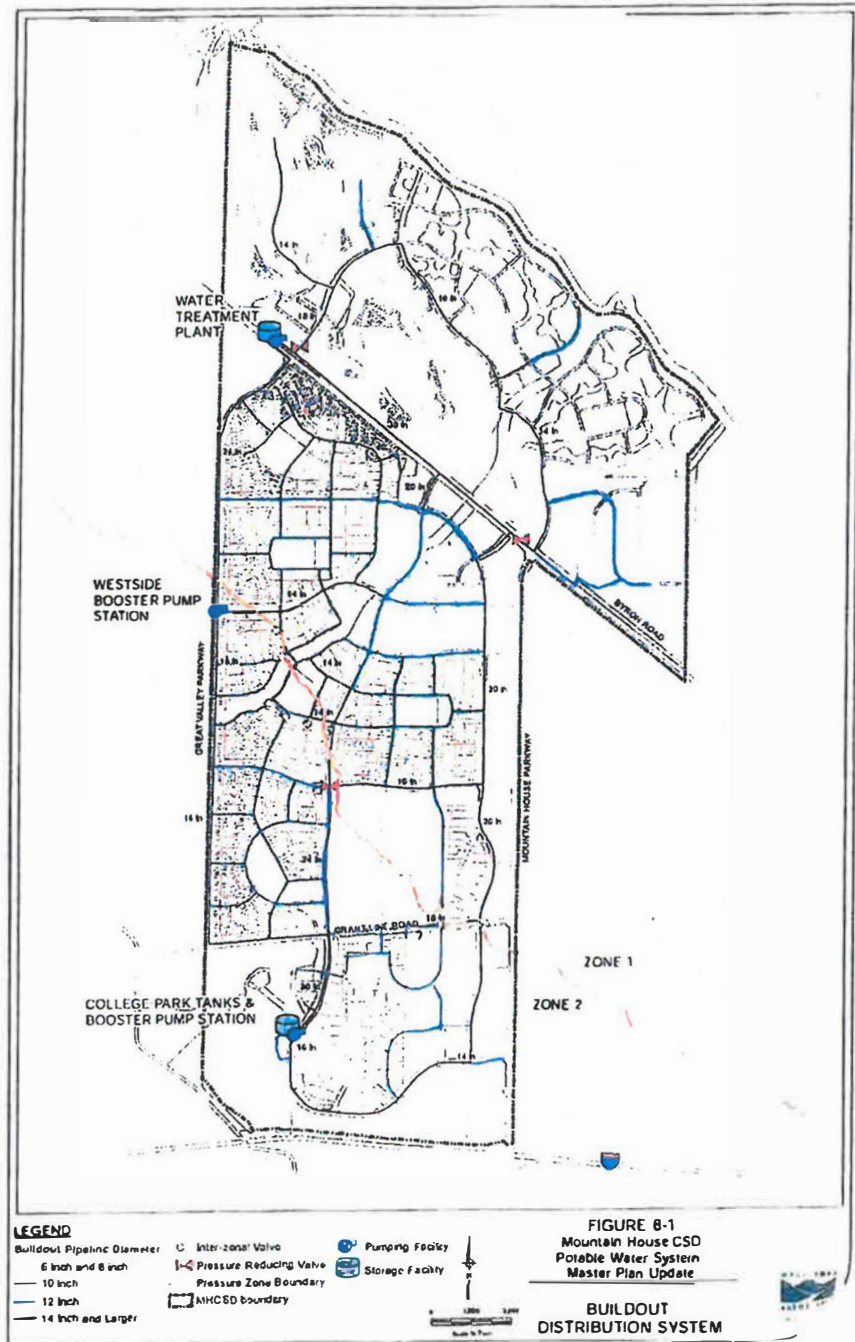


Exhibit III Buildout Wastewater Collection Facilities

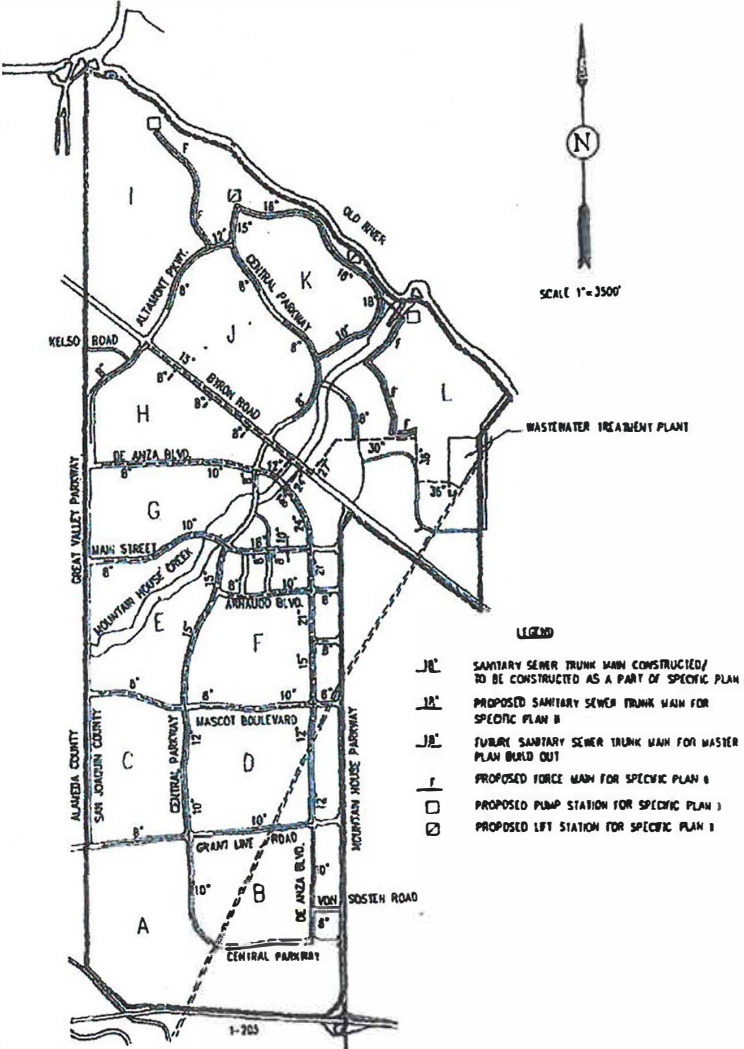
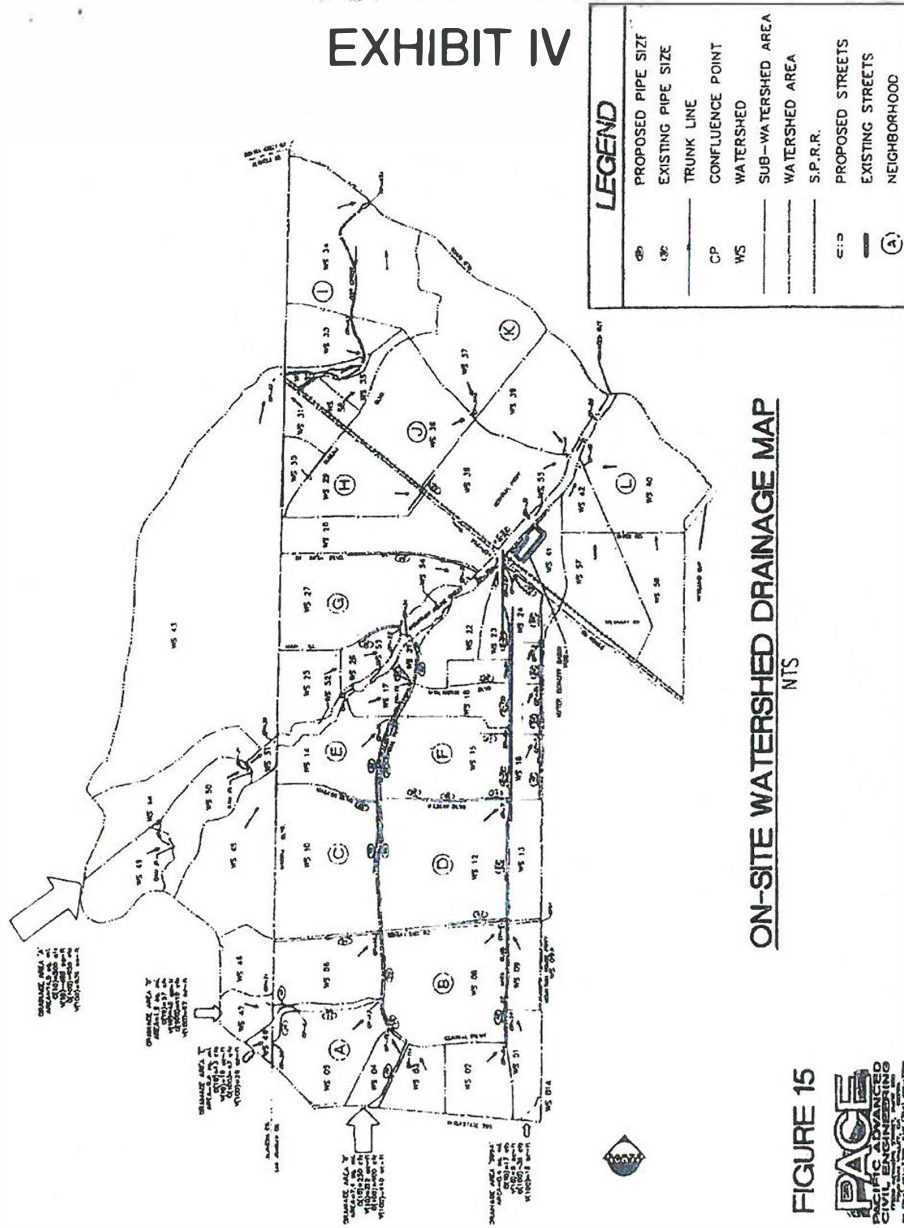


Exhibit IV On-site Watershed Drainage Map





MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
"Providing Quality Services to the Community"

STAFF REPORT

AGENDA TITLE: Accept the Report of the Review of Charges for Fire Services-Fiscal Year 2011-12 and Provide Staff Direction for Future Actions

MEETING DATE: September 11, 2013

PREPARED BY: Janice L. McClintock, General Manager and Gay Giles, Finance Director

RECOMMENDATION:

It is recommended that the Mountain House Community Services District (MHCS D) Board of Directors (Board) accept and file the Review of Charges for Fire Services – Fiscal Year 2011-12 (Report). Staff recommends that the board consider any or all of the following actions:

- 1.) Send a notice to Tracy Rural Fire District of the pricing dispute, thereby notifying Tracy Rural Fire of a potential breach in the contract.
- 2.) Request to enter into new Contract negotiations based on a Fee for Service structure as opposed to a percentage cost allocation structure and returning ownership (title) of all property to MHCS D as a cure for the breach in item 1.
- 3.) Set a fixed length of time for the new contract negotiations to be complete.
- 4.) If the negotiations are not completed within the time frame (curing the breach of contract) then bring the issue back to the Board of Directors along with an RFP which would be designed as a contract for services. The RFP would be open to all respondents including, but not limited to, Tracy Rural Fire, South Valley Fire, and City of Tracy Fire.
- 5.) Simultaneous to items 1 – 4, enter into negotiations with the Tracy Rural Fire District for repayment of over-charges.

DISCUSSION:

The accounting firm of Croce & Company was hired to perform a review of the charges by the City of Tracy to MHCS D for the Fiscal Year 2011 – 12. The City of Tracy is the provider for the contract with Tracy Rural Fire District. Croce & Company is an accountancy corporation with an excellent reputation in the San Joaquin area. They perform annual audits of many Special Districts and special reviews of organizations upon request. Croce & Company was provided with a copy of the Contract for Fire Services, Agreement A- 02-862, dated September 17, 2002, and asked to verify that the MHCS D was being charged for services in accordance with the contract. The Report is attached and has a complete discussion of the contract and the distribution of charges.

The Report indicates that the letter of the contract was followed; however the intent of the contract was not to share costs but rather to pay for the costs of the MHCS D provided services.

POLICY AND ACTION ITEM 9.1

There is an analysis at the end of the report, indicating that if the contract were modified or renegotiated in accordance with that intent, the District **could save anywhere from \$325,000 to \$545,000 annually while providing the exact same level of Fire Services provided today.**

Modification #1 proposed by the Report indicates that MHCS D should consider modifying the costs based on the allocation of costs on a total, full-time employment equivalent. When including all the required positions for department operations, including administration, floating, reserve and prevention, the MHCS D allocation of costs would be reduced from 15.8% to 11.6%, resulting in a savings of \$545,000.

Modification #2 proposed by the Report indicates the MHCS D should consider modifying the allocation to use the total number of operations personnel needed to staff apparatus as well as the floating staff required to cover vacancies, excluding administrative and prevention/inspection staff, but including additional personnel required to staff the second company in the City of Tracy's Station #91. This would result in the MHCS D allocation being reduced from 15.8% to 13%, resulting in a savings of approximately \$325,000.

Either of the two modifications would require renegotiation of the contract and could result in additional costs or savings.

Staff has researched recent Fire Services contracts completed by other agencies. These contracts are on a fee for services basis similar to the manner in which the San Joaquin County Sheriff provides law enforcement services for MHCS D and the City of Lathrop. Staff only found cost sharing arrangements in situations where a Joint Powers Agreement (JPA) or other similar joint agency structure was in place where the contractee (in this case MHCS D) was a member of the joint agency or JPA. MHCS D is not a member of a joint agency.

The report also points out the while MHCS D accounts for less than 6% of the calls for service, MHCS D is paying almost 16% of the costs of operations for City of Tracy Fire. Staff recommends that in order to provide the best services for the tax payers in the District that the MHCS D Board move towards a contract for services operation model. This model allows the District to respond to both expanding and shrinking budgets with fluidity and flexibility. The model also provides for transparency on charges and costs.

FISCAL IMPACT:

The actions of the Board will determine the actual Fiscal Impact, but could involve a savings of up to \$545,000. A fee for services contract could provide the same level of services for a reduced price.

ACTION FOLLOWING BOARD APPROVAL:

Staff will take the action that is directed by the Board.

ATTACHMENTS:

- A. Review of Charges for Fire Services – Fiscal Year 2011-12 prepared by Croce & Company

POLICY AND ACTION ITEM 9.1

B. Contract A-02-862, Fire Protection Services Agreement by and between Mountain House Community Services District and Tracy Rural Fire Protection District

c: District Counsel

Larry M. Solari, CPA
Kevin F. Jones, CPA
Jerry W. Butterfield, CPA
Anna M. Lovecchio, CPA
Duane E. Bulthuis, CPA
Mark J. Croce, CPA

CROCE & COMPANY
Accountancy Corporation



August 7, 2013

Ms. Gay Giles, CPA, Finance Director
Mountain House Community Services District
230 South Sterling Drive, Suite 100
Mountain House, California 95391

SUBJECT: Review of Charges for Fire Services-Fiscal Year 2011-12

Dear Ms. Giles:

We reviewed the attached invoice from the City of Tracy for fire services provided to the Mountain House Community Services District (MHCS D) for the year ended June 30, 2012. The following is a summary of procedures performed and results obtained.

1) Summarized the activities of the South County Fire Authority (SCFA) for the fiscal year 2011-12

Financial summary for fiscal year 2011-12:

• Total expenditures for the SCFA	\$ 15,970,183
• Expenditures allocated to MHCS D	2,368,047
• MHCS D percentage of total expenditures	14.8%
• MHCS D percentage to non-capital expenditures	15.1%

(Please note: The SCFA does not charge MHCS D for equipment purchases or reserves)

Statistics for the South County Fire Authority for fiscal year 2011-12:

	<u>MHCS D</u>	Total
• Calls	328	5,951

MHCS D service area represented 5.5% of the calls for fiscal year 2011-12

• Responses	421	9,327
-------------	-----	-------

MHCS D service area represented 4.5% of the responses for fiscal year 2011-12

2) Reviewed the Fire Protection Services Agreement dated August 27, 2002 between the MHCS D and the Tracy Rural Fire Protection District (TRFPD). Section 3.B.2 of the contract lists the calculation details for the MHCS D charges. The following summarizes the formulas used to calculate charges:

- When a three-person engine company begins operating out of the permanent MHCS D fire station, cost is determined using the following formula:

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Number of Fire Authority stations staffed by a 2 person crew x 6 =Factor A
 Number of Fire Authority stations staffed by a 3 person crew x 9 =Factor B

Divide the total City of Tracy Fire Department expenditures by the sum of "Factor A" and "Factor B" and multiply by 9 (the number of personnel that staff the MHCSO station).

- For fiscal year 2011-12, the calculation follows:

Factor A	2 stations with a 2 person crew	(2*6) =	12
Factor B	5 stations with a 3 person crew	(5*9) =	45
Total minimum staffing			57
MHCSO	1 station with a 3 person crew	(1*9) =	9
Total minimum staff			57
MHCSO allocation percentage			15.8%

- 3) Reviewed the invoice for fiscal year 2011-12 and the various components of the invoice, e.g. administration, operations, prevention etc.

(Note: We compared the charges by component to the amounts charged for fiscal year 2010-11 and analyzed significant variances.)

- The allocation of costs between the three service areas (MHCSO, TRFPD, and City of Tracy) was based on the minimum staffing level required for each fire station in the service areas.
 - o The total minimum staffing for fiscal year 2011-12 was 57, with nine staff members allocated to the MHCSO.
 - o MHCSO receives an allocation of approximately 15.8% (9/57) of the charges for administration, prevention, operations, training, and indirect costs.
 - o MHCSO does not receive an allocation for any charges for equipment purchases or reserves.
- There was an increase of \$143,049 (36.5%) in the administration component on the invoice.
 - o See #4 below for further analysis.
- There was an increase of \$995,046 (8.2%) in the operations component on the invoice.
 - o See #5 below for further analysis.
- The "down staffing" and "constant staffing" charges are not based on the minimum staffing formula.
 - o See #6 below for further analysis.

- 4) Reviewed increase of \$143,049 in the administration component of the invoice by analyzing general ledger account variances for the fiscal year 2011-12 compared to the fiscal year 2010-11. The significant variances included the following items.

- Salaries and wages increased by \$84,600 or approximately 42%.
 - o The increase was due to filling a fire chief position January 1, 2012, which was vacant during fiscal year 2010-2011.

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- Cal PERS employer expense increased 81% or \$28,800.
 - o The increase was due to the above noted significant increase in wages for the fire chief and the increase in Cal PERS contribution rates. For fiscal year 2010-11, Cal PERS Safety rates were 24.033% as compared to 27.7253% for fiscal year 2011-12.
- 5) Reviewed increase of \$995,046 in the operations component of the invoice by analyzing general ledger account variances for the fiscal year 2011-12 compared to the fiscal year 2010-11. The significant variances included the following items.
- Operations salaries decreased approximately 4%.
 - o Per the City of Tracy, this was primarily due to a decrease in overtime expenditures and leave buy backs. The City indicated that these accounts could vary significantly from year to year based on activity level for each year.
 - Cal PERS employer expense increased \$287,800 or 16%.
 - o The increase is consistent with Cal PERS rate increases noted in procedure #4.
 - Charges for worker's compensation insurance expense in fiscal year 2011-12 was 210% of the fiscal year 2010-11 expense, or an increase of \$311,700.
 - o The City of Tracy uses an internal service charge to allocate worker's compensation insurance expense.
 - o The rates charged by the internal service fund for all employees doubled for fiscal year 11-12-the fire department's rate went from 4% to 8%. The total charges went from \$283,942 to \$595,653.
 - o During fiscal year 2010-11, the City of Tracy's Internal Service Fund for worker's compensation experienced an operating deficit of \$1,212,127.
 - o The City of Tracy doubled worker's compensation rates for all departments for fiscal year 2011-12. The increased rates provided a profit to the internal service fund for \$267,978 for fiscal year 2011-12, and offset a portion of the 2010-11 deficits.
- 6) The down staffing charge and constant staffing charge items on the invoice were reviewed. The following analyzes and explains these charges.
- The down staffing charge is a credit to TRFPD. The MHCS D and the City of Tracy receive charges for providing this credit. The additional cost to MHCS D was \$59,027 for fiscal year 2011-12.
 - o For fiscal year 2011-12, the TRFPD did a variable reduction in staffing at Station 93. The variable reduction occurred because no additional personnel were brought in to cover staff on leave.
 - o To calculate the credit, the total hours for Station 93 (staffed with a 2-person crew) is multiplied by the estimated hourly rate and then reduced by 30% for fixed employee benefits.
 - o The reduction credit was then charged to the City of Tracy and MHCS D at 77.3% and 22.7%, respectively. The calculation used to determine the charge to MHCS D is as follows: $(15.8\%) + (15.8\% + 53.9\%) = 22.7\%$.

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- The constant staffing charge of \$976,500 was charged to the City of Tracy directly.
 - o The charge represents an allocation of overtime pay for the additional staffing required to staff the second company at Station #91.
 - o The calculation used to derive the constant staffing charge assumes that the nine staff members required to staff the second apparatus at Station #91 would also be required by the SCFA to cover vacancies---even if there was only one company at Station #91.
 1. The constant staffing charge is an allocation of overtime pay for the additional staffing required to staff the second company at Station #91.
 2. The allocation excludes the base salary and benefits costs for the employees.
 3. The base wage and benefits of the staff are allocated to all agencies through the minimum staffing allocation.

- 7) Inquired about details of the Department employee census and the numbers used for minimum staffing calculations.
 - The total department employed approximately 77 full time employees.
 - o The administration makes up approximately eight positions.
 - o The total fire operations staff required to staff all stations is 69 people.

 - The minimum staffing number of 57 (fiscal year 2011-12) is calculated based on the number of stations and not the minimum number of apparatus staffed.

 - The City of Tracy's Station #91 operates a full engine company and truck company. With both companies operating out of the same station, there is a minimum staff level of 18 for Station #91.
 - o The additional nine staff members at Station #91 are not included in the 57 minimum staffing numbers that is used to allocate department costs.
 - o The City of Tracy covers staffing costs through the "constant staffing" charge on the invoice as discussed in #5 above.

Summary

The MHCS D is serviced by one fire station staffed with a 3-person crew. Additionally the MHCS D area represents approximately 5% of the SCFA emergency activity. MHCS D has been charged approximately 15% of the SCFA's total costs for the fiscal year 2011-12. The allocation to MHCS D is in accordance with the Fire Protection Services Agreement dated August 27, 2002.

The 2002 Agreement outlined a basic method for calculating MHCS D charges, but made no provision for changes in the operations of the SCFA. Two changes in the operations, which were not contemplated in the original Agreement, include (1) operating multiple companies from one station and (2) a variable reduction in minimum staffing. The City of Tracy has followed the basic calculation stated the Agreement in an attempt to accommodate these changes and allocate costs to the appropriate service area. However, these two changes (as stated above) create a distortion in the cost allocation to each service area, when compared to the service area's actual activity. As a result, the attempts to accommodate these changes are insufficient.

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We suggest that the MHCS D work with the SCFA to modify the 2002 Agreement to achieve an allocation of costs that is more representative of the level of service required by each area. The following are two suggested modifications for consideration.

- I. Since the minimum staffing number does not include the administrative positions or floating staff required to keep the department operating, MHCS D could consider basing the allocation on a total, full-time employee equivalent.
 - Because the SCFA cannot operate appropriately without the administrative positions, these positions should be included in the Department's minimum staff number.
 - By adding staff required to cover vacancies into the allocation, SCFA could then allocate some of the fixed cost that are required given the size of the staff and service area.

Including all required positions for department operations, including administrative, floating, reserve, and prevention, would change the MHCS D allocation of costs from 15.8% (9/57) to 11.6% (9/77) for fiscal year 2011-12.

<u>Current Calculation</u>		<u>Proposed Scenario #1</u>	
MHCS D Staff Minimum	9	MHCS D	9
Staff level MHCS D	c- 57		c- 77
Allocation of costs	15.8%	MHCS D Allocation of costs	11.6%

This scenario could provide a savings to MHCS D of over \$500,000 annually.

2. MHCS D could modify the allocation to use the total number of operations personnel needed to staff apparatus as well as floating staff required to cover vacancies. Based on the 2011-2012 SCFA annual report there were three companies of 23 personnel, which would be a total operations staff of 69 people. This operations staff excludes administrative and prevention/inspection staff (8 positions total), but includes the additional personnel required to staff the second company in the City of Tracy's Station #91. By modifying the agreement so that it is based on the total number of people on the operations staff, MHCS D's cost share percentage would change from 15.8% (9/57) to 13.0% (9/69) for fiscal year 2011-12.

<u>Current Calculation</u>		<u>Proposed Scenario #2</u>	
MHCS D Staff	9	MHCS D	9
Minimum Staff level	c- 57	Operations Staff	c- 69
MHCS D Allocation of costs	15.8%	MHCS D Allocation of costs	13.0%

This scenario could provide a savings to MHCS D of over \$300,000 annually.

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If you have any questions regarding the work we have performed, or additional procedures you would like us to perform, please do not hesitate to contact our office.

Sincerely,

CROCE & COMPANY
Accountancy Corporation

A handwritten signature in black ink, appearing to read "Anna Lovecchio". The signature is fluid and cursive, with the first name "Anna" written in a larger, more prominent script than the last name "Lovecchio".

Anna Lovecchio
Certified Public Accountant

Enclosures

http://clients/Mountain-House-Community-Service-District/Assurance/Workpapers/Summary_Memo.docx

Mountain House Community Services District
 Calculated Potential Savings
 Based on FY 2011-12

	<u>Scenario# 1</u>	<u>Scenario# 2</u>
Total costs for the SCFA	\$ 15,970,183	\$ 15,970,183
Equipment Costs (not charged to MHCS D)	(257,705)	(257,705)
	15,712,478	15,712,478
New cost allocation%	<u>11.6%</u>	<u>13.0%</u>
Charge based on new %	1,822,647	2,042,622
Original FY 2011-12 charge	2,368,047	2,368,047
Calculated potential savings	\$ <u>(545,400)</u>	\$ <u>(325,425)</u>



CITY OF TRACY

Finance and Administrative Services Department
333 Civic Center Plaza
Tracy, CA 95376

8 AUG 2012 PM 1:31

Telephone: (209) 831-6800
Fax: (209) 831-6848

INVOICE

08-07-12

TO: MOUNTAIN HOUSE COMMUNITY SERVICE DISTRICT
Attn: ML Gordon, General Manager
230 S. Sterling Dr., Suite 100
Mountain House, CA 95391

AMOUNT: \$114,923.00

DUE: Upon Receipt

PURPOSE: Final Billing for Fire Services provided to Mountain House Community Service District FY 1.1/12. (See attached)

REMIT TO: City Of Tracy
Attn: Peggy Barnes
333 Civic Center Plaza
Tracy, CA 95376

*ok
C. J. [unclear]*


Zane Johnston, Director of Finance & Administrative Services



CITY OF TRACY

Finance and Administrative Services Department

333 Civic Center Plaza
Tracy, CA 95376

Telephone: (209) 831-6800

Fax: (209) 831-6848

Enclosed is the final billing for Fire Services provided to the Mountain House Community Service District for FY 11-12. As you are aware, the City of Tracy provides a budget estimate for the fiscal year and the District makes four quarterly payments of this budget estimate. At the close of the fiscal year, actual expenditures are tallied and final costs for the year are identified. If the District has paid more than the final costs, a credit to the District is issued and this credit offsets one of the quarterly payments for the succeeding fiscal year. If final costs are more than the four quarterly payments made, the District will owe an additional amount. For FY 11-12 final costs exceed the four payments made toward the budget estimate by \$114,923.

In years past it was more typical to have actual costs be less than the budget amount provided to the District. In FY 11-12 the Fire Department utilized all but about \$1,000 of its \$15 million budget. As such, there are no budget savings this year. Budget savings in previous years would offset any additional costs that were not included in the original budget estimate provided to the District. The cost of compensated absences (the recording of the expense associated with providing vacation and sick leave which will someday be used in the future or paid to the employee in the form of a vacation sell back or medical insurance bank upon retirement) is not included in the original budget estimate provide each year.

The primary reason the FY 11-12 actual expenses to the District exceeded budget estimates is associated with the distribution of overtime expenses due to the Tracy Rural Fire Protection District reducing staffing at one of its stations instead of utilizing overtime to provide the previous staff level. The cost formula distributes overtime based upon minimum staffing at each station. Tracy Rural has two stations staffed with two people and one station staffed with three. However, due to budget concerns of the District, the District determined it would have to reduce staffing rather than pay its share of overtime to keep the staffing level. On any given shift in the Fire Authority as a whole, there is almost without fail, at least one position that is off duty due to utilizing sick or vacation time. Overtime then is used to fill this vacancy. In the case of Tracy Rural, the vacancy would be allocated to its three person station and overtime would not be used to staff that station with 3 people. However, in the normal cost allocation formula, Tracy Rural paid for its share of overtime which was never used to keep its station with 3 people. As such, overtime costs need to be reallocated to the City of Tracy and to the MHCSD. The City of Tracy is responsible for \$201,369 in reallocation of overtime expenses and MHCSD is responsible for \$59,027.

Please remit \$114,923 to the City of Tracy as the final amount due for FY 11-12 Fire Service supplied to MHCSD. If you have any questions regarding this matter, you may reach me at 831-6841.

Zane Johnston, Director of Finance & Administrative Services

SCFA Cost Allocations
 FY11-12Actuals

08/07112

Programs	FY11-12 Expenditures		TRFD Share	MHCSD Share	Mutual Aid Share	City Share	
P52110- Fire Admin	\$535,470		\$160,481	\$83,650	\$0	\$291,339	
P52150- Fire Prevention	346,181		103,116	53,749	0	189,316	
P52210- Fire Operations	13,154,314		3,957,448	2,062,803	0	7,134,063	
Constant Staffing	976,500		0	0	0	976,500	'1
Adjust for Downstaffing	0		-260,396	59,027	0	201,369	'2
P52230 - Fire Mutual Aid	2,210		670	349	0	1,191	'3
P52250- Fire Training	215,540		64,855	33,806	0	116,879	
Sub-Total	\$15,230,215		\$4,026,174	\$2,293,384	\$0	-\$8,910,657	
P59320- Fire Dept Eqpt							
New Equipment	120,004	50%	19,411	0	81,182	19,411	'4
Replacement Eqpt	137,701		0	0	0	137,701	'5
Sub-Total	\$257,705		\$19,411	\$0	\$81,182	\$157,112	
P59210- Indirect Costs	\$434,884		132,375	\$67,177		\$235,332	
?59510- Compen Absences	\$47,379		14,361	\$7,486		\$25,532	'6
Total Costs	\$15,970,183		\$4,192,321	\$2,368,047	\$81,182	\$9,328,633	
Revenues for FY11-12		»>	\$2,268,154	\$2,253,124	\$81,182	\$9,328,633	'7
Annual Surplus (Deficits)			(\$1,924,167.00)	(\$114,923.00)	\$0.00	\$0.00	

%Splits

	-Annual
	%for FY12
MHCSD	15.8%
City	53.9%
TRFD	30.3%
	---- 100.0%

- *1 -Constant staffing overtime costs of \$976,500 for City.
- *2 -Adjust Expenses for Downstaffing at Station 93.
- *3 -Mutual Aid costs in FY11-12, no revenues.
- *4 -Federal grant of \$81,182 for new equipment. 50%/o-50% split City & TRFD
- *5 - Equipment Replacements acquired through Fund 605.
- *6 - Medical Leave Bank current charges for FY11-12.
- *7a - TRFD receipts for first half of FY11-12
- *7b - MHCSD FY11-12 billings; actual receipts were \$11,471 net prior year credit.

A-02-

12

AMENDED AND RESTATED

FIRE PROTECTION SERVICES AGREEMENT
 BY AND BETWEEN
 MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
 AND
 TRACY RURAL FIRE PROTECTION DISTRICT

THIS FIRE PROTECTION SERVICES AGREEMENT ("Agreement") is entered into this day of 002 by and between the MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT, (hereinafter "MHCS D") a Community Services District formed pursuant to Division 3 (commencing at Section 61000) of Title 6 of the Government Code and the TRACY RURAL FIRE PROTECTION DISTRICT, (hereinafter "FIRE DISTRICT") a Fire Protection District formed pursuant to Part 3 (commencing at Section 13800) of Division 12 of the Health and Safety Code.

RECITALS

Recital A. The Mountain House Community ("Mountain House") was approved for development by the Board of Supervisors of San Joaquin County ("Board of Supervisors") as an urban community. It is anticipated that Mountain House will be developed over a twenty to forty year period and is expected to have approximately 44,000 residents at build-out.

Recital B. Because Mountain House is not contiguous to a city and is located in a relatively isolated area of the County, the most cost-effective and efficient manner for providing the required public services to Mountain House is through the formation of a community services district.

Recital C. The MHCS D was formed to provide various municipal services, including, but not limited to, water, sewer, and fire protection service.

Recital D. At the time the MHCS D was formed, the property was simultaneously detached from the FIRE DISTRICT. The property tax allocated to the FIRE DISTRICT was transferred to the MHCS D and the special override taxing assessment of the FIRE DISTRICT was transferred to the MHCS D.

Recital E. This Agreement for the provision of fire protection service covers the property located within the MHCS D boundaries. It is intended that the MHCS D will be expanded and will ultimately include the entire area of property designated as the Mountain House Community on the General Plan Land Use Map, attached as Exhibit "A" and incorporated herein by reference. It is the further intent of the parties that this Agreement will be

August 27, 2002

amended to include property which is later annexed to the MHCS D.

Recital F. The MHCS D intends to request the appropriate agencies to simultaneously detach property from the FIRE DISTRICT when property is annexed to the MHCS D. At the time of detachment, the property tax allocated to the FIRE DISTRICT will be transferred to the MHCS D.

Recital G. The MHCS D Board of Directors accepted Mountain House Fire Protection Plan ("Fire Protection Plan") on March 31, 1998. The Fire Protection Plan details standards for the development and construction of facilities, set forth the facility requirements for the Community, and details the performance standards required to serve the Community, and may be amended from time to time by the MHCS D. The performance standards set forth in the Fire Protection Plan shall be incorporated into this Agreement.

Recital H. The MHCS D and the Fire District desire to rescind the 1998 Fire Protection Plan and desire to adopt the new Mountain House Community Services District Fire Protection Plan.

Recital I. The City of Tracy and the Fire District entered into a joint Exercise of Powers Agreement to form the South County Fire Authority, which became effective on September 7, 1999, and was amended on March 21, 2000.

Recital J. The City of Tracy and the South County Fire Authority entered into an Agreement for Provision of Fire Services to Authority's Jurisdictional Area on September 7, 1999.

Recital K. The Fire District, through its capacity as a member of the South County Fire Authority and the South County Fire Authority's contract with the City of Tracy for fire service, desires to provide fire service to the MHCS D.

Recital L. Both the MHCS D and the FIRE DISTRICT have the power to enter into this Agreement, have taken all steps necessary to enter into this Agreement, and have determined that all of the above recitals are true and correct.

NOW, THEREFORE, in consideration of the promises and provisions set forth herein, the parties hereby agree as follows:

August 27, 2002

AGREEMENT

Section 1. GENERAL PROVISIONS.

1.A. Effective Date. This Amendment shall become effective upon its execution by the Parties.

1.B. The term of this Agreement began on May 28, 1996 and this Amendment begins on the Effective Date of this Amendment and shall continue until the Agreement is terminated pursuant to Section 10 of this Agreement.

1.C. Agreement Review. A review of the Agreement terms may be initiated at any time by either party, upon notice to the other, and Written modifications made to this Agreement upon consent of both-parties, which consent shall not be unreasonably withheld or delayed. The parties agree to negotiate in good faith and deal fairly with respect to any proposed modifications to this Agreement.

1.D. Annual Meeting. Once each fiscal year prior to the preparation of the annual budget, the Fire Chief from the FIRE DISTRICT and the General Manager from the MHCS D shall meet and review service levels, response times, and related matters.

Section 2. SERVICES.

2.A. Services to be provided by the FIRE DISTRICT to the CSD shall include the following: all fire protection, fire prevention, emergency medical services up to the level of a paramedic, hazardous materials services, enforcement of the fire codes, and other fire protection ordinances, and fire origin and arson investigation, plus all FIRE DISTRICT supportive services, including, but not limited to, supervision, dispatching, training and equipment maintenance, supplies, procurement, and other necessary services.

2.B. The power and authority relating to the delivery of services, the discipline of personnel, and other matters related to the control of personnel so employed by the FIRE DISTRICT shall remain with the FIRE DISTRICT or employed by any agency under contract with the Fire District shall remain with such agency.

2.C. The FIRE DISTRICT shall assist in and support community emergency preparedness, education, training, and exercises. The MHCS D shall retain the responsibility for the MHCS D's internal emergency management and related programs.

2.D. The MHCS D shall retain the responsibility for

August 27, 2002

providing a water system including the installation and maintenance of fire hydrants in Mountain House together with a water supply capable of providing adequate fire flows at all locations within the developed portion of the MHCS D without cost to the FIRE DISTRICT.

2.E. Not less than once a year, the FIRE DISTRICT shall inspect all fire hydrants to ensure that the hydrants within the MHCS D are mechanically operable and deliver water at an adequate fire flow. Upon learning of any fire hydrant or water flow problem, whether learned by annual inspection or otherwise, the FIRE DISTRICT shall promptly notify the MHCS D in writing of the problem and the MHCS D shall promptly make repairs or corrections as needed at its own expense.

2.F. The initial performance of services by the FIRE DISTRICT shall be consistent with a rural level of service. As Mountain House develops, the performance of services shall be consistent with the performance and level of service provided by municipalities and other urban communities in the "region" which are of a like size to Mountain House at any given stage of development.

2.G. The terms and conditions of the FIRE DISTRICT performance standards shall be set forth in the Fire Protection Plan. The 1998 Fire Protection Plan is rescinded and replaced with the Mountain House Community Service District Fire Protection Plan, attached as Exhibit B and incorporated herein by reference. The parties may modify the MHCS D Fire Protection Plan without amendment of this agreement if said modifications do not affect the terms of this agreement. Said modification shall be dated and attached to this agreement.

2.H. Fire Service will be provided to MHCS D as follows:

On an interim basis fire service will be provided from the Schulte Station by the existing two-person engine company until 425 building permits have been issued. By that time a second two-person engine company will have been added to the total City of Tracy staffing and stationed at the Schulte Station, with the fire equipment being purchased by MHCS D.

Upon completion of the MHCS D permanent fire station, the two-person engine company will move to the MHCS D permanent fire station, not later than the issuance of the 1800th building permit in MHCS D.

With the issuance of the 1800th building permit, the staffing at the MHCS D fire station will be increased to a three-person

August 27, 2002

engine company.

Section 3. FINPBCIAL PROVISIONS. The MHCSD shall pay the FIRE DISTRICT for the performance of the services set forth in Section 2 in payments based on an annual sum determined as follows:

3.A. During the initial years after detachment and through September 30, 2002 an amount, to be paid semiannually, determined as follows:

3.A.1 The amount of ad valorem taxes and the special fire protection override tax assessment on the land in the CSD for that fiscal year as determined by the San Joaquin County Auditor.

3.A.2 Once the San Joaquin County Auditor has determined the applicable amount to be transferred in accordance with Section 3.A.1, the County Auditor shall transfer that amount directly to the Fire District, subject to written confirmation to the CSD by the San Joaquin County Auditor.

3.B. Beginning October 1, 2002, *Cost* of the fire service to MHCSD will be \$170,000 per year, or monthly pro rata share thereof, (with a cost escalator as set forth below) until a separate engine company is established at the Schulte Station on an interim basis and then moved to the permanent station. At that time, MHCSD will pay its prorata share of the cost of the City of Tracy Fire Department budget based" on the number and size of the engine company. The specific formula is as follows:

3.B.1. Until the second two-person engine company is assigned to the Schulte Station, MHCSD will pay \$170,000 per year (or monthly prorata share thereof) in fiscal year 2002-03. This amount will be increased by 10% in each subsequent year until issuance of the 425th building permit.

3.B.2. \When a second two-person engine company is assigned to the Schulte Station, cost will be determined by the following formula:

Number of Fire Authority stations staffed by a 2 person crew X 6 = Factor A
 Number of Fire Authority stations staffed by a 3 person crew X 9 = Factor B
Total Factor

Divide the total City of Tracy Fire Department budget for the fiscal year in which services are being delivered and divided by the "Total Factor" to determine the "*Factor Cost*".

Multiply the Factor Cost x 6 (number of personnel assigned

August 27, 2002

to the two-person engine company added to the City of Tracy Fire Department budget to provide service to MHCSD to determine the *Cost of Service*.

When a three-person engine company is operating out of the permanent MHCSD fire station, cost will be determined by the following formula:

Number of Fire Authority **stations** staffed by a 2 person crew X 6 Factor **A**
 Number of Fire Authority **stations** staffed by a 3 person crew X 9 Factor **B**

Divide the total City of Tracy Fire Department budget for the fiscal year in which services are being delivered by the "Total Factor" to determine the "Factor Cost".

Multiply the Factor Cost X 9 (number of personnel assigned to the three-person engine company stationed in the permanent MHCSD Fire Station) to determine the *Cost of Service*.

3.C. *Station Operation Credit* (a reduction in cost) will be applied against the *Cost of Service* until an engine company occupies a permanent fire station in Mountain House. The credit will be calculated as follows:

Amount of the total City of Tracy Fire Department Contracted Services Budget for the fiscal year in which services are being delivered divided by the number of stations being operated by the Fire Authority = cost of contracted services per station X 80% = credit to be subtracted from *Cost of Service*.

3.D. *Administrative Overhead Credit* (a reduction in cost) will be applied against the *Cost of Service* as follows:

426 to 1000 building permits issued in Mountain House - credit is 100%
 1001 to 1400 building permits issued in Mountain House - credit is 80%
 1401 to 2200 building permits issued in Mountain House - credit is 60%
 2201 to 2600 building permits issued in Mountain House - credit is 40%
 2601st building permit and beyond - no credit.

The credit will be calculated as follows: Amount of the total City of Tracy Fire Department Fire Administration (Program 5211) budget in the fiscal year in which services are being delivered divided by the number of stations being operated by the Fire Authority = cost of fire administration services per station X % based on the number of building permits issued in MHCSD = credit to be subtracted from *Cost of Service*.

3.F. *Adjustment to Actual Expenses*: At the conclusion of each fiscal year when the City of Tracy has fully and

August 27, 2002

accurately determined its actual expenses in the Fire Department budget, the Cost of Service and Credits for the prior fiscal year will be recalculated and if the amount calculated to be owed by MHCSD for fire service in the prior fiscal year is less than was paid by MHCSD, then a credit of the difference will be applied to the amount owed by MHCSD on their next payment. If the amount calculated to be owed is greater than was paid by MHCSD, the difference will be added to the amount owed by MHCSD on their next payment.

J.G. *Guarantee:* The MHCSD or their designee, will post a bond guaranteeing payment for services for one year and nine months, with MHCSD paying for services quarterly, prior to the beginning of the quarter in which services are to be received. The bond will no longer be required when either 1800 building permits have been issued in Mountain House or the MH CSD has made payment in accordance with the contract terms for three years following initiation of a two-person engine company to serve Mountain House.]

J.H. Annually, at least ninety (90) days prior to the beginning of the next fiscal year, the Fire District shall submit to the CSD its proposed budget for the provision of services to the CSD, its preliminary budget for the next fiscal year, upon which calculations in Sections JB, C and D are based, for the operation of the Fire District as a whole including service to the CSD, and the proposed amount of the annual fee to be paid by the CSD to the Fire District for the coming fiscal year, and the calculations of that fee based on Sections JB, C and D.

3.I. If at the beginning of a fiscal year the information required in Section 3H is not made available to the MHCSD, then payments shall continue at the same rate as the previous fiscal year and when the amount of the annual fee is established, then any increase or decrease in the annual fee shall be divided into two (2) payments and spread as an increase or decrease of the fee otherwise applicable over the next 12 months following determination.

3.J. The Fire District shall annually furnish to the MHCSD a financial statement of the actual expenses of the City of Tracy Fire Department in sufficient detail to permit calculation of the adjustment in Section 3.F. and containing statistical data reflecting the number of calls, type of calls, and service response time for calls within Mountain House. The financial statement shall be prepared by a Certified Public Accountant if requested by the MHCSD and selected by the MHCSD and approved by the Fire District. The cost of such an annual financial statement, if prepared by a Certified Public Accountant at the request of the MHCSD, shall be borne by the MHCSD.

August 27, 2002

Section 4. VEHICLES, EQUIPMENT, FURNISHING, FIRE APPAR TUS.

4.A. The MHCS D shall dedicate, free of any liens or encumbrances, to the FIRE DISTRICT the vehicles, fire apparatus, fire equipment, fire station furnishings, and other equipment reasonably necessary to permit the FIRE DISTRICT to provide the services contemplated by this Agreement. Prior to procuring the items mentioned in this paragraph, the MHCS D shall discuss with the FIRE DISTRICT its needs and the required specifications of the vehicles, fire apparatus, fire equipment, fire station furnishing, and other equipment as reasonably necessary for the FIRE DISTRICT to provide the services contemplated by the performance standards.

4.B. All maintenance, repairs, and replacement of the items listed in paragraph 4.A. shall be by the FIRE DISTRICT. The FIRE DISTRICT shall be fully responsible for any repairs or any damages arising from intentional or negligent acts of the FIRE DISTRICT'S personnel or agents.

4.C. The FIRE DISTRICT shall pay for all utilities at the fire stations within the BCSD and for fuel required within the MHCS D area.

Section 5. FIRE STATIONS.

S.A. The MHCS D shall dedicate to the FIRE DISTRICT permanent fire stations consisting of the real property and the improvements made thereon in accordance with the Fire Protection Plan.

S.B. Prior to locating and constructing each interim and permanent fire station, the MHCS D shall discuss with the FIRE DISTRICT its needs and the required specifications of the interim and permanent fire stations reasonably necessary for the FIRE DISTRICT to provide the services contemplated by this Agreement.

S.B.1. The MHCS D shall diligently, and in a timely fashion, complete the construction of the fire stations and all improvements in accordance with the Fire Protection Plan. The completion of construction shall be evidenced by a dedication of the permanent fire station by deed, with all of the improvements completed thereon, free and clear of all liens and encumbrances, and with a certificate of occupancy issued by the County of San Joaquin.

August 27, 2002

S.C. The FIRE DISTRICT shall occupy and use the fire station real property solely for the purpose of providing those services indicated in Section 2 and other related services from and after the effective date of this Agreement and thereafter during such time as this Agreement remains in effect. It is understood that the FIRE DISTRICT has mutual aid commitments which may be met in part out of fire stations located within the MHCS D.

S.D. The FIRE DISTRICT shall occupy and use the real property as fire stations for the housing of fire companies, emergency medical personnel, fire apparatus, and equipment, unless the MHCS D consents in writing to the use thereof for other purposes. The real property may also be used for miscellaneous incidental purposes related to the performance of fire suppression and for purposes such as the storage of surplus fire equipment or materials and supplies, repair shops, administrative offices and staff training centers, when such miscellaneous incidental uses on any given parcel of real property are in conjunction with the use of said parcel as a fire station.

S.E. The FIRE DISTRICT agrees that it will not commit or permit waste on the real property, and shall allow no nuisances to exist or be maintained therein. The FIRE DISTRICT shall keep the premises in a safe, neat, and clean condition. Maintenance and repairs of all fire stations shall be by the FIRE DISTRICT. The FIRE DISTRICT shall be fully responsible for any repairs or any damages arising from intentional or negligent acts of the FIRE DISTRICT'S personnel or agents.

S.F. The FIRE DISTRICT shall inspect the MHCS D fire stations prior to acceptance of the dedication. After the FIRE DISTRICT acceptance of the YiliCS D fire stations, the FIRE DISTRICT shall be responsible for station repairs described in S.E.

S.G. The FIRE DISTRICT will promptly and at its sole expense abate and correct all environmental damage caused by the FIRE DISTRICT in its operations at any fire station or at any other location within the MHCS D. The MHCS D shall remain responsible for any environmental liability existing on the fire station real property prior to the FIRE District's acceptance of the dedication of the fire station.

Section 6. PERSONNEL. As to employees, the FIRE DISTRICT or any agency under contract with the Fire District shall have sole authority over hiring, firing, standards of performance, discipline, and discharge.

Section 7. RECORD REVIEW. The YiliCS D upon reasonable notice shall have the right to review all records of the FIRE DISTRICT,

August 27, 2002

other than confidential personnel records.

Section 8. INSURANCE. The FIRE DISTRICT shall insure its real and personal property which is dedicated to it by the 8CSD pursuant to this Agreement against the risk of damage or destruction in amounts sufficient to enable it to satisfy those obligations created by this Agreement. The MHCSD shall maintain its own liability insurance coverage, through self-insurance or otherwise, against any claim of liability arising out of the performance of this Agreement. The FIRE DISTRICT shall maintain its own liability insurance coverage, through self-insurance or otherwise, against any claim of liability arising out of the performance of this Agreement.

Section 9. DEFAULT; REMEDIES.

9.A. General Provisions. Failure or unreasonable delay by any party to perform any material term, provision, or condition of this Agreement for a period of ninety (90) days after written notice thereof from any party, shall constitute a default under this Agreement, subject to extensions of time by mutual consent in writing. The time of notice shall be measured from the date of certified mailing. The notice shall specify the nature of the alleged default and, where appropriate, the manner and period of time, in no event less than ninety (90) days, in which said default may be satisfactorily cured. If the nature of the alleged default is one that cannot reasonably be cured within the ninety (90) day period, the commencement of the cure within the time period and the diligent prosecution to completion of the cure shall be deemed a cure within the period. During any period of curing, any party shall not be considered in default for the purposes of termination or institution of legal proceedings. If the default is cured, then no default shall exist and the noticing party shall take no further action.

9.B. Default by FIRE DISTRICT. In the event the FIRE DISTRICT defaults under the terms of this Agreement, the MHCSD shall have all rights and remedies provided herein or under applicable law, which may include specific performance, as set forth in Section 9.E.1 of this Agreement.

9.C. Default by MHCSD. In the event the MHCSD defaults under the terms of this Agreement, the FIRE DISTRICT shall have all rights and remedies provided herein or under applicable law, which may include specific performance, as set forth in Section 9.E.1 of this Agreement.

9.D. Enforced Delay; Extension of Time for Performance. In addition to specific provisions ~~of~~ this Agreement, performance by any party hereunder shall not be deemed to be in

August 27, 2002

default where delays or defaults are due to war, insurrection, **strikes/ walk-outs, riots, floods/ earthquakes, fires, casualties,** acts of God, governmental restrictions imposed or mandated by other governmental entities, enactment of conflicting state or federal laws or regulations, new or supplemental environmental regulations, judicial decisions, or similar basis for excused performance which is not within the reasonable control of the party to be excused. Litigation attacking the validity of this Agreement shall be deemed to create an excusable delay as to any party. Upon the request of any party hereto, an extension of time for such cause shall be granted in writing for the period of the enforced delay, or longer as may be mutually agreed upon by the parties.

9.E. Legal Action. Any party may, in addition to any other rights or remedies, institute legal action to cure, correct, or remedy any default, enforce any provision or agreement herein, enjoin any threatened or attempted violation thereof; enforce by specific performance the obligations and rights of the parties hereto; or to obtain any remedies consistent with the purpose of this Agreement. Except as provided in Section 11, in no event shall either party, or their officers, agents, or employees, be liable in damages for any breach or violation of this Agreement, it being expressly understood and agreed that the sole legal remedy available to FIRE DISTRICT for a breach or violation of this Agreement by the MHCSD shall be a legal action in mandamus, specific performance, or other injunctive or declaratory relief to enforce the provisions of this Agreement. Any legal actions shall be initiated in the Superior Court of the County of San Joaquin, State of California.

9.E.1. Specific Performance. The parties recognize that damages may not be sufficient to compensate a party for breach of this Agreement. The parties agree that all obligations and acts required by each respective party, pursuant to this Agreement, are sufficiently certain to make the precise act which is to be done clearly ascertainable. The parties further agree that the remedy of specific performance shall be available to enforce any and all provisions under this Agreement.

9.F. Applicable Law/Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of this State. If legal action by any party is brought because of breach of this Agreement or to enforce a provision of this Agreement, the prevailing party is entitled to reasonable attorneys' fees and court costs. Attorney's fees shall include attorney's fees on any appeal, and in addition, a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating the actions, taking depositions and discovery, and all other necessary costs incurred in the litigation. All fees

August 27, 2002

shall be deemed to have accrued on commencement of the action and shall be enforceable whether or not the action is prosecuted to a final judgment.

Section 10. TERMINATION. This Agreement may be terminated by either party if the following occurs:

1D.A. Either the FIRE DISTRICT or the BCSD gives notice of intent to terminate this Agreement for any reason by providing, in writing to the other party, notice of intent to terminate. This Agreement shall terminate two years from the date notice of intent to terminate this Agreement is submitted or such other date mutually agreed upon by the parties.

10.B. Upon termination, the FIRE DISTRICT shall transfer to the MHCS D the existing fire stations, vehicles, fire equipment, furnishing, and fire apparatus as provided by the MHCS D pursuant to Sections 4 and 5 and in use at the time of the termination of this Agreement. The 1 CSD shall compensate the FIRE DISTRICT for such transfer in an amount determined as follows:

1D.B.1. The amount to be paid by the MHCS D for the fire stations, vehicles, fire equipment, furnishing, and fire apparatus shall be determined by mutual agreement of the Board of Directors of the MHCS D and the Board of Directors of the FIRE DISTRICT.

10.B.1.a. If the two Boards do not agree on a value for the property to be transferred, the two Boards shall select an appraiser of real and personal property to determine the value of such property. The appraiser shall be selected jointly and paid for equally by the MHCS D and the FIRE DISTRICT.

10.B.1.b. If the two Boards cannot mutually agree upon an appraiser, the dispute shall be sent to an independent appraiser for resolution. Each party shall, at its own expense, retain an appraiser who within thirty (30) days shall mutually select a third appraiser. The mutually agreed upon appraiser will resolve the matter within thirty (30) days after his/her selection. The MHCS D and the FIRE DISTRICT shall share equally the cost of the third appraiser. The appraiser's resolution of the dispute shall be final.

Section 11. HOLD x ESS AGREEMENT. Neither party shall be liable for the negligent or wrongful acts of the other in the performance of this Agreement. The MHCS D hereby agrees to defend, and hold harmless, the FIRE DISTRICT and its elected and appointed officers, agents, employees, and representatives against and from, any and all claims, costs, and liabilities for any personal injury, death, or property damage which arise directly or

August 27, 2002

indirectly, from the performance of this Agreement by the MHCS D, the MHCS D's contractors, subcontractors, agents or employees. The FIRE DISTRICT hereby agrees to defend, and hold harmless, the MHCS D and its elected and appointed officers, agents, employees, and representatives against and from, any and all claims, costs, and liabilities for any personal injury, death, or property damage which arise directly or indirectly, from the performance of this Agreement by the FIRE DISTRICT, the FIRE DISTRICT'S contractors, subcontractors, agents or employees.

Section 12. MISCELLANEOUS PROVISIONS.

12.A. Severability. If any term, provision, or condition of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect unless amended or modified by mutual consent of the parties.

12.B. Other Necessary Acts. Each party shall execute and deliver to the other all other further instruments and documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other party the full and complete enjoyment of its rights and privileges hereunder.

12.C. Amendment of Agreement. This Agreement may only be amended in writing by the original parties, or their successors in interest. The Parties shall cooperate in effecting needed amendments to this Agreement.

12.D. Other Miscellaneous Terms. The singular includes the plural; "shall" is mandatory; "may" is permissive.

12.E. Binding on Successors. All of the provisions, agreements, rights, powers, terms, and obligations contained in this Agreement shall be binding upon the Parties and their respective successors.

12.F. Notices. -Y notice or communication required hereunder must be in writing, and may be given either personally or by registered or certified mail, return receipt requested. If given by registered or certified mail, the same shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing the notice, properly addressed, with postage prepaid, is deposited in the United States

August 27, 2002

mail. If personally delivered, a notice shall be deemed to have been given when delivered to the party to whom it is addressed. Any party hereto may at any time, by giving ten (10) days written notice to the other party hereto, designate any other address in substitution of the address to which the notice or communication shall be given. The notices or communications shall be given to the parties at their addresses set forth below:

If to the FIRE DISTRICT, to:

Chairman
Tracy Rural County Fire Protection District
432 East 11w Street
Tracy, California 95376

If to the MHCS D, to:

General Manager
Mountain House Community Services District
222 East Weber Avenue, Room 3
Stockton, California 95202

A party may change its address by giving notice in writing to the other party. Thereafter, notices, demands, and other pertinent correspondence shall be addressed and transmitted to the new address.

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August 27, 2002

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto on the day and year first above written.

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT:

TRACY RURAL FIRE PROTECTION DISTRICT:

By: Victor Mow
Victor Mow
Chairman of the Board

By: t
tB: Chairman

Dated: SEP 17 2002

Dated: CJ-6-tJ;J...

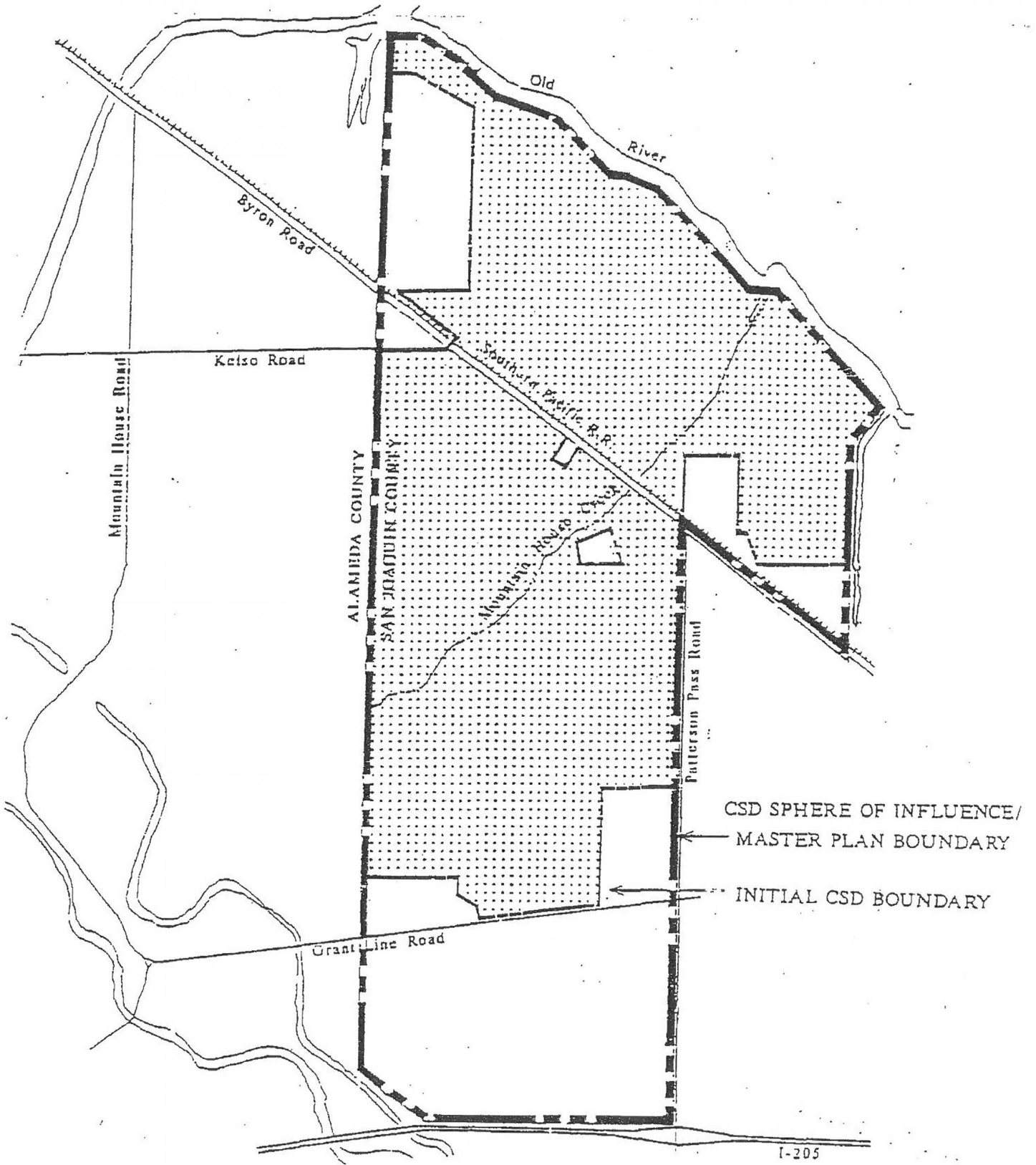
APPROVED AS TO FORM:

By: Michael McEwen
Michael McEwen
Assistant County Counsel

By: Dennis P. Day
Dennis P. Day
Attorney
"1)IS('"•r L J-14

MMFireDistMHCSDAgr

August 27, 2002



Source: Trimark/SWA

CSD Boundary

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT FIRE PROTECTION PLAN

This fire protection plan serves to identify levels of effort and fire service provider responsibilities during different stages of growth in the Mountain House Community Services District (MHCS D) once building construction starts. This fire protection plan is prepared in compliance with the requirements of: the Mountain House New Community Master Plan; the Public Financing Plan; the 1996 Fire Protection Agreement between MHCS D and the Tracy Rural Fire Protection District (TRFPD); and final service level discussions in 2002 with Tracy Fire Department and City of Tracy representatives as current partners with the Tracy Rural Fire Protection District.

It is understood that the service levels and development thresholds contained in this plan will govern the level of services provided to the MHCS D by the Tracy Rural Fire Protection District. This plan will remain in effect until the service needs of the MHCS D outgrow this plan and or the growth thresholds contained in *this* plan are exceeded. Once this plan needs updating, it is the responsibility of the MHCS D Board to meet and confer in good faith with representatives of the TRFPD to agree on expanding services to meet the community's needs and fiscal ability to pay for those services.

The following elements shall constitute the service levels and thresholds for the start-up growth years of the MHCS D:

1. Interim Services: The Master Plan provides that services will be provided from existing fire stations, augmented by interim on-site facilities if required. Once constructed, the Master Plan provides that new fire stations and interim facilities shall be located to achieve a maximum run time of three minutes or 1.5 miles. Fire fighting capabilities shall be developed suitable for the community's specific needs. And the Master Plan provides that the standards for fire protection shall be developed between the MHCS D and the Tracy Rural Fire Protection District and contained in the MHCS D Fire Protection Plan. In the Operations and Maintenance portion of the Public Safety section of the Master Plan it is further provided that the initial fire protection will be provided either from the existing Tracy Rural Fire Protection District facilities or from interim facilities located near the community and that the fire stations currently staffed by the Tracy Rural Fire Protection District are adequate to provide the response time for initial fire protection requirements. Consistent, then, with the policies, objectives and intent of the Master Plan, interim fire and emergency services will be provided at a rural level of service from the TRFPD Schulte Road Station. Initially this rural level of service will be provided by the existing two-person engine company until 425 building permits have been issued; and then within 90 days of the 426th building permit being issued, a second two-person engine company will be added to the total TRFPD, Tracy staffing and stationed at the Schulte Station, with a standard Tracy specification Type-I engine (pumper) being purchased by Mountain House and made available to be placed into service before the 426th building permit is issued. Average initial first responder

response time at the interim level of service is anticipated to be 10-15 minutes or as determined by distance, traffic conditions, and availability of responders.

2. Emerging Community Service: Upon completion of the Mountain House permanent fire station by the MHCSD, the two-person engine company will move to the Mountain House permanent fire station. This shall not be later than the issuance of the 1800'h building permit in the MHCSD. Response times will be determined by distance, traffic conditions, and availability of responders and will be consistent with the Master Plan which provides for a maximum run time of 3 minutes or 1.5 miles.
3. Suburban Community Service: With the issuance of the 1801" building permit, the staffing at the Mountain House fire station will be increased to a three-person engine company. The need for additional fire crews beyond the first will be planned by mutual agreement between the fire department and the *MHCSD* Board of Directors to meet the intents of the Mountain House Master Plan.
4. Staffing: Firefighters provided by the TRFPD under this plan shall be constantly provided 24/7 with paid, full-time professional firefighters as elsewhere in the TRFPD and City of Tracy. Reserve and volunteer firefighters will supplement this basic level of staffing as part of the regular Tracy Fire department services.
5. Multiple Unit Response: If serious emergencies in the MHCSD require more than one fire company to respond, they will be provided without delay from the TRFPD/Tracy partnership as would any other emergency in their combined service area.
6. Other Provided Services: TRFPD shall also provide all other services it provides in its greater service area to MHCSD, at the same level of effort. These services typically are, but are not limited to: fire prevention, building construction plan review, fire hydrant location and inspections, weed abatement, public education, fire investigation, incident command, hazardous materials response, dispatching of fire crews, a disaster plan for the MHCSD and citizen disaster response education.
7. Standards:
 - a. All training of personnel and maintenance of apparatus and stations shall be to the same standard as provided elsewhere in the TRFPD/Tracy service area.
 - b. The CSD shall ensure that all construction meets or exceeds the Uniform Building Code and the Uniform Fire Code.
 - c. CSD and the Tracy Rural Fire Protection District shall cooperate to implement a public education, public safety, and fire prevention program through activities such as development of educational and informational material for residents and schools and through active participation in Fire Awareness Week.
 - d. CSD will participate in the County's Weed Abatement Program and will cooperate with the Tracy Rural Fire Protection District in inspection activities.
 - e. CSD will cooperate with the County Office of Emergency Services to ensure hazardous materials are handled in accordance with all federal, state and local rule and regulations.

8. Successors: Any successor to the TRFPD/City of Tracy fire protection partnership shall be bound to provide service to the MHCSD at the standards and levels of effort contained in this plan.
9. Modification: This plan may only be modified upon acceptance by the MHCSD Board of Directors, after discussion and input from the fire services provider.



**BEFORE THE BOARD OF DIRECTORS OF THE
MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT**

RESOLUTION

R-2015-28

RESOLUTION APPROVING THE INTERFUND LOAN FROM THE COMMUNITY FACILITIES FEE FUND (FUND 47818) TO THE SPECIAL TAX NO. 2: PUBLIC SAFETY FUND (FUND 47835) IN AN AMOUNT NOT TO EXCEED \$2,970,000 PLUS CLOSING COSTS MADE FOR THE PURPOSE OF FINANCING THE PURCHASE OF FIRE STATION 98 AND APPROVING AN APPROPRIATION ADJUSTMENT TO FUND SAID INTERFUND LOAN

WHEREAS, the Board of Directors (Board) of the Mountain House Community Services District (District) approved an interfund loan policy at its meeting of September 10, 2014; and

WHEREAS, the Board has approved the purchase of Fire Station 98 for an amount not to exceed \$2,970,000 plus closing costs; and

WHEREAS, such purchase would be made from the Special Tax Fund No. 2: Public Safety (Fund 47835); and

WHEREAS, Fund 47835 does not have sufficient revenues or reserves to fund such a purchase; and

WHEREAS, the Community Facilities Fee Fund (Fund 47818) has sufficient reserves to make a loan to Fund 47835 for an amount not to exceed \$2,970,000 plus closing costs;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Interfund Loan Agreement attached to this Resolution as Attachment A; and

BE IT FURTHER RESOLVED that the Board hereby approves the Additional Appropriation, Estimated Revenue, and Transfer of Funds adjustment attached to this Resolution as Attachment B.

PASSED AND ADOPTED this 11th day of August, 2015, by the following vote of the Board of Directors of the Mountain House Community Services District, to wit:

AYES:

NOES:

ABSENT:

ANDY SU, PRESIDENT
Board of Directors of the Mountain House
Community Services District, County of San
Joaquin, State of California

ATTEST:
NICOLE M. F. ADAMO
Deputy Secretary of the Board of Directors
of the Mountain House Community
Services District, County of San Joaquin,
State of California

By: _____



MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
“Providing Quality Services to the Community”

STAFF REPORT

AGENDA TITLE: Consideration of Award for Mountain House Fire Contract Services

MEETING DATE: February 11, 2015

PREPARED BY: Edwin Pattison, General Manager

RECOMMENDATION:

That the Mountain House Community Services District Board of Directors select the proposal from the French Camp McKinley Fire District submitted in response to the Fire and Emergency Medical Services Request for Proposal (RFP) and authorize the General Manager to negotiate a contract with French Camp McKinley Fire District (FCFD).

DISCUSSION:

On September 13, 2013, at the direction of the MHCSO Board of Directors, MHCSO provided written notice in accordance with Section 10 of the existing fire services contract to TRFD that it was terminating the agreement within two (2) years. (See Attachment A). On May 5, 2014 the MHCSO sent RFPs for Fire and Emergency Medical Services to serve the community of Mountain House. Fire Districts in the San Joaquin region were invited to participate in the Mountain House RFP. In response to the RFP, four inquiries were received. At the RFP due date, two proposals were submitted to Mountain House: (1) French Camp McKinley Fire District; and (2) Tracy Rural Fire District (TRFD). A selection committee was established by the interim General Manager to review proposals and interview the two Fire Districts and provide him with a recommendation. The Selection Committee was comprised of MHCSO staff members, two MHCSO Board members, one Mountain House resident, and one Fire Chief to serve as the technical expert on the panel. Interviews of the two Fire Districts occurred on October 29, 2014. The evaluation of the Fire Districts was based on the following criteria:

Selection Criteria

- | | |
|---|--|
| <ul style="list-style-type: none"> ➤ Operational Experience ➤ Staffing ➤ Services ➤ Bid price | <ul style="list-style-type: none"> ➤ Organizational Capacity (Technical, managerial, and financial) ➤ Work-Related References ➤ Overall Proposal Response |
|---|--|

The criteria were then used to evaluate each team’s ability to provide the following services identified in the table below.

List of Services

Fire staffing	Basic Life Support (BLS) Services ^a	Hazmat Services	Training
Dispatch services	Administration/Finance	Grant Administration	Fire prevention services
Regulatory Compliance	Fire inspections	Knox Box Program	Plan reviews
Weed abatement	Fire investigations	Public Education	Community Involvement Program
Public safety events	Public training events	Reserve Firefighter program	Technical Reserve / Volunteer Program
EOC staffing	Facilities and equipment	Procure Best Price to Reduce Vehicle and Equipment Cost	

^a The RFP requested information on Advanced Life Support as an option, subject to EMS agency approval (see Attachment B).

The selection committee performed a comparative analysis of both proposals attached as Attachment C to this staff report. Based on responses to the RFP and the interviews, the selection committee determined that both Fire Districts possess the ability to provide fire services as requested in the RFP. The FCFD Proposal goes further by proposing to increase staffing levels at a lower annual cost. Additionally, the responsiveness of the two proposals was significantly different. The FCFD proposal presented the requested information, including the option for ALS services. The TRFD’s proposal was not responsive to all the requested information, nor did it provide ALS as an option. ALS was included within the cost proposal for Fire and Emergency services as a total package.

As a result of the Selection Committee’s analysis, the Selection Committee presented a unanimous recommendation to the General Manager that the MHCS D should enter into negotiations with, and enter into, a fire services contract with FCFD. Staff and the General Manager concur with the committee’s recommendation and are thus recommending to the MHCS D Board of Directors that it authorize the General Manager to enter into contract negotiations with FCFD. The contract with FCFD would be presented to the Board of Directors for approval upon completion of those negotiations.

To assist the Board with the number and types of fire service calls, staff summarized information showing fire service calls within and outside of Mountain House, along with a comparison of the types of calls, ALS or BLS – Attached as Attachment D.

FISCAL IMPACT:

Over the past five-years, the MHCS D paid TRFD the following annual amount for contracted fire services:

POLICY & ACTION ITEM 9.1

Fiscal Year	Amount (\$)
2009/2010	1,909,475
2010/2011	2,174,588
2011/2012	2,241,653
2012/2013	2,500,015
2013/2014	2,549,145

Note: See Appendix A for further information

In each of the past years [as well as contained in the new proposed agreement], TRFD requires an annual adjustment to actual expenses, which over the past five-years has resulted in additional payments from Mountain House to TRFD. This type of annual “true up” creates volatility in Mountain House budgeting as the variable true up amount has ranged as high as \$115,000 per year associated with TRFD fire expenses.

Attachment E provides financial information summarizing special tax revenue and expenditures by type as well as projected revenues and expenditures assuming moderate growth in the years ahead. As it currently exists, the Special Tax for Roads subsidizes Public Safety services from \$1,500,000 to nearly \$2,000,000 per year during the years 2010 to 2015. A consequence of the ongoing use of road tax funds to subsidize public safety could result in more costly road repairs in the future as well as a lower level of service and safety for Mountain House residents and users of the county roads within the jurisdiction of Mountain House. Until the Pavement Management Program is analyzed it is unclear at this present time if sufficient Special Tax road funds exist to properly maintain roads within the jurisdiction of Mountain House.

Based on data compiled from the proposals and the interview, FCFD would provide a savings of approximately \$500,000 per year in comparison to the TRFD proposal. The FCFD proposal does identify first year, potential startup cost that may result in approximately \$164,000 for equipment, safety gear and other miscellaneous items – It is unclear at this present time what if any equipment Mountain House owns at the fire house. It should also be noted that Mountain House was required to deed the fire station over to TRFD, as well as any future fire stations as required by the proposed TRFD agreement. Should FCFD be awarded the proposal, the current agreement requires TRFD to sell the firehouse to MHCS D. A May 2014 appraisal was done for the existing firehouse, which identified a value of \$2,460,000. Mountain House could secure a short-term loan with approximate annual principal and interest payments of \$250,000 per year that could be paid through the fire contract savings of approximately \$500,000 per year.

Invitations to present to the full MHCS D Board at the February 11, 2015 Board meeting have been extended to both FCFD and TRFD. Copies of FCFD’s Proposal and TRFD’s Proposal are attached as Attachments F and G respectively.

ATTACHMENTS:

Attachment A: September 13, 2013, Notice of Termination
Attachment B: June 11, 2014 Letter from County EMS Agency
Attachment C: Fire Selection Committee Comparative Analysis
Attachment D: TRFD Calls for Service Summary
Attachment E: Public Safety Financial Analysis
Attachment F: French Camp McKinley Fire District Proposal
Attachment G: Tracy Rural Fire District Proposal



Mountain House Community Services District

230 S. Sterling Drive, Suite 100, Mountain House, CA 95391

Tel (209) 831-2300 • Fax (209) 831-5610

www.mhcsd.com

September 13, 2013

Tracy Rural Fire Protection District
835 North Central Avenue
Tracy, CA 95376

RE: Termination of Agreement


At its Board meeting of September 11, 2013, the Board of Directors of the Mountain House Community Services District met to discuss the status of the Fire Protection Services Agreement between the Mountain House Community Services District and the Tracy Rural Fire Protection District. As you are aware, this agreement was initially entered into in 2002. Section 10 of the Agreement provides that either party may terminate the Agreement by providing written notice of its intent to terminate, and the Agreement thereafter terminates two years from the date of that written notice. The Agreement may also be terminated by mutual consent of the parties at any time.

Therefore, pursuant to Section 10 of the Agreement, this letter is intended to provide written notice to the Tracy Rural Fire Protection District that it is the intent of the Mountain House Community Services District to terminate this Agreement not later than two years from the date of this written notice. By copy of this letter, we are providing notice to the South County Fire Authority and the City of Tracy of this action.

Should you have any questions or concerns regarding the foregoing, please feel free to contact me.

Sincerely,

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT



Janice L. McClintock

c: Chief Al Nero, City of Tracy
South County Fire Authority
Tom Terpstra, Attorney-at-Law

"To Provide Quality Services to the Community"



San Joaquin County

Emergency Medical Services Agency



<http://www.sigov.org/ems>

June 11, 2014

Jan McClintock, General Manager
Mountain House Community Services District
203 S. Sterling Street
Mountain House CA 95391

Mailing Address
PO Box 220
French Camp, CA 95231

Health Care Services Complex
Benton Hall
500 W. Hospital Rd.
French Camp, CA 95231

Phone Number
(209) 468-6818

Fax Number
(209) 468-6725

Re: RFP for Fire and EMS Services

Dear Ms. McClintock:

This letter is in response to the Request for Proposal for Fire and Emergency Medical Services issued by the Mountain House Community Services District (MHCSD) on May 6, 2014. The RFP states that the "services requested include, but are not limited to ... EMS first response at the Advanced Life Support ..." As we discussed earlier by telephone and email the MHCSD is precluded from soliciting or contracting for advanced life support (ALS) services pursuant to Emergency Medical Services System and the Prehospital Emergency Medical Personnel Care Act (EMS Act). The EMS Act, including Health and Safety Code, Division 2.5, Sections 1797.204, 1797.206, 1797.218, 1797.224, specifies the local EMS agency as the sole authority responsible for the implementation of ALS and limited ALS services.

The County's EMS Plan provides for the provision of universal ALS services through contracts with emergency ambulance service providers. Currently ALS service is provided to the MHCSD through the County's exclusive emergency ambulance service contract with American Medical Response (AMR). The County contract with AMR includes specific performance requirements including response time and the quality of patient care. The provision of ALS services through municipalities or special districts is neither required nor encouraged in the County's EMS Plan. It is the opinion of the EMS medical director that readily available high quality basic life support (BLS) service is necessary to ensure an effective EMS system. Each ALS call first starts as a BLS call.

The South County Fire Authority which currently provides fire service to the MHCSD was initially approved by the EMS Agency to provide EMS at the basic life support (BLS) level. The EMS Agency authorized the SCFA to provide ALS service on a limited basis at one station beginning in 2003. Between 2003 and 2006 the EMS Agency authorized the SCFA to provide ALS service through all of its fire stations including the contracted station located in the MHCSD.

While the MHCSD may not issue an RFP soliciting an ALS provider, the MHCSD may modify its RFP by requiring bidders to describe their experience providing BLS and/or ALS services and require that the winning bidder apply to the EMS Agency for authorization to provide ALS

REC'D
JUN 13 2014 PM 4:12
MHCSD

MHCSD
June 11, 2014
Page 2 of 2

within a specified timeframe. The EMS Agency makes no assurances on how it will respond to such application.

In order for the MHCSD to be in compliance with statutes cited above the EMS Agency requests that the MHCSD issue an addendum to its RFP modifying the scope of services by removing the solicitation for ALS services and stating in its place that the services requested include, but are not limited to ... ***“EMS first response at the basic life support level...”***.

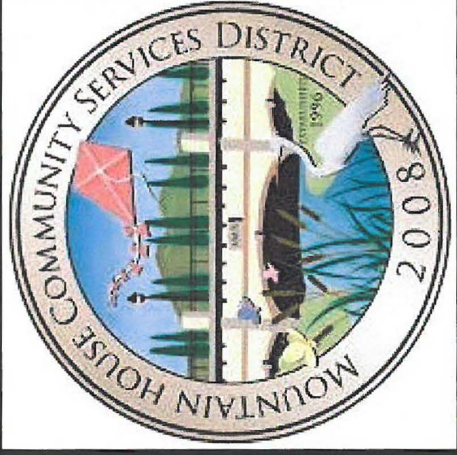
Please provide the EMS Agency with a copy of the addendum to the RFP correcting the level of EMS services being solicited by June 26, 2014.

I look forward to discussing this issue further at our meeting scheduled for June 12, 2014.

Sincerely,



Dan Burch
EMS Administrator



Selection Committee Summary Review of MHCSD Fire and Emergency Medical Service Proposals

February, 2015

Two Bidders Submitted Proposals:

- Tracy Rural Fire District (TRFD)
- French Camp McKinley Fire District (FCFD)

Similarities

- Years of Experience
- Compliance with Federal, State, and Local Regulations
- Dispatch Service Used
- Personnel Qualifications for RFQ positions: Meet the CA. State Fire Marshal certification standards and training in all levels including Fire Fighter (FF), Engineer, Lieutenant, Captain, Battalion Chief, Chief.
- Reserve Program
- EOC Support and Staffing
- Experience with Grants
- Knox Box Access System
- Fire Prevention Services
 - Inspections
 - Plan Checks
 - Fire Flow Testing
 - Weed Abatement
 - Coordination with County for Hazmat Inspections
- Fire Investigation Services & Coordination with Law Enforcement as needed
- Equipment Maintenance
- Priority 2 - Fire Prevention Community Involvement
 - CERT
 - Fire Explorers
 - Attendance and Participation in Community Events
 - Public Safety Training

Differences

Area	TRFD	FCFD	Comments
Cost			
Annual	\$2434K (FY14-15 estimate - includes ALS(not broken out))	\$1842K (First Yr. of New Contract) + 122K (ALS) = 1964K	<ul style="list-style-type: none"> • Difference of \$470K. • TRFD quote based on \$15.8% of FY14-15 South County Fire Authority (SCFA) Budget applicable to MH (15.4M) for the year starting July 1, 2014, and ending July 30, 2015. This amount is expected to escalate by at least inflation for the following FY to provide a quote that is more truly comparable to FCMFD.
Start Up	N/A	\$164K (Base) + 27K (ALS) = 191K	
End of Year Adjustment	MHCSD subject to.	MHCSD not subject to.	<ul style="list-style-type: none"> • MHCSD has recently had to pay significant amounts for end of year balancing by the SCFA. In the past two FYs these amounts have totaled \$160K.
Annual Escalation	No annual cap – annual increase always based on fixed % of the projected/actual SCFA budget.	Limited to 3% annual increase for first 5 years unless renegotiated with MHCSD.	<ul style="list-style-type: none"> • TRFD increases have averaged 7.6% over the past four years (Table on Slide 5).
Staffing	One staffed engine company with 3 personnel (Fire Captain, Fire Engineer, and Firefighter/Paramedic.	Two staffed engine companies with two persons each. Four personnel include Fire Captain/Lieutenant, Engineer/Certified Operator, and two Firefighters	<ul style="list-style-type: none"> • TRFD staffing specifies a Captain always on duty (not required by RFQ). • FCFD staffing allows for a second engine to be available when the first one is on call. • FCFD furnishes the second engine. • FCFD allows for 2-in and 2-out requirements to be met on calls in an immediate danger to life or health call • TRFD response to a structure fire is 4 engines, 1 ladder truck, and 1 Chief Officer (level of response not specified by RFQ).

Differences (Continued)

Area	TRFD	FCFD	Comments
EMS	Paramedic one of three on Duty at MH at all times to meet Advanced Life Support (ALS) standard	All staffing currently meets Basic Life Support (BLS) standard	<ul style="list-style-type: none"> FCFD offered a plan to ALS for an additional \$148K first year. 2nd year would be \$148K less \$25.5 (one time first year equipment) + 3% = \$125K. 3% increase in following years. FCFD offer BLS standard and is supported by county for full service of ALS
HAZMAT	Available – one fully equipped hazardous materials company consisting of a minimum of 4 hazardous materials technicians/specialists.	All personnel trained at the Hazardous Materials First Responder Operational and Decon level.	<ul style="list-style-type: none"> Priority 2 on RFQ. Both bidders are able to utilize county resources through participation in the San Joaquin County Joint Hazardous Materials Team. TRFD is able to take both defensive and offensive actions to mitigate hazards.
Mutual Aid	Existing agreements apply.	Would have to negotiate new mutual aid agreements.	<ul style="list-style-type: none"> FCFD has verbal commitments from the East Contra Costa Fire Protection District and the Tracy Defense Dept Fire Department.
Technical Reserve Volunteer Program	Did not propose.	Proposed.	<ul style="list-style-type: none"> Priority 2 type item on RFQ - Volunteers from the community support non firefighting functions for the department.
Community Involvement	Car Seat program.	Did not propose.	<ul style="list-style-type: none"> Priority 2 type item on RFQ.

MHCSD Payments to TRFD for Fire and Emergency Medical Services

FY	Amount Paid	% Increase
09-10	\$1,909,475	-
10-11	\$2,174,588	13.9
11-12	\$2,241,653	3.1
12-13	\$2,500,015	11.5
13-14	\$2,549,145	2.0





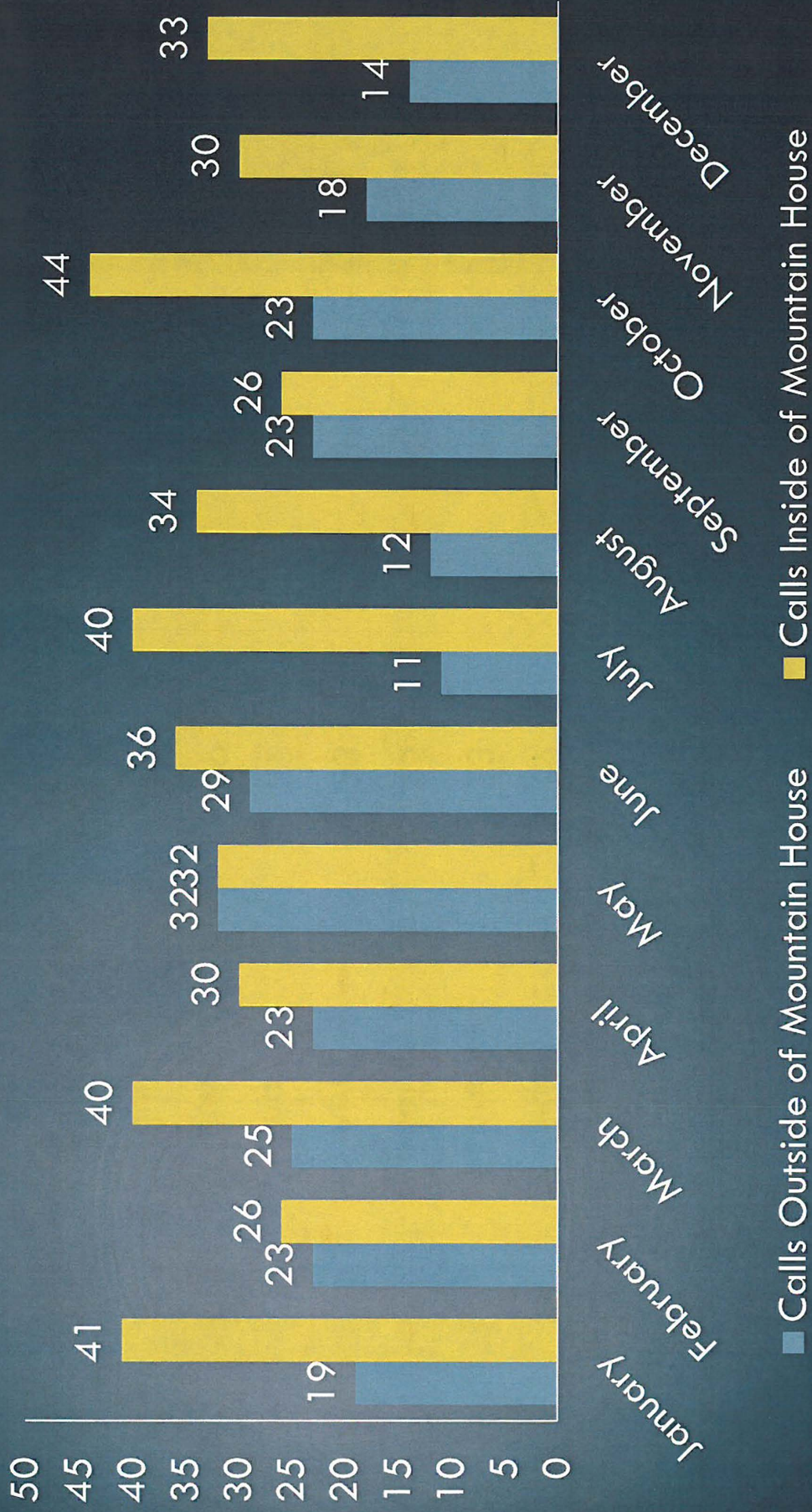
**Tracy Rural FD
Calls for Service Summary
Fiscal Year 2009-2010
Through
Fiscal Year 2013-2014
February 4, 2015**

Mountain House Calls Vs Outside Calls

2014	Calls Outside of Mountain House	Calls Inside of Mountain House
January	19	41
February	23	26
March	25	40
April	23	30
May	32	32
June	29	36
July	11	40
August	12	34
September	23	26
October	23	44
November	18	30
December	14	33

Source: Monthly Fire Report SCFA

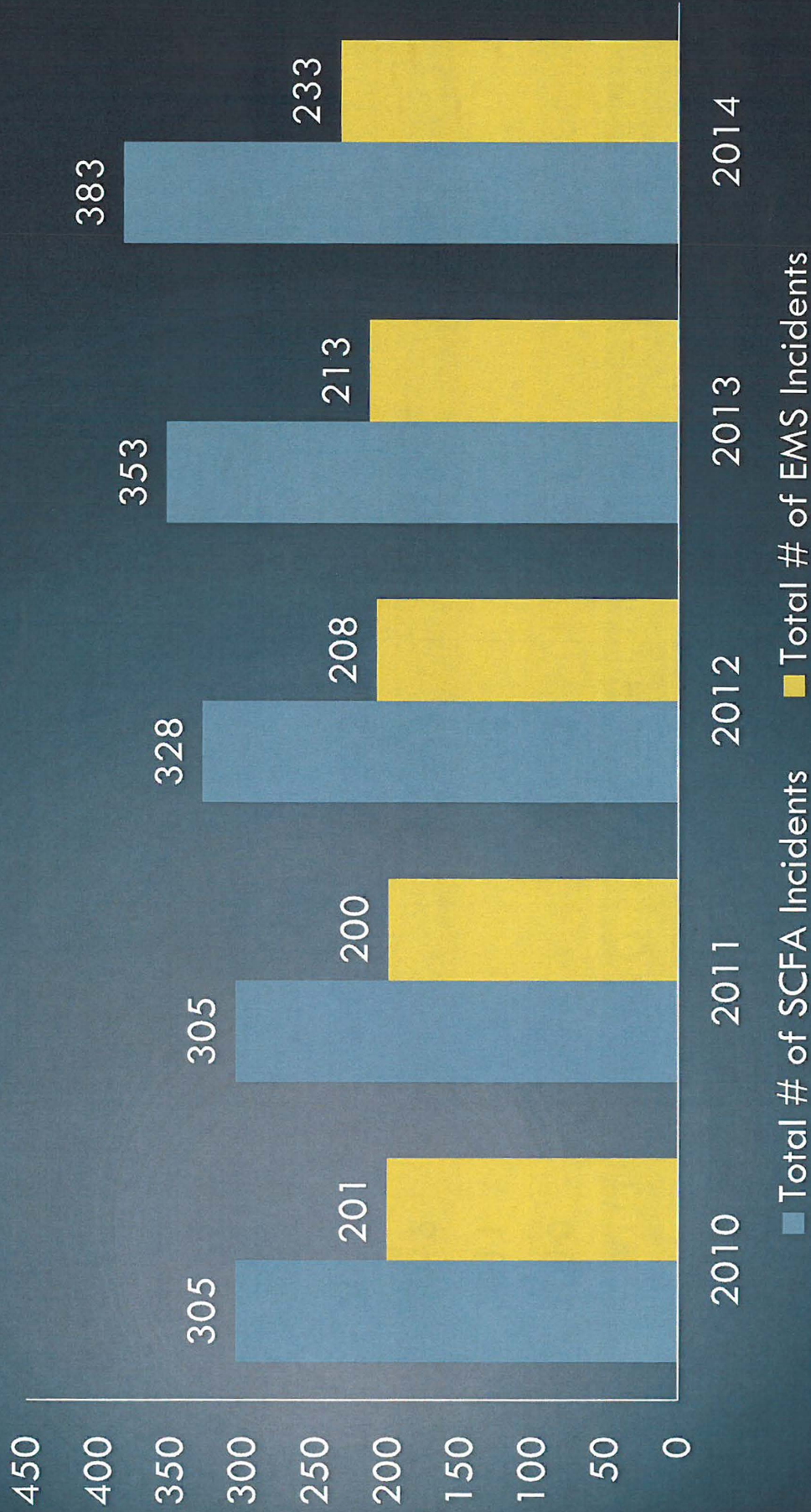
Mountain House Calls Vs Outside Calls



Total # of SCFA Incidents in Mountain House

Fiscal Year	Total # of SCFA Incidents	Total # of EMS Incidents
2010	305	201
2011	305	200
2012	328	208
2013	353	213
2014	383	233

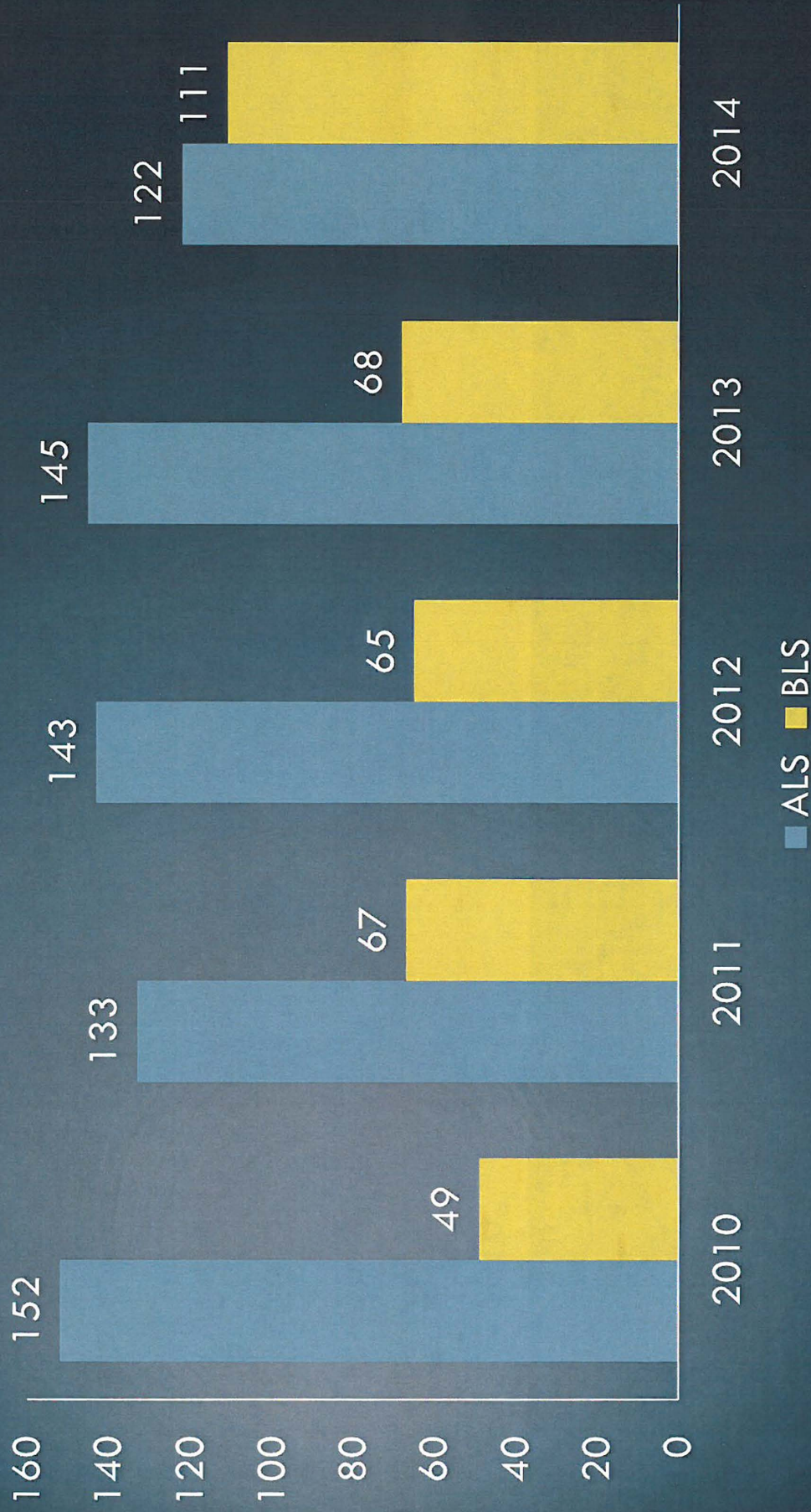
Total # of SCFA Incidents in Mountain House



ALS Calls vs. BLS Calls

Fiscal Year	ALS	BLS
2010	152	49
2011	133	67
2012	143	65
2013	145	68
2014	122	111

ALS Calls vs. BLS Calls





Public Safety Special Taxes and Expenditures

Fiscal Year 2009-2010
Through

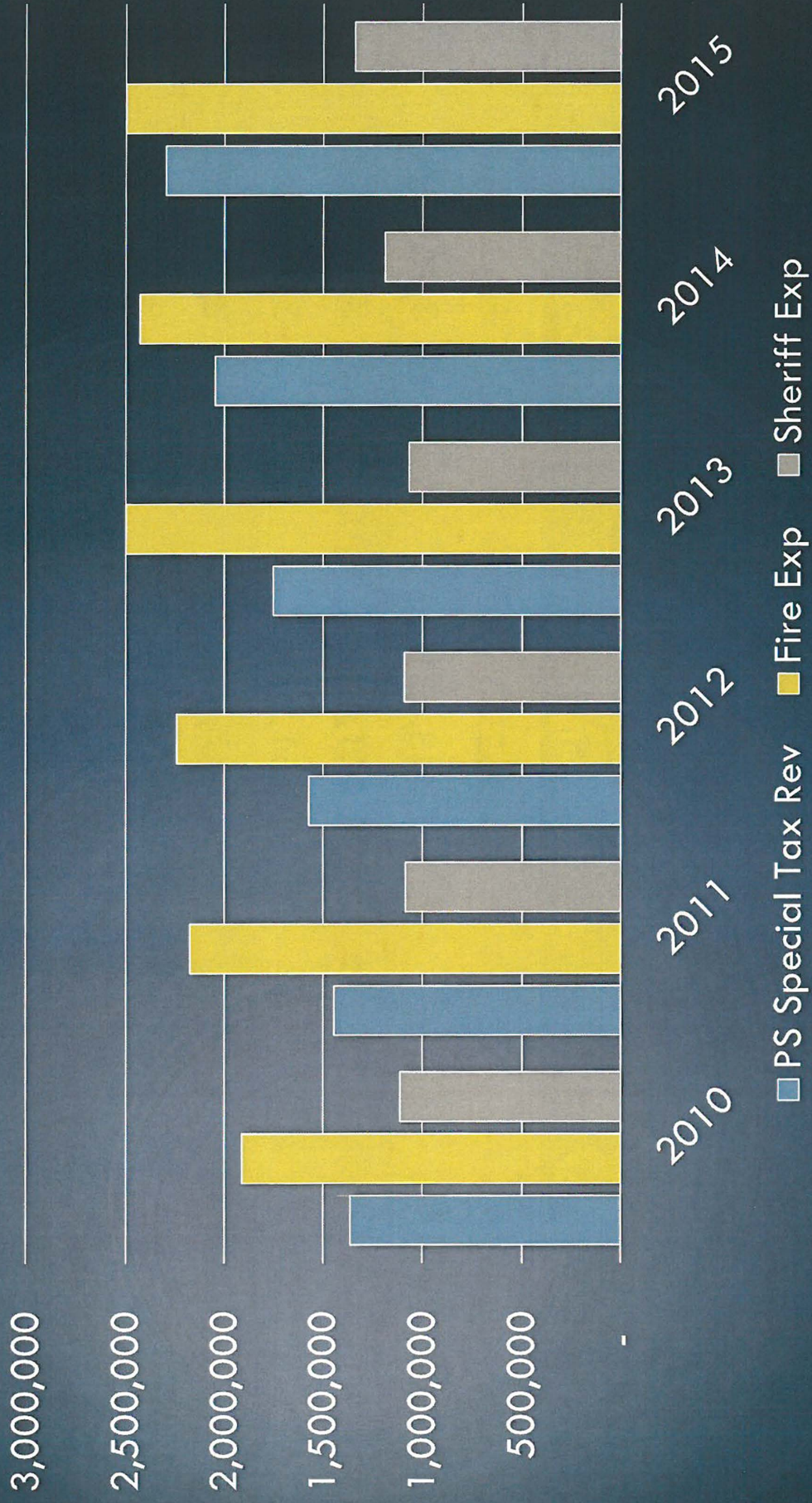
Fiscal Year 2014-2015
February 3, 2015

Actual Revenue and Expenditures

Fiscal Year	Public Safety Special Tax Revenue	Fire Expenditures	Sheriff Expenditures
2010	1,362,535	1,909,475	1,112,864
2011	1,443,621	2,174,588	1,084,448
2012	1,571,661	2,241,653	1,091,182
2013	1,751,234	2,500,015	1,068,470
2014	2,047,519	2,428,725	1,189,350
2015	2,296,000	2,500,000	1,341,600
Totals	\$10,472,570	\$13,754,456	\$6,887,914

Source: Finance Department

Public Safety Tax Revenue, Fire and Sheriff Expenditures



Public Safety Special Tax Revenue and Expenditures

Fiscal Year	Public Safety Revenue	Public Safety Expenditures
2010	1,362,535	3,022,339
2011	1,443,621	3,259,036
2012	1,571,661	3,332,835
2013	1,751,234	3,568,485
2014	2,047,519	3,618,075
2015	2,296,000	3,841,600
Total	\$10,472,570	\$20,642,370

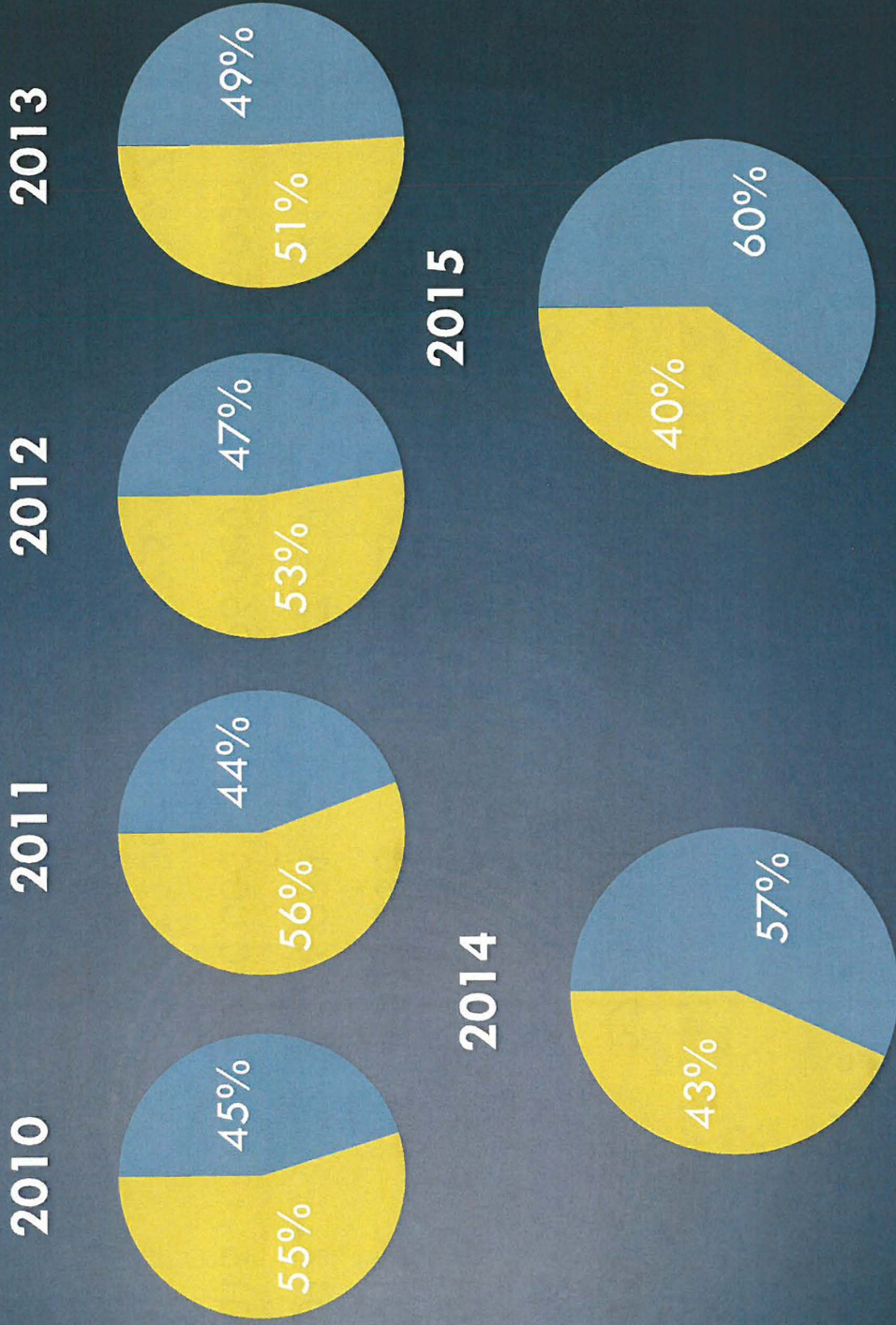
Public Safety Special Tax Revenue and Expenditures



Subsidy to Public Safety Special Tax Fund from Road Special Tax Fund

Fiscal Year	Public Safety Tax Revenue	Transfer from Road Fund to Public Safety Fund
2010	1,362,535	1,659,804
2011	1,443,621	1,815,415
2012	1,571,661	1,761,174
2013	1,751,234	1,817,251
2014	2,047,519	1,570,556
2015	2,296,000	1,545,600
Total	\$10,472,570	\$10,169,800

Subsidy to Public Safety Special Tax Fund from Road Special Tax Fund



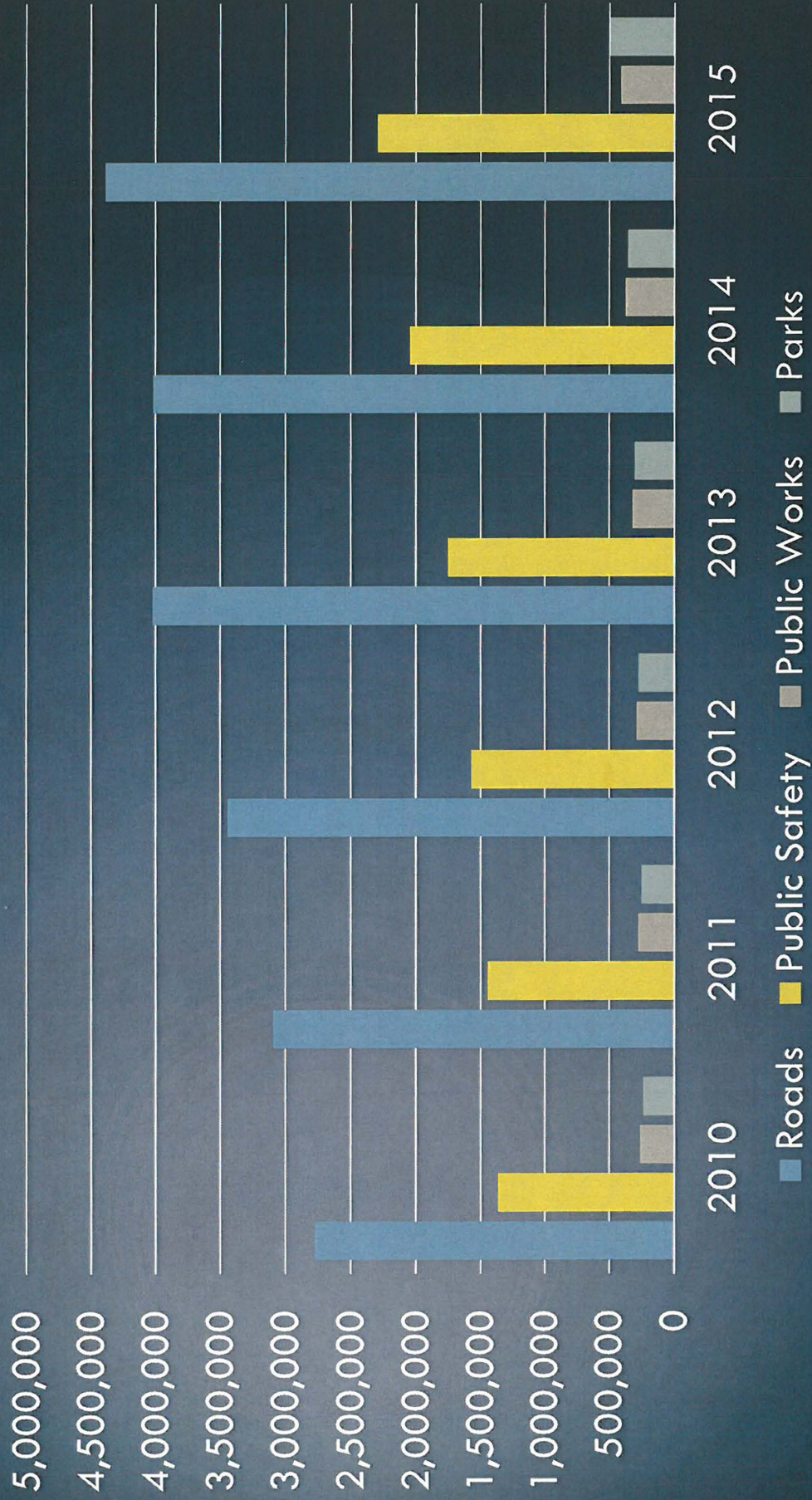
■ PS Tax Rev

■ Transfer from Road to PS Fund

Special Tax Revenue by Year

Fiscal Year	Roads	Public Safety	Public Works	Parks
2010	2,778,209	1,362,535	259,969	238,307
2011	3,092,247	1,443,621	276,291	251,764
2012	3,443,263	1,571,661	289,299	273,854
2013	4,021,330	1,751,234	321,822	304,416
2014	4,016,238	2,047,519	377,247	356,722
2015	4,390,000	2,296,000	415,000	495,000
Totals	\$21,741,286	\$10,472,570	\$1,939,627	\$1,920,064

Special Tax Revenue by Year

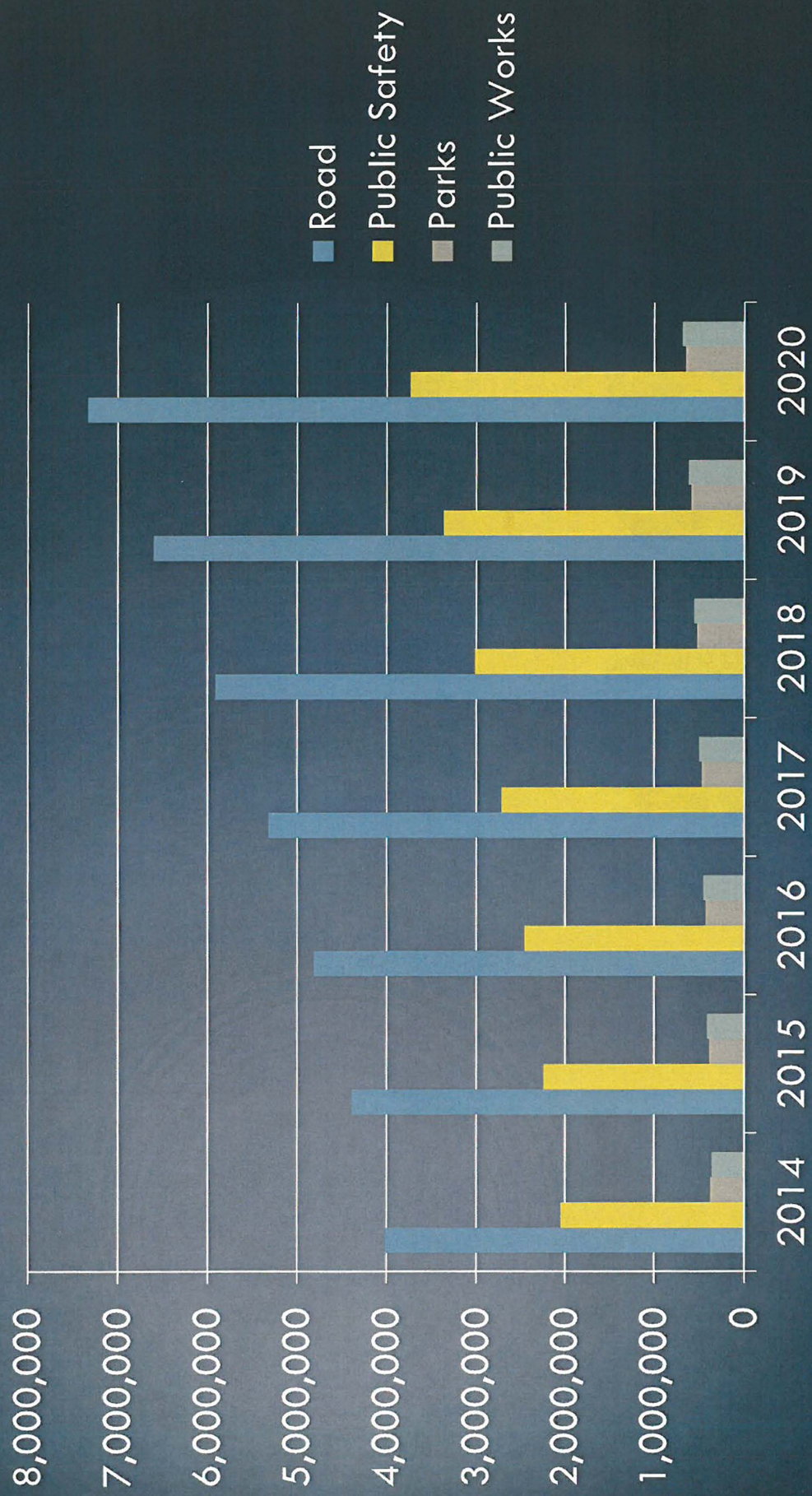


Special Tax Growth Projections

Fiscal Year	Road	Public Safety	Parks	Public Works	# of Existing Permits	Projected # new of Permits	Increase in Tax Rate
2014	4,016,238	2,047,519	377,247	356,722	4351	0	4%
2015	4,388,995	2,237,573	389,787	412,183	4351	200	4%
2016	4,815,299	2,454,909	427,647	452,218	4551	250	4%
2017	5,320,841	2,712,641	472,544	499,695	4801	300	4%
2018	5,913,362	3,014,717	525,166	555,341	5101	350	4%
2019	6,601,182	3,365,378	586,252	619,936	5451	400	4%
2020	7,334,566	3,739,268	651,383	688,810	5851	400	4%

Source: Finance Department

Special Tax Growth Projections





Mountain House CSD

Fire and Emergency Medical Services Proposal

Submitted by the French Camp McKinley Fire District

September 30, 2014





French Camp McKinley Fire District

POLICY & ACTION ITEM 9.1
ATTACHMENT F

Paul Tualla
Fire Chief

Brandon Burlingame
Board Chair

Bob M. Pico
Vice Chair

Gorman Houbein
Director

Serina F. Lee
Director

Mark Vivian
Director

Frederick Manding
Asst. Fire Chief
Fire Marshal

310 E. French Camp Rd.
P.O. Box 790
French Camp CA 95231
Phone: 209-982-0592
Fax: 209-982-4485

September 30, 2014

Gabe Karam, Interim General Manager
Mountain House Community Services District
230 Sterling Drive
Mountain House, CA. 95391

Re: Fire Service RFP submission

Mr. Karam,

Enclosed with this letter is the proposal for Fire and EMS services that the French Camp McKinley Fire District has submitted for review and consideration. As this is the initial proposal and still in the early stages, we believe that our proposal and vision of the services we could provide, would be a fiscal benefit for the Mountain House Community. We believe this proposal will allow the Mountain House CSD the opportunity to save money and allow for the procurement of the fire station from the current service provider, while still providing great public service to the Mountain House Community.

This proposal provides a full scope of fire services for the Mountain House Community Services District. An overview of the services includes Fire and EMS response services, fire prevention, fire investigation, first response hazardous materials, EOC staffing, administrative/support services, public education and reserve program development and administration.

As there may be an impact to the current fire services provider's personnel, in terms of potential layoffs. The French Camp McKinley Fire District will make every effort to provide the displaced fire personnel with an opportunity for "lateral" hiring through a district approved process. At the conclusion of the process, these personnel hired under this system will become French Camp McKinley Fire District employees, under our salaries and benefits.

As this is an initial proposal, it should be noted that nothing within this proposal implies a contract for service. We understand this proposal would be a starting point for discussion and can be modified to meet the needs of the Mountain House CSD. Specific terms and conditions of services that will be provided to Mountain House CSD would need to be taken back to the French Camp McKinley Fire District and be subject to the Fire District's Board approval.

Should there be any questions about this proposal please feel free to contact us at your earliest convenience.

Sincerely,

Paul Tualla
Fire Chief

Gorman Houbein
Board Member/ Budget Committee Chair



French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

Background of the French Camp McKinley Fire District

The French Camp McKinley Fire District was formed in 1946 under California Health and Safety code 13800 et al. The District is an All Hazards agency that provides, Basic Life Support Emergency Medical Services (BLS-EMS), Full scope fire prevention services, Fire suppression, Fire Investigation, First Response hazardous materials response, Technical rescue (Water rescue and Rope rescue) and Public education services.

The Fire District's service boundaries are approximately 16 square miles, which is centrally located within San Joaquin County. The Fire District is located south of the City of Stockton, and north of the City of Lathrop. The eastern boundary borders parts of unincorporated Stockton, the western border is the San Joaquin River. The District has a mix of rural, suburban, commercial, industrial and institutional facilities. One of the well know target hazards in our district is the 114 acre County complex. This complex houses San Joaquin General Hospital, Mary Graham children's shelter, various clinics, two migrant housing camps, Juvenile Justice Center, Sheriff's Operations center, County jail and County Honor farm. The Fire District's population is approximately 7,000 residents. During the work week this population doubles due to local industry and the county complex worker population. See attached district map, in Attachment "A"

In addition to the 16 square miles we service, we also have approximately 20 private contracts with home and agriculture business owners in Roberts and Union islands, adding an additional 75 square miles of response area. Absent of contracts, this area is otherwise considered unprotected.

The Fire District is governed by a five member (5) board of directors that meets once a month. The five member board is elected at large and serve four year terms, these terms are staggered. The district typically meets on the third, Thursday of the month at the Fire Station.

The fire district is considered a Combination department, which utilizes full time staffing with paid firefighters and is supplemented by a well-trained reserve force that provides additional staffing for the district. The fire district currently employs approximately 9 full time positions and is allotted 20 Reserve Part time positions. The Current Reserve Roster is approximately 11 active members. In addition to the suppression staffing, we have the retired Fire Chief assisting with the override assessment program, accounts payable, EDD, DOL and Workers Compensation reporting. The district also has a part time Investigator. This investigator conducts background investigations, administrative investigations and Fire investigations.

In mid-2014 the fire district recently approved a part time office assistant that will work with the Chief and Assistant Chief with the administrative functions and fire prevention program. This will help take some of the administrative duties that the fire chief is currently administering and will allow the fire chief to focus on other programs.

The day to day staffing model utilizes one Company Officer, one Firefighter/Engineer on a 48 hour shift, in a 3-platoon system. Additional staffing is covered by a Day Shift Firefighter/ Engineer which is a 10 hour position and at the end of the Day Shift coverage, a Reserve Firefighter will

"It is the Mission of the French Camp McKinley Fire District to protect life, property and the environment through professional and efficient emergent and non-emergent services"



French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

come in and work the additional back half of the shift with the on duty crew. The weekends or days off that the Day shift Firefighter is not working, a Reserve firefighter will be used to fill the vacancy. This provides three (3) personnel a majority of the time, with a minimum of two (2) personnel at all times.

In 2014, when we implemented the day shift position, it initially provided a third person a majority of the time, but when full time personnel took sick and vacation days, the day shift Firefighter assumed the role of the firefighter that was off. See attached organization chart to review structure of the staffing. In addition to the on duty staffing, there is a Duty Chief that is available 24-7. The Current Chief, Assistant Chief and through a Joint Powers Agreement, the Montezuma Fire District Chief work a coverage schedule to assure a Chief Officer is on duty at all times.

COLLATERAL DUTY ASSIGNMENTS:

With our current staffing model and in order to stay fiscally responsible, we have our current full time personnel assigned to additional collateral duties that help spread the responsibilities across the board and helps promote career development. Some of the duties that are assigned are:

Training Officer:

Responsible for the overall administration of the EMS, Rescue and Fire training programs. This includes training of the new recruits, Paid and reserve personnel along with quality assurance of the information being delivered. We currently use various formats for training deliveries.

Apparatus Maintenance Coordinator:

Responsible for the coordination of equipment and apparatus maintenance. This includes the scheduling of annual inspections, repair of equipment, maintenance of testing records, equipment recommendations. Equipment change notifications, filtering of maintenance complaints and related duties.

Reserve Coordinator:

Reserve Coordinator is responsible for the oversight of the Reserve Firefighter program. Reserve coordinator filters questions and issues and liaisons with the staff to ensure training, meeting and other requirements are being met.

Personal Protective Equipment (PPE) Officer:

The PPE officer is responsible for the maintenance, inspections, recommendations and inventory of safety equipment for all personnel.

Small Tools and Hose Coordinator:

The Tool and Hose coordinator is responsible for the inventory, maintenance and testing of tools and hoses.

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Fire Prevention Officer (FPO):

The FPO is responsible for assisting the Fire Marshal with coordination of the Hydrant maintenance program, inspection and permit program and public education program. This position requires specialized training.

Fire Investigator/ Background Investigator:

The Fire Investigator/ background investigator is responsible for being an active participant with the San Joaquin County Joint Fire Investigations unit. We currently have four (4) active personnel that are available for fire investigations. In order to be an investigator the district requires fire investigations courses, Peace Officer courses (currently we have put personnel into the POST reserve modules to gain that expertise), and additional training to meet the National Fire Protection Association (NFPA) 1033 and 921 standards for fire investigator and fire scene investigations.

Fire investigation personnel also conduct background investigation of new applicants. We use a peace officer standard for the background investigations of support staff and fire personnel.

Inventory Control Coordinator:

The inventory control officer is responsible for the coordination and administration of the inventory program. Each shift is given certain inventory items and the coordinator is responsible for ensuring the input of the items are in the Emergency Reporting system. We currently use the WASP barcoding and scanner system.

Informational Systems and Communications (ISCC) Coordinator:

The ISSC is responsible for the communication systems, information systems (Computers, networks, mobile data computers) and the radio and telecommunication system service, maintenance and upgrades to the necessary systems. Currently the Fire Chief is responsible for this program. In regards to the radio systems, the Fire Chief is an active participant with radio reprogramming with the Joint Radio Users group (JRUG).

CHIEF OFFICERS

The Chief Officers for the Fire District are Fire Chief Paul Tualla, Assistant Chief/Fire Marshal Frederick Manding and through a Joint Powers Agreement (JPA) Chief Edward Martel from the Montezuma Fire District. The JPA was formed in the 1990's to reduce overhead costs by sharing Chief Officer Personnel for scene officer responses and personnel oversight.

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Chief Tualla has been the Fire Chief since 2011. Prior to that he was the assistant chief from 2009 to 2011. Chief Tualla has previously worked for Montezuma Fire District and has also worked in various capacities in Law Enforcement.

Assistant Chief/Fire Marshal Frederick Manding was hired by the fire district in 2011 to develop and administer the Fire Prevention program. Chief Manding previously was the Fire Chief of the Lathrop Manteca Fire District and has over 40 years of Fire service experience.

Montezuma Fire Chief Edward Martel has been the Fire Chief since 1994. Through a longstanding agreement he has been a Chief Officer through the JPA. He currently oversees his district of 9 square miles to include a contract for fire services with the Stockton Metropolitan Airport to provide the Aircraft Rescue Firefighting (ARFF) services for the airport.

All above mentioned Chief Officers also take the added responsibility as the Duty Officer for emergency calls on a rotational basis. This format helps keep duty officer coverage costs to a minimum.

STAFFING / PERSONNEL

The Fire District has the following personnel to administer its services:

- 1- Fire Chief
- 1- Asst. Chief / Fire Marshal
- 1- Fire Prevention Officer (Collateral Assignment- Assigned to a shift assignment on an engine)
- 1- Part Time Investigator (Fire/Administrative investigations and Backgrounds)
- 1- Part Time- Administrative Assistant (Approved 2014-2015 budget)
- 1- Part Time Administrative Assistant (Ret. Chief) Assist with Override Assessment, EDD, Workers Comp Reporting and Accounts Payable
- 2- Company Officers (Lt & Capt.) with assigned collateral duties for Maintenance, fire investigations and Training
- 3- Allotted Engineers positions (Currently testing for vacancies)
- 1- Day Shift/Relief Firefighter
- 11- Reserve Firefighters (Currently testing for vacancies)



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EQUIPMENT AND STATION INFORMATION

Station and Administration Offices

The Fire District operates out of one fire house located at 310 E. French Camp Road, French Camp, CA. 95231. The Station houses the fire personnel and fire apparatus. Behind the station quarter's is an administrative office / classroom. This new administrative building was constructed in early 2014 and is used by local community groups and for the delivery of local training and public education by district staff.

Apparatus

The Fire District has the following equipment and apparatus:

- 1- District owned Command pickup (2010 F-150)
- 1- Fire Chief Vehicle Personal vehicle (2003 Ford Crown Victoria)
- 1- Fire Support van (1998 Chevy Astro- equipped with emergency equipment)
- 2- Type 1 Fire Engines (1995 and 2010 Hi Tech EVS Spartan engines)
- 1- Type 2 Fire Engine (2001 Burtons Fire Apparatus)
- 1- Type 6 Wildland Fire Engine (1991 Phoenix Fire Apparatus)



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CALLS FOR SERVICE / PROGRAMS DELIVERED

In 2013, the French Camp McKinley Fire District responded to 795 calls for service

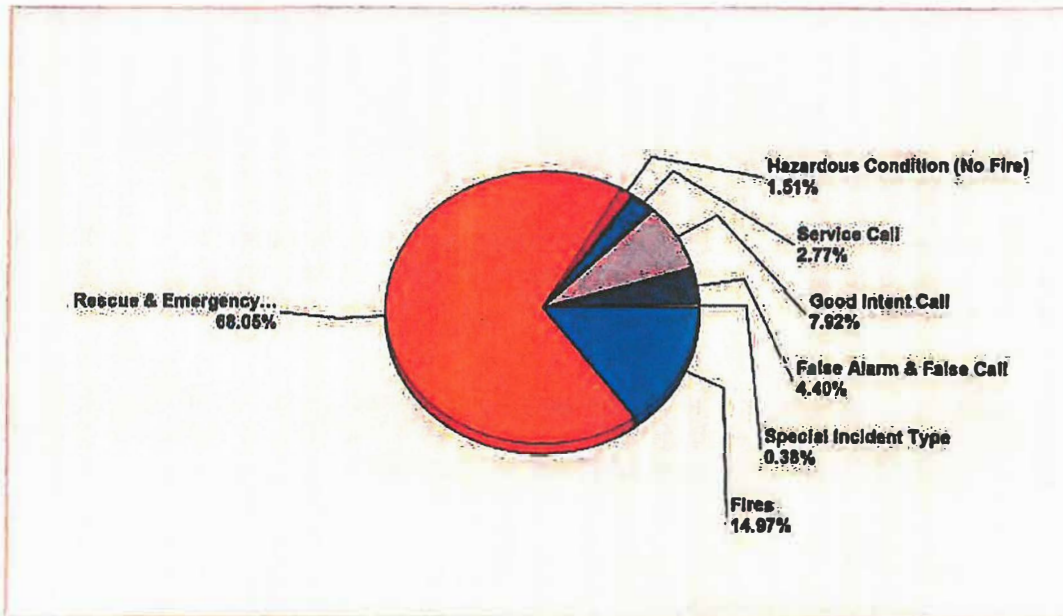
French Camp McKinley Fire District

French Camp, CA

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Breakdown by Major Incident Types for Date Range
Start Date: 01/01/2013 | End Date: 12/31/2013



MAJOR INCIDENT TYPE	# INCIDENTS	% of TOTAL
Fires	119	14.97%
Rescue & Emergency Medical Service	541	68.05%
Hazardous Condition (No Fire)	12	1.51%
Service Call	22	2.77%
Good Intent Call	63	7.92%
False Alarm & False Call	35	4.40%
Special Incident Type	3	0.38%
TOTAL	795	100.00%

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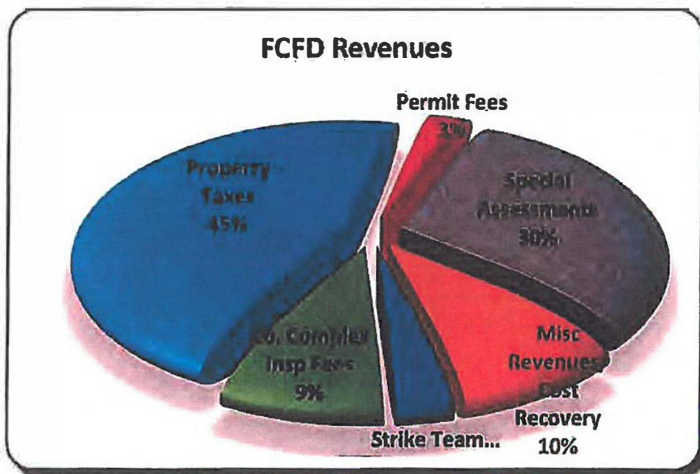
In addition to the calls for service, The Fire District participated in various public education & training events:

- Classroom presentations at French Camp School
- Station visits by various schools and pre-school programs
- Fire Extinguisher classes delivered to public
- Fire safety presentations to various service groups and local businesses
- CPR and First Aid classes delivered to local businesses, care facilities and public
- Public safety demonstrations and open house events during annual pancake breakfast
- Hosted several California State Fire Marshal Certified courses in house and to outside fire agencies

BUDGET INFORMATION

The Fire District is primarily funded through property taxes that are collected. In addition to the property taxes, we also receive a special assessment tax that was enacted in 1984, County complex inspection fees, grants, incident service billing, strike team responses and fire prevention fees.

Over the past five years, the annual operating budget has varied from \$1,100,000.00 to \$845,000.00. The 2014-2015 operating budget is just under 1,000,000.00. There is approximately an additional \$700,000.00 in the Capital and Reserve budget.



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Additional Revenue Sources:

The Fire District is active with grant research, the Fire Chief seeks out grants as they come available. Since 2009, the Fire Chief has successfully authored and managed various grants that have provided over \$350,000.00 for our agency or regionally to other agencies. The most recent grant that was awarded was the California Office of Traffic Safety grant that provided approximately 11 fire departments new extrication equipment throughout San Joaquin County.

In addition to grants, the fire district modified its ordinance #84-2, for certain incident billing. With the updated resolution and partnership with Fire Recovery USA, the fire district collected additional funds for DUI incidents & out of district billing. This helps offset the costs of responses and equipment used on incidents.

Prior to 2012, Fire prevention services were handled partially through San Joaquin County Community Development. This service model was somewhat fragmented and the fire district only collected part of the fees for prevention, based upon the terms of the agreement. In 2013, the fire district took full control of fire prevention to have current fire permit holders the ability of a "one stop shop" when it came to fire prevention matters. Formally, the permit holder would need to go to community development to start the process and then meet with the fire district at a later date to schedule an inspection.

This process has improved the local control of the program. Since its implementation, it has prevented issues with permits, plan reviews and inspections. This has also helped the fire district to collect more in revenues.

FIRE DISTRICT ACOMPLISHMENTS

Since 2011, we have made some great changes to improve services. We will continue to make changes as needed to fulfill the mission of the fire district.

- Implementation of changes to rank structure for improved efficiency and decentralization of some decision making processes
- Implementation of new Lexipol Policy Procedure manual for the fire district
- Implementation of web based training modules in Lexipol and Target Solutions to provide self-paced training without the need to incur overtime for personnel
- Improved training and professional development of full time and reserve personnel
- Increased CA State Fire Marshal training and public education programs
- Increased reserve pool and the training hours of reserve firefighter personnel

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- Implemented a Day Shift Firefighter program to assist with relief of personnel and minimize overtime for backfilling positions
- With local partnerships, the fire district has secured a training site at the SJGH and our personnel have constructed training props for the training site.
- Made much needed purchases in apparatus and equipment to ensure safety of personnel and increased efficiency in service delivery
- Addition of new Administrative building / Training room to facilitate meetings for community groups, training of fire personnel and the public.
- Implementation of an in house Fire Prevention Bureau to improve efficiency and improved customer service
- Implementation of the Emergency Reporting System. Cloud Based system accessible anywhere to manage Reports, Inventory, Inspections and daily logs.
- Implementation of the use of tablets for fire inspections. Currently using Emergency Reporting Occupancy application to expedite and improve the fire inspection process.



French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

SCOPE OF SERVICES TO BE PROVIDED

The total cost of the service proposal will be \$1,842,000.00. A full explanation and breakdown of service cost will be addressed later in this proposal. This proposal will include the cost of four personnel 24/7. The four personnel will be split into two, 2-person engine companies. In addition to the engine companies, there will be oversight by a Fire Chief & Assistant Chief.

As this is a five year contract, the cost will increase annually 3-5%. If there are any unforeseen costs such as increases to retirement pension contributions or health insurance rates, both parties would meet and agree to renegotiate the annual increase exceeding the above listed amounts.

Additional services will include a full service fire prevention and company inspection program, Hydrant maintenance program, administrative oversight of personnel, dispatch services, grants, fire investigations, facilities and apparatus maintenance, public education and a reserve firefighter program.

Should the French Camp McKinley Fire District be successful in receiving the contract for services, the Fire District will implement programs during the contract to assist Mountain House CSD in a smooth transition to their own fire department or to another provider at the end of the contract. A few of these programs are, a Mountain House CSD Knox box system, Mountain House CSD fire department ID number and its own Emergency Reporting system.

FIRE SUPPRESSION AND EMS FIRST RESPONSE

Fire & EMS

The proposal includes 4 personnel, 24 hours a day, 7 days a week, with an available Chief Officer. This would be based upon a three platoon system that works a 48 hours on and 96 hour off schedule. The shift staffing would include (1) Company Officer, (1) Fire apparatus engineer or certified apparatus operator, (1) Firefighter, (1) day Shift Coverage Firefighter that works a 10 hour schedule. When the day shift Firefighter is off for the pm shift, or is off for the day, a trained Reserve firefighter comes in and fills the shift. This allows for two, 2-person engine companies to be available at all times. An organizational chart is attached in Attachment "B."

The justification for this staffing:

- Allows for a second engine to be available if the first engine is on a call
- Allows for 2-in and 2-out requirements to be met on calls in an immediate danger to life or health (IDLH) calls
- Due to limited mutual aid or distance for incoming mutual aid, this will help provide additional personnel on incidents for the first few minutes until additional help arrives

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All Shift Personnel would be required to hold Firefighter certifications and other specialized certifications for the position that they hold. In addition, all personnel will meet basic Life Support (BLS) certifications for EMS responses.

As mentioned in the RFP in regards to Advance Life Support Services (ALS) for EMS, The Fire District would meet with the San Joaquin County EMS Agency and partner with them to help develop a first response Advance Life Support program. Should the Fire District be successful in gaining the approval of developing an ALS program, a budget/program proposal would be developed and presented to the Mountain House CSD board for approval.

As the Mountain House CSD has only one engine at this time, The French Camp McKinley Fire District will provide an additional apparatus for the second engine coverage. This would continue until Mountain House CSD could secure funding for an additional apparatus.

In preparation of this proposal, the Fire District contacted the East Contra Costa Fire Protection District and the Tracy Defense Depot Fire Department. These agencies have given verbal commitments to respond to the Mountain House CSD should the Fire District become the selected fire and EMS provider. We would continue to develop partnerships with neighboring agencies to develop automatic aid agreements to provide additional equipment and personnel to safely mitigate incidents. In turn, the Fire District would reciprocate as part of the agreements.

Hazmat Services

In regards to hazardous materials response, the French Camp McKinley Fire District is a First response operational provider. We currently do not have a hazmat team nor have personnel participating in the County Joint Hazmat team. All personnel are trained at the Hazardous Materials First Responder Operational and Decon level.

As Mountain House CSD is contracted for Hazmat service with the San Joaquin County Environmental Health Division (EHD Hazmat), we would continue to support their (EHD Hazmat) response as needed. We currently work with the EHD Hazmat in the same manner within our jurisdiction.

Should the Mountain House CSD consider having its own team or trained personnel in the form of Hazmat Technicians or Specialists, we could work up a proposal to add those services at a later date.

Training

The Proposal includes training services for all personnel. As the training officer is a collateral duty, there may be times that the Training Officer may have to come off line to instruct various courses, the Training Officer's shift will be backfilled using the Overtime budget. This will ensure staffing levels are met. In addition, should personnel need time off to complete a course, the Overtime budget will be used also to fill the vacancy. The use of Overtime should be minimal as

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French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

we will try to achieve all training while on shift. Although there are times courses will be delivered on the staff's scheduled off time.

The Training Division is responsible for the delivery of all fire and EMS programs. The training has a full array of mandatory and professional development topics such as, fire operations, to include live burns, EMS operations, Hazmat FRO and Decon, Professional development courses, Prevention courses, technical rescue and CAL OSHA topics.

The Training budget included within this proposal will be used for needed training for staff that will be assigned to Mountain House CSD. This amount also covers additional training for new personnel that will be hired should the fire district be successful in obtaining the contract.

DISPATCHING SERVICES

The French Camp McKinley Fire District is currently in a joint powers agreement with the San Joaquin County Joint Radio Users group. This is the same JPA that the current fire services provider (Tracy Fire) is a member of. As we are a current member, the information received by the PSAP should be directed to Valley Regional Emergency Communications Center (VRECC) and dispatched appropriately. In speaking with the President of the Joint Radio Users Group, the consensus was the current radio system channel that French Camp McKinley Fire District uses would provide adequate coverage. Radio testing would be conducted prior to the start of the fire services contract to ensure coverage was adequate.

As the previous Fire and EMS provider possibly owns the radio equipment currently inside of the Mountain House CSD station and apparatus, the fire district would need to install radio and alerting systems and possible other infrastructure to improve the input coverage in the Mountain House response area. These costs were included within the proposal. Also, the cost of the calls for service to be dispatched were included in the proposal.

In addition to the estimated dispatching, there will be fees for the Mobile Data Computer technology that will be used in the apparatus. Our current dispatch systems utilizes mobile data computers (MDC) to provide mapping functions, call information and history and wireless messaging communications. These costs were included in the proposal.

ADMINISTRATION

Under this proposal, full administrative services will be provided to carry out all necessary functions in administering the programs for Mountain House CSD.

The French Camp McKinley Fire District has managed several administrative programs in-house. Currently the Fire Chief handles payroll management, benefits management, Insurance management, accounts payable, Human Resources, Informational systems, report preparations and board clerk functions.

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Some of these functions will now be handled by the part time Administrative Assistant. Should the French Camp McKinley Fire District successfully receive the Mountain House CSD contract, the part time assistant will work full time schedule dedicating time to both Mountain House CSD and French Camp McKinley Fire on a rotational basis to ensure all administrative duties are adequately being covered.

The Administrative services are as follows:

Payroll is managed by the Fire Chief, with payroll functions and recordkeeping being handled by the County of San Joaquin.

Accounting is managed by the Fire Chief and his administrative staff. The district handles accounts payable and receivable. The payable functions are handled through the County of San Joaquin Auditor-Controller's officer and the receivable functions are handled through the County of San Joaquin treasurer/ tax collector.

The Fire District handles record management functions with the assistance of the administrative staff. Many files are now being scanned and converted to digital files.

The Fire District handles most of the Human Resources functions. The Fire District has an approved selection process, background process and training process to meet all mandates. We formally used a Human Resources provider but now we can contract as needed for these functions or utilize the County of San Joaquin for questions concerns and for Human Resources training at a small fee.

The Fire District is part of a JPA with the Fire Agency Self Insurance System (FASIS) for its workers compensation services. This JPA keeps costs to a minimum and has other benefits such as Employee Assistance Program (EAP), Discounts on fit for duty and annual physical programs.

The Fire District uses Volunteer Fireman's Insurance Services (VFIS) administered by Truex Insurance group in Stockton, CA. All liability and vehicle coverage is included within this policy. In conducting research for the RFP, the Mountain House CSD requirements were provided to Truex for review and cost determination.

The Fire District currently contracts with Attorney Thomas Driscoll from Lodi, CA. Mr. Driscoll has had a relationship with the Fire district for an extended amount of time. Mr. Driscoll is well versed in Special Districts.

The Fire District currently handles Informational Technology systems. The Fire Chief oversees and administers this program. He is an active participant in upgrading Informational systems. An Informational Systems consultant will be used to develop a system for the Mountain House CSD Fire Station. These costs are included in the proposal.

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French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

As part of the Informational systems. It is the intent of the Fire District to obtain an Emergency Reporting records system. The system that Fire District currently uses is Emergency Reporting. This system is web based and is accessible anywhere there is internet access. The system is cloud based and securely stores report information, Training reports; occupancy Inspection reports, daily logs, personnel, inventory and has a report and analytics module that analyzes the call time information. The Fire District will set up a Mountain House CSD specific system that we can access and mesh with the Current French Camp McKinley Fire system. By setting up a Mountain House CSD system, this will allow a smooth transition after the end of the contract, should Mountain House CSD decided not to continue contract services. Sample Reports are included within this proposal under Attachment "C."

The Fire Chief will ensure that performance standard reports and call status reports are being presented to Mountain house CSD in a timely manner. The Reports that are within the Emergency Reporting System has analytics and other filters to present various reports to check and see if certain parameters are met.

The Fire Chief will also ensure that he is available to the community, Mountain House CSD Board and General Manager for meetings and reports to the board. This is included within the proposal and no additional costs will be incurred.

In Addition, the Fire Chief and his command staff will participate with Mountain House CSD in future planning, strategic planning processes or other meetings as required to fulfill the mission of Mountain House CSD.

EMPLOYEES

As there may be an impact to current Tracy Fire employees, in terms of reduction of the workforce, The French Camp McKinley Fire District will assist in minimizing the impact by allowing the affected employees of Tracy Fire to test under a lateral hiring process. All employees must go through an approved testing process and should they be successful in the process they must pass a background investigation and medical exam. Once they successfully complete all processes, they will become members of the French Camp McKinley Fire District, under our pay scale and work conditions.

REVENUE COLLECTION

The French Camp McKinley Fire District currently collects contract and permit fees in-house. The Fire District vehicle accident billing program is handled through Fire Recovery USA. Should the Mountain House CSD consider a vehicle accident billing program and an in house fire prevention program, we would work with the Mountain House CSD staff to determine best practices to collect fees in accordance to their policies and procedures.



French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

GRANTS

The French Camp McKinley Fire District is continually seeking grant funding. Included in this proposal, the Fire Chief will seek out grants that will help assist MH CSD. In addition to the grant funding, the French Camp McKinley Fire District is part of the US Forest Service federal Excess Personal Property (FEPP) program. This is how we obtained our Wildland type 6 engine for little to no cost. We will assess and include MH CSD in programs such as these in order to assist in the service delivery to the public.

The French Camp McKinley Fire District has received over \$300,000.00 in grant funding over the last five years. This funding was used within the fire district and regionally to provide equipment or funding for service programs. We have received funding from California Office of Traffic Safety, CALFIRE VFA program, Fireman's Fund and FM Global.

FIRE PREVENTION SERVICES

Fire prevention is an essential service that is key preventing fires through effective and efficient enforcement and educations programs. All Fire Prevention services within the RFP both priority 1 and 2 services will be administered under this proposal with no additional costs for priority 2 services, as it has been implemented into the budget.

In review of the RFP, it states that fire prevention services are handled through the County of San Joaquin. As part of our proposal, we would like to work with Mountain House CSD and its staff to develop an in-house fire prevention program, similar to what the French Camp McKinley Fire District is currently doing.

By bringing this program in-house, this will allow local control of fire prevention inspections, plan reviews and technical issues related to fire prevention and enforcement. This can help improve customer service and increase revenues for fire prevention to help fund the program.

Under this proposal the following programs will be provided:

- Working with MH CSD on development of its own prevention program, if so desired
- Weed abatement program and inspections
- Coordination with County of San Joaquin and the MH CSD Public Works and Development divisions
- State and Local mandated fire inspections
- Inspections to include an engine based fire inspection program
- Plan checks
- New construction inspections related to California fire code
- Builder consultation
- Development and delivery of public education/ risk reduction programs
- Collection of fees and issuance of permits (If approved by MH CSD)
- Provide fire investigation services for origin and cause, to include working with MH CSD Police services in criminal related fires

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- Working with County of San Joaquin Environmental Health Hazmat Division with Hazmat inspections
- Fire Preplans to be included in Emergency Reporting and Mobile Data Computers in the apparatus
- Hydrant maintenance program to include flow tests and entry into the Emergency Reporting system.
- Updating the Current Knox Box access system and transitioning the system to be a Mountain House CSD administered system.

Prevention Program Details:

Technical Advisory

The French Camp McKinley Fire District Fire Marshal will work with Mountain House CSD staff and make recommendations and advise staff of regulation changes, development of programs, recommend changes to keep up with code changes and regulations.

Fire Inspections

The French Camp McKinley Fire District has a company inspection program. All full time staff have (or will have) approved and certified fire prevention inspection and enforcement training. Most inspections will be conducted by engine company staff. More technical inspections will be handled by Fire Prevention staff that have greater experience and training to handle these technical inspections and plan reviews.

All inspections will be tracked in the Emergency Reporting system that will be set up specifically for Mountain House CSD FD. As previously stated personnel can access this program via the web and input the information off of a tablet device. The French Camp McKinley Fire District currently uses this technology allowing the inspection information to be input in real time. A copy of the completed inspection can then be emailed or printed for the permitted business, allowing the information to be passed along immediately.

Under this proposal, the fire prevention staff will conduct the inspections of state regulated facilities. The French Camp McKinley Fire District already has agreements in place to conduct state inspections at educational, institutional and day care facilities within our jurisdiction.

Under this proposal, the fire prevention staff will conduct the inspections of all new fire protection and alarm systems to ensure compliance with current codes and regulations.

Knox Box Program

It is the Fire District's understanding, that the current Knox Box access system is currently assigned to and administered by the current Fire and EMS services provider. It is the intent of the Fire District to establish a Mountain House Specific Knox Box system to be administered by

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French Camp McKinley Fire. By establishing a Mountain House CSD program, this will allow for a smooth transition at the end of the contract, should Mountain House CSD decided not to continue contract services.

Plan Reviews

Under this proposal, the Fire Marshal will conduct the plan reviews as required. Should the plan review entail a great deal of detail and time, the French Camp McKinley Fire District has contracts that can be used to assist in the plan review process. Very few plans are contracted out for inspection.

Weed Abatement Program

Under this proposal, if desired by Mountain House CSD, the Fire Prevention staff and engine crews will administer and conduct inspections for the weed abatement program. The French Camp McKinley Fire District is currently administering this program in cooperation with the County of San Joaquin Code Enforcement within our jurisdiction.

Fire Investigations

Under this proposal, the French Camp McKinley Fire District will commit trained Fire Investigations personnel to conduct origin and cause investigations. Should a fire be determined as a criminal act, fire investigators will work with Mountain House CSD Law Enforcement to complete investigations. All personnel will be trained to conduct investigations and follow up investigations. All hours will be tracked in the case log and on time cards for time tracking purposes. All fire investigation reports can be added to the Emergency Reporting system for tracking and security purposes.

Hazmat Inspections

Under this proposal, the French Camp McKinley Fire District would work with the County of San Joaquin Environmental Health Division Hazmat to ensure that the hazmat inspections are in accordance to Mountain House CSD, state and federal law. Access to the County Hazmat inventory system will be proposed so the information can be shared and input into the particular occupancy in the Inspection module of the Emergency Reporting system.

Public Education

Under this proposal, the French Camp McKinley Fire District will work with all staff, local schools, and community groups to ensure public education is available.

The Fire District will host school visits, station visits, public safety open house days, CPR and First Aid training, safety seminars and presentations and will work with the Community Services District employees, and local school district to be an active participant in safety trainings and public education. These programs would be administered through Fire Prevention.

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French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

In addition, the Fire District will also provide one (1) Automatic External Defibrillator (AED) for the Community Services District business office and will work on obtaining grant funding from local service groups and available grants to place additional AED's in other public locations.

The benefits of the Fire Prevention Program would be:

- The ability to increase revenue collection with fire prevention
- Increase local control of fire prevention services
- A "one stop shop" for fire permit holders and developers
- Annual fire inspections for permitted and non-mandated occupancies
- In house public education program / outreach program will be managed by this unit
- All permits tracked in the Mountain House CSD Emergency Reporting system with field inspections to be conducted using cloud based technology for immediate input into the system.
- Will conduct and administer the weed abatement program for MH CSD if so desired
- Public Education and outreach programs will be administered

COMMUNITY INVOLVEMENT PROGRAMS

Although Community Involvement programs were listed as Priority 2 services. We have included them into this proposal at no additional costs. The French Camp McKinley Fire District feels these community programs are key to fulfill the mission of the fire district.

Public Safety events

Public safety events are included within the proposal and will be administered through Fire Prevention. Cost related to public education materials are covered within the fire prevention budget.

Public Safety Trainings

Under this proposal, public safety training is covered within the fire prevention budget. Training that will be conducted are, First Aid and CPR classes, Emergency Preparedness classes and similar classes will be delivered. It is also the intent of the French Camp McKinley Fire District to host a "Citizen's Academy." This will allow members of the community to understand what training and time goes into being a firefighter.

Reserve Firefighter Program

Under this proposal, the French Camp McKinley Fire District will assemble and administer a Reserve Firefighter program similar to what the fire district is currently doing now. As Mountain House CSD has a well involved community that participates in many civic functions, we believe we can recruit and train interested residents that want to be a part of the department. As the fire district currently has a developed reserve training program and staffing model for implementing reserves, we would tailor a program that would be a good fit for Mountain House CSD.

Costs for this program are included within this proposal.

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French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

Technical Reserve/ Volunteer program

Under this proposal, the French Camp McKinley Fire District will assemble and administer a Technical Reserve program. As there may be residents within the community that may not want to become firefighters but may want to volunteer or dedicate time to support functions for the fire department. This can include website development, data entry, administrative assistance, scene photographer, scheduling and many other functions that support the mission of the fire district.

Costs for this program are included within this proposal.

EOC STAFFING

The Fire District will provide trained personnel to assist in the Emergency Operations Center in Mountain House. The Fire Chief is a current member of the San Joaquin All Hazards Incident Management team, the Chief understands that well trained personnel will be needed to function within the EOC. The Fire District is committed to assist in training of additional personnel to fill roles in the EOC and will also assist MH CSD with training and preparation for those MH CSD employees that will need to fill roles in the EOC.

Funding for personnel training and/or the activation of the EOC will be covered in the Overtime budget. Any EOC activation and drills will be tracked specifically to account for training costs and or activation reimbursements as appropriate.

FACILITIES AND EQUIPMENT

The General station maintenance will be provided by the fire personnel. The costs for this program have been included. Should major infrastructure or additional equipment be needed, that are outside of the scope of general maintenance, the Mountain House CSD will be notified of the need for additional funding.

The Apparatus maintenance will be conducted by trained personnel. Should the repair need a more expertise level of service, the fire district will send the apparatus to our contracted service provider, Hi Tech EVS located in Oakdale CA. Hi Tech also conducts our annual fire pump tests, extrication tool maintenance and BIT D.O.T. inspections.

With other equipment such as radios, ladders, SCBA's and gas detectors, we also have approved service providers to maintenance this equipment.

Since there will be equipment and apparatus owned by Mountain House CSD, it will be the decision of the MH CSD how they would prefer their equipment serviced.

The budgeted amount for signal and apparatus maintenance is included within this proposal.



French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

As previously stated, the French Camp McKinley Fire District will provide a Reserve apparatus and or second apparatus for the second staffed Engine Company until another engine or other apparatus is can be acquired by Mountain House CSD.

As the 2003 Pierce Fire Engine that the Mountain House CSD owns is nearing 100,000 miles, it would be recommended that replacement be considered in the near future, in accordance to the capital improvement plan for Mountain House CSD. Should this apparatus be replaced, this can be placed into reserve status. The French Camp McKinley Fire District will work with Mountain House CSD on apparatus specifications and selection of apparatus.

BUDGET BREAKDOWN

Listed in the spread sheet below, are the breakdowns of each cost center for this proposal.

Salaries

Salaries total \$983,767.00. These costs include the cost for three shifts to be covered 24 hours a day, seven days a week with the following staffing on each shift:

- 1- Fire company Officer/ EMT (Captain or Lieutenant)
- 1- Fire Apparatus Engineer/ EMT
- 1- Firefighter/EMT
- 1- Day Shift Firefighter/ EMT
- 1- Reserve Firefighter to fill PM shifts or 24 hour shifts as needed to maintain the staffing ✓

In addition this also covers the costs for the support and administrative staff:

- 1- 0.5- Fire Chief
- 1- 0.5 Assistant Chief
- 1- 0.5 Administrative Assistant

This staffing model will allow for two, 2-person engine companies to be staffed 24/7

In addition to full time staffing, the salaries cover costs of the Reserve Firefighter Program (both sleeper program and call back program), Additional Overtime coverage as needed, and vacation cash outs for full time personnel. Pursuant to current agreements, the full time personnel are allotted a set amount of days per year for paid time off or PTO. At the end of the fiscal year, the employee is allowed to cash out ½ of his accrued time for the year.

Example: If FF#1 is given 10 days per year, he is only allowed to cash out 5 days. They are allowed the carry over the additional days into the next fiscal year, but FF#1 will have to use them as they will lose them if they don't use them in the one fiscal year they carried them over. This program is to encourage personnel to actually take vacation time off.

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French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

Benefits:

The fringe benefits total \$146,533.00. This covers employees, health, dental, vision insurances along with the employee assistance program (EAP) and AFLAC benefits.

Retirement:

The retirement system contributions total \$151,000.00. These costs cover the employer contributions into the retirement system.

General Services and Supplies:

The general services and supplies budget is \$389,200.00. This section covers a few separate items such as:

Subscriptions/ Programs and Communications

This covers software programs, office equipment, phone lines, pagers, internet costs and office supplies.

Apparatus and Signal Maintenance

This covers apparatus maintenance for the fire engine, general maintenance on command and staff vehicles, radio equipment for the apparatus and the first year will include radio equipment that will be acquired for the EOC.

Vehicles

This covers the costs of the command vehicles, support vehicles for prevention and for the second fire apparatus costs.

Fuel and Oil

This covers fuel and oil for the apparatus'

Equipment Rental

This covers miscellaneous equipment rental such as special tools, utility equipment and similar items for operations and public relation events.

Administration services

This covers auditor controller fees for payroll, Accounts Payable functions and Independent CPA audit.

Legal Fees

This covers the contracted legal services, Department of Justice Livescan program fees, Lexipol Policy Procedure and training portal updates and any contracted Human Resources services provided.

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French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

Dispatch Fees

This covers the dispatching fees, Mobile computer fees, Mobile computer annual licensing fees and any other maintenance fees for the radio and dispatching system.

Safety Training

This covers the safety training programs for personnel, training supplies and fees for web based training and for the EMS Continuing Education fees with Montezuma Fire.

Educational reimbursement

This covers the policy approved educational reimbursement for fire service, EMS or post-secondary education programs.

Physical Exams

This covers the annual physical examination process for all of the full time employees. This also covers the return to work physicals and drug testing fees that are not associated with a pre-employment or annual physical.

Safety Clothing

This covers the annual personal protective equipment testing, repairs and replacement of small consumable items.

EMS Supplies

This covers the EMS equipment replacement items, consumables, Oxygen and AED supplies.

Utilities

This covers the station utilities

Station Maintenance

This covers general station maintenance and supplies for maintaining the station

Fire Prevention Program

The Fire Prevention Program covers fire prevention costs for supplies, public education events and supplies and emergency preparedness items. The costs for the Fire prevention staff is covered within salaries.

Casualty and Workers Compensation Insurance

The Insurance fees are estimated at \$99,000.00. This covers the casualty insurance for the station and apparatus. It also covers the workers compensation program through FASIS.

Contingency

A \$55,000.00 contingency was placed into the budget for unforeseen costs.

The Total budget is set at \$1,842,000.00

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French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

BUDGET LINE ITEMS

Cost Center	Account Description	2015-2016 Budget	Notes
Salaries			
1000	Regular Salaries	\$872,767.00	Salaries to include Vacation Cash outs
1001	Overtime	\$65,000.00	OT as needed
1002	Reserve FF Program	\$46,000.00	Reserve Shifts and Call backs
Salaries Total		\$983,767.00	
Benefits			
2000	Health Insurance	\$129,900.00	Blue Cross
2001	Dental insurance	\$10,158.00	Premier Access
2002	Vision Insurance	\$1,560.00	Ameritas
2003	EAP Program	\$1,365.00	FASIS
2004	Disability Ins- AFLAC	\$3,550.00	AFLAC- Shared Costs
Benefits total		\$146,533.00	
Retirement			
3000	Retirement	\$151,000.00	Public Employee Retirement
Salaries and Benefits Total		\$1,281,300.00	
General Services and Supplies			
4000	Subscriptions/Program Communications/ IT Systems	\$58,000.00	Programs, Memberships & Subscriptions Copier purchase, Misc Office Supplies Cell, Internet, Phone Lines & pagers
4001	Apparatus Maint Signal Maint	\$62,000.00	Apparatus Maint, Supplies, Radio equipment for interoperability, and radios for the EOC and Station
4002	Vehicles	\$44,000.00	Command & FP vehicles shared cost
4003	Fuel and Oil	\$23,000.00	Fuel and oil for apparatus and Cmd veh
4004	Equipt Rental	\$1,200.00	Misc Equipment rental
4005	Admin Svcs	\$12,500.00	Auditor A/P, Payroll svcs, CPA indept audit
4006	Legal Fees	\$22,500.00	Attorney fees, DOJ Fees, HR & Poli Pro Updates

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French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

4007	Dispatch Svcs	\$24,500.00	VRECC Fees, Maint Fees, MDC & Infrastr Fees
4008	Safety Training	\$30,000.00	Safety training programs and supplies
4009	Educational Reimb	\$15,000.00	Eligible Reimbursement per Policy
4010	Physical exams	\$7,500.00	Annual exam Program, RTW Prog FASIS
4011	Safety Clothing	\$45,000.00	Personnel clothing
4012	EMS Supplies	\$6,500.00	EMS Equipt, Oxygen, Misc FA Supplies
4013	Utilities	\$22,500.00	Utilities
4014	Station-Build Maint	\$15,000.00	Misc Supplies and Maint

General Services and Supplies	\$389,200.00
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Fire Prevention

5000	Fire Prevention & Emergency Preparedness Programs	\$17,500.00	Prevention and Emergency Preparedness Training and Public Education
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Fire Prevention Program	\$17,500.00
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Insurance

6000	Causality Insurance Workers	\$23,500.00	Apparatus, Station, Liability Coverages
6001	Compensation	\$75,500.00	FASIS WC Program Costs

Insurance Costs	\$99,000.00
------------------------	--------------------

Contingency

7000	Contingency	\$55,000.00
------	-------------	-------------

Total Budget All Cost Ctrs.	\$1,842,000.00
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French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

ITEMS NOT COVERED WITHIN THE PROPOSAL

Mountain House Fire Station #1

Although the maintenance for the station is covered within this proposal, major upgrades are not covered. Should there be any major upgrades within the station or its infrastructure. This would be brought to the attention of Mountain House CSD for review and consideration.

Also, loose equipment such as bedding, office furniture and finishing's are not covered in this proposal. When Mountain House CSD acquires the station, items needed for the station operations will need to be negotiated with Mountain House CSD should there be no furnishings or equipment left by the previous services provider.

Fire Apparatus, Tools and Equipment

As the RFP states the Fire engine belongs to Mountain House CSD, it is unknown if the equipment contained within does belong to Mountain House CSD. The equipment was not included within this proposal. Should there not be any equipment, this will need to be negotiated with Mountain House CSD.

Transitional Costs

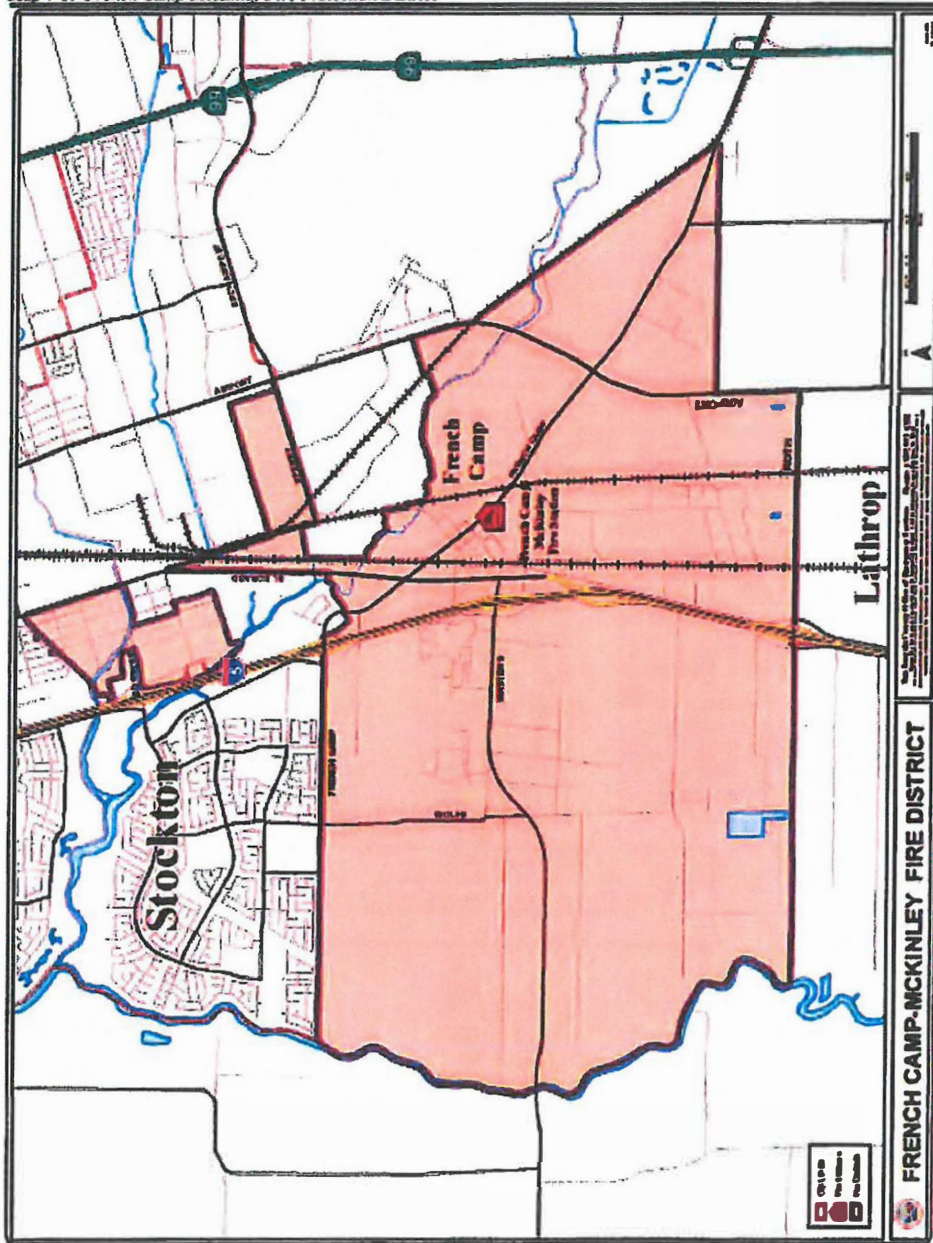
As the first year of the fire services contract may incur additional costs, this was not included within the proposal. Should the French Camp McKinley Fire District be the selected provider, there may be an additional \$164,000.00 in additional costs, for only the First Year to cover equipment, safety gear, training and personnel costs to have them hired and trained so they will be ready for the start of the contract.



French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

Attachment "A" – Map of the French Camp McKinley Fire District

Map 7-1: French Camp-McKinley Fire Protection District



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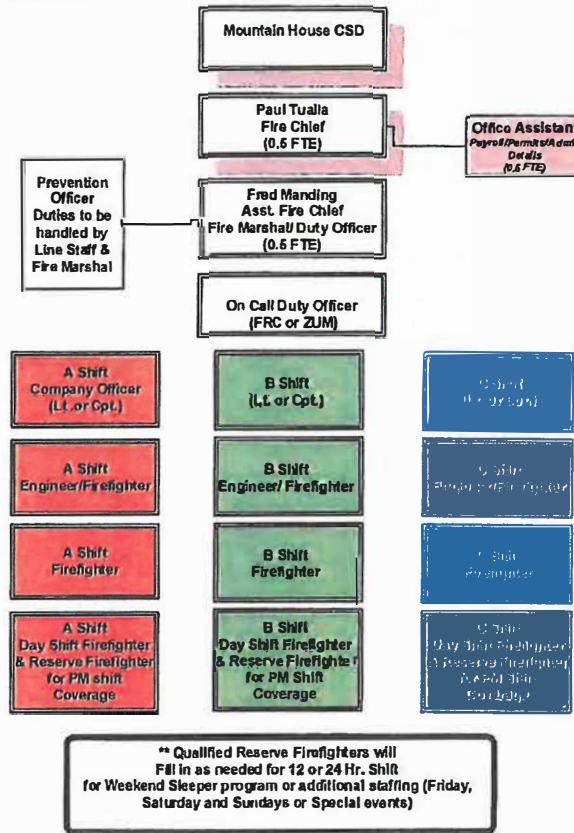
French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

Attachment "B" Organization chart for Mountain House CSD Fire Department staffing



Mountain House CSD Fire Department Proposed Organizational Chart

3-Personnel staffing with Day Shift Firefighter and Reserve Sleeper program for night shift for Mountain House Station #1



Proposed Modified
4-Person
Fire Service Model
Effective 10-01-2015

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French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

Attachment "C" Emergency Reporting system information and Sample Reports

EXPERTS IN CLOUD COMPUTING SINCE 2003:

EASY TO USE

Friendly, dynamic user interface

COST-EFFECTIVE

Affordable and always up-to-date

WEB-BASED ACCESS, ANYWHERE

Log into your account online

MILITARY-GRADE DATA SECURITY

All data encrypted for transfer 24/7/365

UNLIMITED CONCURRENT USERS

No added fees for additional licenses

CUSTOMIZED REPORTS

More than 900 reports available

EXPORT VALIDATION

NFIRS & NEMSIS real-time validation

TOP LEVEL MANAGEMENT TOOLS

Personalized dashboard and more

AUTOMATIC BACKUP PROCEDURES

Reliable data backup process 24/7/365

SEAMLESS UPGRADES

Automatic system enhancements

WORLD-CLASS SUPPORT

Available to help you

Take the system for a test-drive to find out how it can work for your agency. Our demo accounts let you complete incidents, run reports and manage occupancies totally risk-free:

[Get the Free Trial](#)

www.emergencyreporting.com



Emergency Reporting is a powerful online system where first responders access fire & EMS reporting and records management services to enter incident reports, maintain resources and much more.

Emergency Reporting supports more than 75,000 career and volunteer first responders world-wide, from small rural agencies to large departments, even the U.S. Department of Defense! Emergency Reporting understands the unique needs of the fire service. That's why our team works so hard to maintain consistent innovation and ongoing relevance in this evolving industry.

Our cloud-based system is easy to use and maintain. It's also safer than traditional software. Military-grade internet security protocols and database backup systems mean that Emergency Reporting users can be sure that their data is always safe and secure. With unlimited concurrent users; automatic updates and world-class support, what's not to love?

Find out for yourself how ten years of cloud-computing expertise, combined with ongoing input from the fire service, has revolutionized records management. Test drive the system risk free at: www.emergencyreporting.com





French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

Report System Capabilities



Google maps integration: [more >](#)



Products

[Fire and EMS Package](#)

[Fire Package](#)

[EMS Package](#)

[Risk Assessment](#)

[NFIRS Only Package](#)

[NEMIS Only Package](#)

[DoD Package](#)

[CAD Interface](#)

[EMS Billing Link](#)

[Google Maps Integration](#)



Feature Overview

Our system is versatile and easy to use. Find out why so many departments have made the switch.

Web-Based Reporting with NFIRS

FREE TRIAL

[GET STARTED >](#)

The Fire package includes NFIRS reporting and is fully integrated with powerful modules to support daily operations.

Downloads

[Google Maps Bulletin \(187K\)](#) [Brochure \(897K\)](#)

Package includes these modules

Click to read a brief description of the module and benefits

- | | | |
|-----------------------------------|---------------------------|------------------------------|
| Administration | Occupancy | Events |
| Daybook | Training | Inventory |
| Incidents (NFIRS) | Reports | Daily Roster |
| Message Center | Library | Payroll |
| Hydrants | Shifts | My Profile |
| Maintenance | Calendar | Analytics |

[Like](#) 11 people like this. Be the first of your friends.

Google maps Upgrade Available

- Map Incidents, Hydrants and Occupancies by Type
- Use Advanced Filtering to Pinpoint Incidents Categorically
- Color-Coded Hydrants by GPM Volume Per NFPA 291

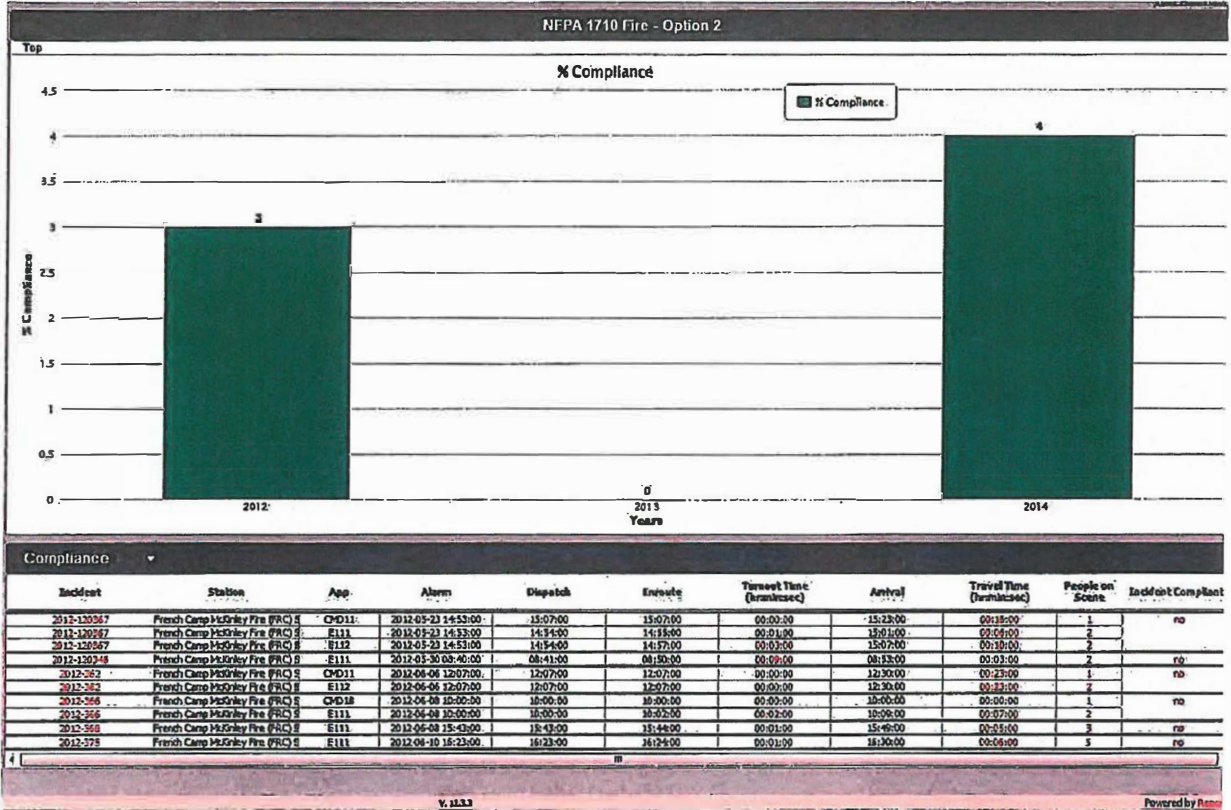
[LEARN MORE](#)

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French Camp McKinley Fire District Proposal to Mountain House CSD For Fire and EMS services

Sample Reports- Compliance report for NFPA 1710 Fire Standards



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**TRACY RURAL FIRE
DISTRICT
4330 Pershing Avenue
Suite B-1
Stockton, CA 95206**

October 8, 2014

Lorrene Salazar
FIRE RFP Response
300 S. Sterling St.
Mountain House CSD, CA 95037

Re: Response to Request for Proposal

Dear Ms. Salazar:

In response to the Request for Proposal of MHCSO, enclosed please find:

1. Response to Request for Proposal;
2. Organizational Chart of Tracy Rural Fire Dept.;
3. Sample Contract;
4. Exhibit A.

Please direct communication on this matter to the undersigned.

Thank you for your professional attention to this matter.

Sincerely,



Tim Smith, Chairman
Tracy Rural Fire District

Encl. Response to Request for Proposal,
Sample Contract,
Organizational Chart (Tracy Fire)

Cc: Tim Smith
Tom Terpstra
Troy Brown
Al Nero

REC'D

OCT102014AM8:51
MHCSO

RESPONSE TO REQUEST FOR PROPOSAL

Organizational Structure

The Tracy Rural Fire Protection District (District) is a special district located in South San Joaquin County. The District consists of unincorporated areas adjacent to the City of Tracy and includes areas that have been annexed into the City of Tracy but remain attached to the District. The District is governed by a five member board of directors. Fire services are provided via the South County Fire Authority (SCFA). The SCFA is a Joint Powers Authority that was formed in 1999 when the City of Tracy Fire Department and the District consolidated the two organizations. The SCFA is governed by a four member board of directors consisting of two Tracy City Council members and two members of the District Board of Directors.

Agency Qualifications

The District has provided fire services, via contract, to the community of Mountain House since 2002. The community of Mountain House and the MHCS D Board have expressed their exceptional satisfaction with the services provided via the existing contract. Tracy Rural Fire District currently provides a fire protections plan prepared in compliance with the requirements of the Mountain House New Community Master Plan; the Public Financing Plan; the 1996 Fire Protection Agreement between MHCS D and the Tracy Rural Fire Protection District. The Tracy Rural Fire Protection District has provided fire protection services since 1945 and the Tracy Fire Department since 1910. Both agencies which form the South County Fire Authority have provided Advance Life Support (paramedic service) for the past 12 years.

Response to Scope of Services

The District provides a full range of fire services including: administration, fire prevention, training, and fire suppression, emergency medical services at the advanced life support (paramedic/ALS) level, hazardous materials response and public education. Services have been provided at the suburban level, three-person company with at least one licensed paramedic, 24 hours per day/365 days per year. This is the same level of services provided in the City of Tracy. In addition to response services, the community of Mountain House will receive public education, hydrant inspection, fire safety inspection, fire safety consultation, CERT training, and maintenance services. All of the resources of the SCFA will be provided to Mountain House when necessary for emergency response. Mountain House will receive regular monthly statistical reports regarding activity in Mountain House. Chief Officers and/or Fire staff will regularly attend neighborhood meetings and activities. Fire Station 98, located at 911 Tradition St., is regularly accessible for community meetings and activities. The Mountain House Emergency Operations Center (EOC) is located at the station.

Price

The pricing for the proposed services are set forth in the proposed Sample Contract submitted concurrently with this Response to Request for Proposal.

Exceptions/Special Considerations

The SCFA contracts with the City of Tracy for the provision of all employees, and support services, such as finance, human resources and legal counsel.

Office Locations

Fire Administration is located at 835 Central Ave., Tracy, Ca. 95376. The business office of the District is located at 4330 N. Pershing Ave., Ste. B-1, Stockton, CA 95207.

Number of Employees

There are currently 79.70 full time equivalents. Firefighters provided by the TRFPD under this plan shall be constantly provided 24/7 with paid, full-time professional firefighters as elsewhere in the TRFPD and City of Tracy. Reserve and volunteer firefighters will supplement this basic level of staffing as part of the regular Tracy Fire department services.

Size of Operation and Capital Budgets

The operating budget for Fiscal Year 2014/15 is \$17,075,680 with cost shares as follows: City of Tracy - \$10,504,680; District - \$3,934,630; MHCS (contract agency) \$2,434,630.

Number of Customers and Contract Agencies

The SCFA serves a population of 105,000 people contained within 200 square miles. Fire services are also provided to the community of Mountain House via contract with the District.

Key Personnel

The Tracy City Manager serves as the SCFA Executive Director, with the Fire Chief responsible for the administration of the Fire Department. The chief officers include Fire Chief Alford Nero as well as Division Chiefs David Bramell, Andrew Kellogg, and Steve Hanlon.

**FIRE PROTECTION SERVICES AGREEMENT
BETWEEN
MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
AND
TRACY RURAL FIRE PROTECTION DISTRICT**

THIS FIRE PROTECTION SERVICES AGREEMENT ("Agreement") is entered into as of the date signed below, by and between the MOUNTAIN HOUSE COMMUNITY SERVICE DISTRICT, (hereinafter "MHCS D") a Community Services District formed pursuant to Division 3 (commencing at Section 61000) of Title 6 of the Government Code and the TRACY RURAL FIRE PROTECTION DISTRICT, (hereinafter "FIRE DISTRICT") a Fire Protection District formed pursuant to Part 3 (commencing at Section 13800) of Division 12 of the Health and Safety Code.

RECITALS

A. MHCS D was approved for development by the Board of Supervisors of San Joaquin County as an urban community.

B. MHCS D was formed to provide various municipal services, including, but not limited to, fire protection service.

C. The Parties intend for the provision of fire protection service by FIRE DISTRICT to cover the property located within the MHCS D boundaries. It is contemplated that MHCS D will expand and ultimately include the entire area of property designated as the Mountain House Community on the General Plan Land Use Map, attached as Exhibit "B" and incorporated herein by reference. It is the intent of the parties that this Agreement will be amended to include any property which may later be annexed to MHCS D.

D. MHCS D intends to request the appropriate agencies to simultaneously detach property from the FIRE DISTRICT when property is annexed to the MHCS D. At the time of detachment, the property tax allocated to the FIRE DISTRICT will be transferred to the MHCS D.

E. The City of Tracy and the FIRE DISTRICT entered into a joint exercise of powers agreement to form the South County Fire Authority, which became effective on September 7, 1999, and subsequently amended from time to time, for the provision of fire services to South County Authority's jurisdictional area.

F. Since September 17, 2002, FIRE DISTRICT has provided fire and emergency response services within MHCS D boundaries, pursuant to an Agreement between FIRE DISTRICT and MHCS D. The current Agreement is set to terminate on September 13, 2015, pursuant to MHCS D's written Termination of Agreement dated September 13, 2013.

G. FIRE DISTRICT, through its capacity as a member of the South County Fire Authority desires to continue to provide fire services to MHCS D past the anticipated termination date of September 13, 2015, thereby providing uninterrupted services.

H. MHCS D desires to receive uninterrupted fire services from the FIRE DISTRICT through and beyond September 13, 2015.

I. Both MHCS D and FIRE DISTRICT have the power to enter into this Agreement, have taken all steps necessary to enter into this Agreement, and have determined that all of the above recitals are true and correct.

NOW, THEREFORE, in consideration of the promises and provisions set forth herein, the parties hereby agree as follows:

AGREEMENT

SECTION 1. GENERAL PROVISIONS.

1. A. Effective Date. This Agreement shall become binding upon its execution by the Parties and effective when the current Agreement between the parties terminates on September 13, 2015.

1. B. Term. The term of this Agreement shall begin on the date first signed below, and shall continue until the Agreement is terminated pursuant to terms of this Agreement.

1. C. Annual Review. Once each fiscal year prior to the preparation of the annual budget, FIRE DISTRICT and MHCS D shall meet and review the provisions of services in view of all statutory, regulatory, and administrative requirements and make any needed adjustments to ensure that the terms of the Agreement are fulfilled.

SECTION 2. SCOPE OF SERVICES.

2. A. Criteria. The initial performance of services by FIRE DISTRICT shall be consistent with a rural level of service. As MHCS D develops, the performance of services shall be consistent with the performance and level of service provided to other communities which are of a like size and development to MHCS D. The general service criteria of the FIRE DISTRICT performance standards are described below as well as in Exhibit A of this agreement.

2. A.1. Fire Operations. FIRE DISTRICT will provide to MHCS D all risk emergency response for fire suppression, rescue, emergency medical and hazardous materials incidents 24 hours a day, 365 days a year. The fire operations program provides for the availability of 73 sworn personnel. Firefighters provided by the FIRE DISTRICT under this plan shall be constantly provided 24/7 with paid, full-time professional firefighters as elsewhere in the FIRE DISTRICT and City of Tracy, Reserve and volunteer firefighters will supplement this basic level of staffing as part of the regular FIRE DISTRICT department services. FIRE DISTRICT shall provide service that is a signatory to the California Mutual Aid Agreement, the San Joaquin County Mutual Aid, and maintains mutual and/or automatic aid agreements with all fire agencies that border the SCFA service area. If serious emergencies in the MHCS D require more than one fire company to respond, they will be provided without delay from the TRFPD/Tracy partnership as would any other emergency in their combined service area. Dispatch services shall be provided via a contract with a qualified dispatch.

2. A.2. Response Levels. Fire response includes all necessary resources to mitigate an incident in MHCS D (e.g. response by 4 engines, 1 ladder truck and 1 Chief Officer to a structure fire).

2. A.3. Emergency Medical Response. Emergency medical service shall be provided at an advanced life support (ALS) paramedic level. FIRE DISTRICT shall, as far as possible, support MHCS D's community emergency preparedness, education, training, and exercises. MHCS D shall retain the responsibility for the MHCS D's internal emergency management and related programs.

2. A.4. Hazardous Materials Response. Hazardous Materials response will include specially trained hazardous materials technicians and specialists. In addition, response is augmented through the department's membership within a regional joint hazardous materials team.

2. A.5. Prevention. FIRE DISTRICT will provide a fire prevention program that includes fire investigation, code enforcement, plan checks and permit issuance as required. In addition, this program provides fire safety education, testing and maintenance of fire hydrants.

2. A.6. Training and Education. FIRE DISTRICT shall provide and manage training programs for career and reserve personnel encompassing all facets of departmental functions and operations. The goal of FIRE DISTRICT'S training will be to provide a skilled work force, prepared and capable of responding to all risks within the MHCSO. FIRE DISTRICT will ensure that all personnel receive mandated training to reduce liability and maximize operational efficiency including ensuring that paramedics and emergency medical technicians remain licensed and otherwise well qualified. Additional services and / or programs available upon request include:

- Fire and Life Safety Education provided to all schools within the MHCSO.
- Public and community outreach for events in MHCSO.
- Fire Explorer Post – MHCSO residents that meet post requirements are eligible to apply and participate.
- Reserve Firefighter – Residents that meet eligibility requirements may apply.
- Public education presentations upon request.
- Safety initiatives/presentations, e.g. Drowning Prevention, Learn Not To Burn, etc.

2. A.7. Emergency Management. FIRE DISTRICT shall assist with emergency planning and response, including providing at least one staff person in the Emergency Operations Center (EOC) during activation and will assist with the development of the EOC.

2. B. Authority to Direct. The power and authority to deliver services, discipline of personnel, and other matters related to the control of any personnel so employed by the FIRE DISTRICT and its agents shall remain with the FIRE DISTRICT or, if employed by any agency under contract with the FIRE DISTRICT, shall remain with such agency.

2. C. Water Provision. MHCSO shall retain the responsibility for providing water systems within the service area including the installation and maintenance of fire hydrants together with a water supply capable of providing adequate fire flows at all locations within the service area without cost to FIRE DISTRICT.

2. D. Fire Hydrants. Not less than once a year, FIRE DISTRICT shall inspect all fire hydrants to ensure that the hydrants within MHCSO are mechanically operable and will deliver water at an adequate flow. Upon learning of any fire hydrant or water flow problem, whether learned by annual inspection or otherwise, FIRE DISTRICT shall promptly notify MHCSO in writing of the problem and MHCSO shall promptly make repairs or corrections as needed at its own expense.

SECTION 3. ADMINISTRATION.

3. A. Contract Administration. FIRE DISTRICT, through its contracted agent(s), shall provide a department head (Fire Chief), executive and clerical support staff to administer and direct the fire department and provide the necessary administrative support for its programs and operations, including, administration and enforcement activities, policy and program development, compensation review, recruitment, examinations, employee development, records maintenance, financial management, budget coordination, accounting, payroll, disbursements, repair and maintenance of vehicles and equipment, building maintenance and repair, utilities, computer and telecommunications, workers compensation, and general liability.

3. B. Liaison to the City of Tracy. FIRE DISTRICT, through its contracted agent(s), shall provide staff attendance at all regularly scheduled meetings of the MHCS D, Public Safety Committee meetings, Neighborhood meetings, and any other meetings as requested.

SECTION 4. FINANCIAL PROVISIONS.

4. A. Payment. MHCS D shall pay FIRE DISTRICT for the services set forth in Section 2 and 3 in quarterly payments with MHCS D paying for services prior to the beginning of the quarter in which services are to be received to FIRE DISTRICT based on an annual sum determined as follows:

The City of Tracy and Tracy Rural Fire District are the partner agencies that form the South County Fire Authority. Costs to provide fire services by Tracy Rural Fire District are allocated based on the formula determined by the SCFA Agreements and Resolutions. The costs for Tracy Rural Fire District to provide service to Mountain House also are based on the formula. The calculation of each entity’s costs is based upon the number of people assigned to the station(s) located within each entity’s geographical boundary. At the time this Agreement is executed, Mountain House’s share is equal to 14% of the overall budget, based on 9 people assigned to Station 98 located in the MHCS D and totals \$2,434,630.00.

The costs to MHCS D are based on the Fiscal Year 2014/15 Budget. Costs for subsequent years may be more, or less, subject to third party contract negotiations, staff fluctuations, and administrative costs. At the end of each fiscal year, expenditures will be finalized. If year- end expenditures are less than adopted, the amount due from MHCS D will be reduced. If year-end expenditures exceed the adopted budget, the amount due from MHCS D is proportionally increased under the allocation described above.

Except as specifically provided in any separate supplemental services agreements, the City and District shall split the annual costs of maintenance and operations for Fire Protection Services, Fire Dispatch Services, expenses of the City pursuant to Articles IV and VII and any insurance premiums paid by City to insure itself against liability arising out of the Agreement between the City and Authority for Provision of Fire Services, and any amendments thereto. Except as otherwise provided by this Agreement, the cost split shall be 67% City responsibility and 33% District responsibility. This cost split is based on a ratio derived from minimum staffing differences between City stations and District stations (excluding Mountain House costs which are sole responsibility of District based on a separate agreement between Mountain House Community Services District and District). The staffing levels on which this formula is based are:

Three City Stations with 3 person crew x 9 (minimum staffing for 3 shifts)	=	27
Three Rural stations with 2 person crew x 6	=	18
Total Minimum staffing	=	45

City is 27 divided by 45 = 60% + 7% (variable) = 67%

Rural is 18 divided by 45 = 40% - 7% = 33%

There shall be a minimum staffing of 21 at Stations 92, 93 and 94, which shall be reflected annually in the District-adopted budget.

Notwithstanding the above formula, upon Certificate of Occupancy of re-located Station 92, or July 1, 2015, whichever occurs later, District shall be obligated to pay 100% of Station 92 funding for 7.5 years (90 months). For the purpose of this Agreement, “upon Certificate of Occupancy” shall mean July 1,

2015 if the Certificate of Occupancy is issued prior to July 1, 2015. During the 7.5-year period after Certificate of Occupancy, the minimum staffing at Station 92 shall be at least 9 of the total required 21. Upon completion of this obligation, District shall have satisfied the Shortfall Repayment set forth in Section 6.6 of Amendment No. 4 to this Agreement.

4. B. Adjustment to Actual Expenses. Of each fiscal year when the FIRE DISTRICT has fully and accurately determined its actual expenses in the Fire Department budget, the cost of service and credits for the prior fiscal year will be recalculated and if the amount calculated to be owed by MHCSO for fire service in the prior fiscal year is less than was paid by MHCSO, then a credit of the difference will be applied to the amount owed by MHCSO on their next payment. If the amount calculated to be owed is greater than was paid by MHCSO, the difference will be added to the amount owed by MHCSO on their next payment.

4. C. Guarantee. MHCSO, or their designee, will post a bond guaranteeing payment for services for one year and nine months.

4. D. Proposed Budget. Annually, at least ninety (90) days prior to the beginning of the next fiscal year, FIRE DISTRICT shall submit to MHCSO its proposed budget for the provision of services to MHCSO. The proposed budget will include its preliminary budget for the next fiscal year, upon which calculations in this Section are based, for the operation of FIRE DISTRICT as a whole including service to the MHCSO, and the proposed amount of the annual fee to be paid by the MHCSO to the FIRE DISTRICT for the coming fiscal year, and the calculations of that fee based on Section 4.

4. E. Unavailable Information. If at the beginning of a fiscal year the information required in Section 4 is not made available to MHCSO, then payments shall continue at the same rate as the previous fiscal year and when the amount of the annual fee is established, then any increase or decrease in the annual fee shall be divided into two (2) payments and spread as an increase or decrease of the fee otherwise applicable over the next 12 months following determination.

4. F. Methods of Payment. MHCSO will pay the monies pursuant to Section 4A in a form and manner acceptable to FIRE DISTRICT.

4. G. Financial Statements. FIRE DISTRICT shall annually furnish to MHCSO a financial statement of the actual expenses in sufficient detail to permit calculation of the adjustment in Section 4. The financial statement shall contain statistical data reflecting the number of calls, type of calls, and service response time for calls within MHCSO. The financial statement shall be prepared by a Certified Public Accountant if requested by MHCSO, selected by MHCSO and approved by the FIRE DISTRICT. The cost of such an annual financial statement, if prepared by a Certified Public Accountant at the request of MHCSO, shall be borne by MHCSO.

SECTION 5. EQUIPMENT.

5. A. Necessary Equipment. MHCSO shall dedicate, free of any liens or encumbrances, to FIRE DISTRICT the vehicles, fire apparatus, fire equipment, fire station furnishings, and other resources reasonably necessary to permit FIRE DISTRICT to provide the services contemplated by this Agreement. Prior to procuring the resources referenced herein, MHCSO shall consult with FIRE DISTRICT concerning its needs and the required specifications for the resources reasonably necessary for FIRE DISTRICT to provide the services contemplated by this Agreement.

5. B. Maintenance and Repairs. All maintenance, repairs, modifications and replacement of property identified in this Agreement shall be made by FIRE DISTRICT. FIRE DISTRICT shall be fully responsible for any repairs or damages arising from the intentional or negligent acts of the FIRE DISTRICT'S personnel or agents.

5. C. Utilities. FIRE DISTRICT shall pay for all utilities and fuel for the provision of services to MHCS D.

SECTION 6. FIRE STATIONS.

6. A. Dedication. MHCS D shall dedicate to FIRE DISTRICT permanent fire stations consisting of the real property, and the improvements made thereon, necessary to perform the services contemplated by this Agreement. FIRE DISTRICT shall occupy and use the fire station real property solely for the purpose of providing those services indicated in this Agreement and other related services from and after the effective date of this Agreement and thereafter during such time as this Agreement remains in effect. It is understood that FIRE DISTRICT has mutual aid commitments which may be met in part out of fire stations located within MHCS D.

6. B. Consultation. Prior to locating and constructing each interim and permanent fire station, MHCS D shall discuss with FIRE DISTRICT its needs and the required specifications of the interim and permanent fire stations reasonably necessary for FIRE DISTRICT to provide the services contemplated by this Agreement. MHCS D shall diligently, and in a timely fashion, complete the construction of the fire stations and all improvements in accordance with this Agreement. The completion of construction shall be evidenced by a dedication of the permanent fire station by deed, with all of the improvements completed thereon, free and clear of all liens and encumbrances, and with a certificate of occupancy issued by the County of San Joaquin.

6. C. Uses. FIRE DISTRICT shall occupy and use the real property as fire stations for the housing of fire companies, emergency medical personnel, fire apparatus, equipment and resources, unless MHCS D consents in writing to the use thereof for other purposes. The real property may also be used for miscellaneous incidental purposes related to the performance of fire suppression and for purposes such as the storage of surplus fire equipment or materials and supplies, repair shops, administrative offices and staff training centers, when such miscellaneous incidental uses on any given parcel of real property are in conjunction with the use of said parcel as a fire station. FIRE DISTRICT agrees that it will not commit or permit waste on the real property, and shall allow no nuisances to exist or be maintained therein. FIRE DISTRICT shall keep the premises in a safe, neat, and clean condition.

6. D. Maintenance/Repairs. Maintenance and repairs of all fire stations shall be made by FIRE DISTRICT. FIRE DISTRICT shall be fully responsible for any repairs or any damages arising from intentional or negligent acts of the FIRE DISTRICT'S personnel or agents.

6. E. Inspection. FIRE DISTRICT shall inspect MHCS D fire stations prior to acceptance of the dedication. After FIRE DISTRICT acceptance of MHCS D fire stations, FIRE DISTRICT shall be responsible for station repairs described in this Agreement.

6. F. Environmental Damage. FIRE DISTRICT will promptly and at its sole expense abate and correct all environmental damage caused by FIRE DISTRICT in its operations at any fire station or at any other location within MHCS D. MHCS D shall remain responsible for any environmental liability existing on the fire station real property prior to FIRE DISTRICT's acceptance of the dedication of the fire station or caused by any hazard coming onto fire station property from within MHCS D boundaries.

6. G. Ownership of Assets. FIRE DISTRICT shall own the assets described in this section.

SECTION 7. PERSONNEL.

Any agency under contract with FIRE DISTRICT shall have sole authority over hiring, firing, standards of performance, discipline, and discharge of employees.

SECTION 8. RECORD REVIEW.

MHCSO, upon reasonable notice, shall have the right to review all records of FIRE DISTRICT, other than confidential personnel records.

SECTION 9. INSURANCE.

FIRE DISTRICT shall insure its real and personal property which is dedicated to it by MHCSO pursuant to this Agreement against the risk of damage or destruction in amounts sufficient to enable it to satisfy those obligations created by this Agreement. MHCSO shall maintain its own liability insurance coverage, through self-insurance or otherwise, against any claim of liability arising out of the performance of this Agreement. FIRE DISTRICT shall maintain its own liability insurance coverage, through self-insurance or otherwise, against any claim of liability arising out of the performance of this Agreement.

SECTION 10. DEFAULT AND REMEDIES.

10. A. General Provisions. Failure or unreasonable delay by any party to perform any material term, provision, or condition of this Agreement for a period of ninety (90) days after written notice thereof from any party, shall constitute a default under this Agreement, subject to extensions of time by mutual consent in writing. The time of notice shall be measured from the date of certified mailing. The notice shall specify the nature of the alleged default and, where appropriate, the manner and period of time, in no event less than ninety (90) days, in which said default may be satisfactorily cured. If the nature of the alleged default is one that cannot reasonably be cured within the ninety (90) day period, the commencement of the cure within the time period and the diligent prosecution to completion of the cure shall be deemed a cure within the period. During any period of curing, any party shall not be considered in default for the purposes of termination or institution of legal proceedings. If the default is cured, then no default shall exist and the noticing party shall take no further action. In the event either party defaults under the terms of this Agreement, the other party shall have all rights and remedies provided herein or under applicable law, which may include specific performance, as set forth in this Agreement.

10. B. Enforced Delay; Extension of Time for Performance. In addition to specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes/walk-outs, riots, floods/ earthquakes, fires, casualties, acts of God, governmental restrictions imposed or mandated by other governmental entities, enactment of conflicting state or federal laws or regulations, new or supplemental environmental regulations, judicial decisions, or similar basis for excused performance which is not within the reasonable control of the party to be excused. Litigation interpreting and / or attacking the validity of this Agreement shall be deemed to create an excusable delay as to any party. An extension of time for such cause may be mutually agreed upon by the parties.

10. C. Legal Action. Any party may, in addition to any other rights or remedies, institute legal action to cure, correct, or remedy any default, enforce any provision or agreement herein, enjoin any threatened or attempted violation thereof; enforce by specific performance the obligations and rights of the parties hereto; or to obtain any remedies consistent with the purpose of this Agreement. Except as provided in Section 11, in no event shall either party, or their officers, agents, or employees, be liable in damages for any breach or violation of this Agreement. Any legal actions shall be initiated in the Superior Court of the County of San Joaquin, State of California.

10. D. Specific Performance. The parties recognize that damages may not be sufficient to compensate a party for breach of this Agreement. The parties agree that all obligations and acts required by each respective party, pursuant to this Agreement, are sufficiently certain to make the precise act which is to be done clearly ascertainable. The parties further agree that the remedy of specific performance shall be available to enforce any and all provisions under this Agreement.

10. E. Applicable Law/Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of the State of California. If legal action by any party is brought because of breach of this Agreement, to enforce or interpret this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and court costs. Attorney's fees shall include attorney's fees on any appeal, and in addition, a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating the actions, taking depositions and discovery, and all other necessary costs incurred in the litigation. All fees shall be deemed to have accrued on commencement of the action and shall be enforceable whether or not the action is prosecuted to a final judgment.

SECTION 11. TERMINATION.

This Agreement may be terminated by either party if the following occurs:

11. A. Notice. Either FIRE DISTRICT or MHCSO may give notice of intent to terminate this Agreement for any reason by providing, in writing to the other party, notice of intent to terminate. This Agreement shall terminate two years from the date notice of intent to terminate this Agreement is submitted or such other date mutually agreed upon by the parties.

11. B. Transfer of Equipment. Upon termination, the FIRE DISTRICT shall transfer to MHCSO the existing fire stations, vehicles, fire equipment, furnishing, and fire apparatus as provided by MHCSO pursuant to this agreement and in use at the time of the termination of this Agreement. MHCSO shall compensate FIRE DISTRICT for such transfer. The amount to be paid by the MHCSO for the fire stations, vehicles, fire equipment, furnishing, and fire apparatus shall be determined by mutual agreement of the Board of Directors of MHCSO and the Board of Directors of FIRE DISTRICT as follows:

11. C. Valuation. If the two Boards do not agree on a value for the property to be transferred, the two Boards shall select an appraiser of real and personal property to determine the value of such property. The appraiser shall be selected jointly and paid for equally by MHCSO and FIRE DISTRICT. If the two Boards cannot mutually agree upon an appraiser, the dispute shall be sent to an independent appraiser for resolution. Each party shall, at its own expense, retain an appraiser who within thirty (30) days shall mutually select a third appraiser. The mutually agreed upon appraiser will resolve the matter within thirty (30) days after his/her selection. MHCSO and FIRE DISTRICT shall share equally the cost of the third appraiser. The appraiser's resolution of the dispute shall be final.

SECTION 12. HOLD HARMLESS AGREEMENT.

Neither party shall be liable for the negligent or wrongful acts of the other in the performance of this Agreement. MHCSO hereby agrees to defend, and hold harmless, FIRE DISTRICT and its elected and appointed officers, agents, employees, and representatives against and from, any and all claims, costs, and liabilities for any personal injury, death, or property damage which arise directly or indirectly, from the performance of this Agreement by MHCSO, MHCSO's contractors, subcontractors, agents or employees. FIRE DISTRICT hereby agrees to defend, and hold harmless, MHCSO and its elected and appointed officers, agents, employees, and representatives against and from, any and all claims, costs, and liabilities for any personal injury, death, or property damage which arise directly or indirectly, from the performance of this Agreement by FIRE DISTRICT, FIRE DISTRICT'S contractors, subcontractors, agents or employees.

SECTION 13. MISCELLANEOUS PROVISIONS.

13. A. Severability. If any term, provision, or condition of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect unless amended or modified by mutual consent of the parties.

13. B. Other Necessary Acts. Each party shall cooperate as well as execute and deliver to the other all other further documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other party the full and complete enjoyment of its rights and privileges hereunder.

13. C. Amendments. This Agreement may only be amended in writing and signed by the original parties, or their successors in interest.

13. D. Other Miscellaneous Terms. The singular includes the plural; "shall" is mandatory; "may" is permissive.

13. E. Binding on Successors. All of the provisions, agreements, rights, powers, terms, and obligations contained in this Agreement shall be binding upon the Parties and their respective successors.

13. F. Notices. Any notice or communication required hereunder must be in writing, and may be given either personally or by registered or certified mail, return receipt requested. If given by registered or certified mail, the same shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing the notice, properly addressed, with postage prepaid, is deposited in the United States mail. If personally delivered, a notice shall be deemed to have been given when delivered to the party to whom it is addressed. Any party hereto may at any time, by giving ten (10) days written notice to the other party hereto, change its address. The notices or communications shall be given to the parties at their addresses set forth below:

If to FIRE DISTRICT:

Chairman
Tracy Rural County Fire Protection District
432 East 11th Street
Tracy, California 95376

If to MHCS D:

General Manager
Mountain House Community Services District
222 East Weber Avenue, Room 3
Stockton, California 95202

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto
on the day and year first below written.

MOUNTAIN HOUSE COMMUNITY
SERVICES DISTRICT:

TRACY RURAL FIRE
PROTECTION DISTRICT:

By: _____
Chairman of the Board

By:  _____
Chairman of the Board

DATE: _____

DATE: OCTOBER 9, 2014

APPROVED AS TO FORM:

Bowman & Berreth

By: _____
Tom Terpstra
Attorney for Mt. House Community
Service District

By: _____
Mark C. Bowman
Attorney for Tracy Rural
Fire District

EXHIBIT A

Description of costs for the provision of fire services to MHCS D

Operations = \$2,145,910.00

- Total of 9 people assigned to Station #98, located in MHCS D. 1 Captain, 1 Engineer, 1 Firefighter assigned to each of 3 shifts, resulting in a 3-person crew on duty 24hours/day, 365 days/year. At least one of the three on duty each day is a certified paramedic licensed to practice in San Joaquin County. In addition, 2.33 Division Chiefs and 12 Reserve Firefighters are available for response as needed.
- Staff costs are inclusive of salary and benefits, retirement, Workers' Compensation, safety clothing, required licenses and certifications, uniforms, insurance, etc.
- Contract Services: dispatch, EMS Medical Director, apparatus repair, etc.

Fire Administration = \$93,620.00

- Fire Chief, Executive Assistant, Administrative Assistant II/Sr. Admin Clerk
- Staff costs are all-inclusive, including salary and benefits, Workers' Comp, retirement, uniforms, etc.

Fire Prevention = \$65,670

- Building Official, 2 Inspectors -- staff costs are all-inclusive, as described above.
- Contract Services -- contract inspectors/plan checkers

Fire Training and Safety = \$57,790

- 1 Division Chief, all-inclusive as outlined above.
- Contract Services: Weed abatement contractor to abate properties with non-responsive owners, special instructors
- Books, publications, course materials, etc.

Indirect Costs = \$71,640.00

- Central Services, e.g. City administration, Human Resources, Finance, etc.
- Department Overhead, e.g. Public Works
- Internal Service Costs, e.g. Central garage, fuel, building maintenance, information systems, risk management, etc.



MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
"Providing Quality Services to the Community"

STAFF REPORT

AGENDA TITLE: Accept the Report of the Review of Charges for Fire Services-Fiscal Year 2011-12 and Provide Staff Direction for Future Actions

MEETING DATE: September 11, 2013

PREPARED BY: Janice L. McClintock, General Manager and Gay Giles, Finance Director

RECOMMENDATION:

It is recommended that the Mountain House Community Services District (MHCS D) Board of Directors (Board) accept and file the Review of Charges for Fire Services – Fiscal Year 2011-12 (Report). Staff recommends that the board consider any or all of the following actions:

- 1.) Send a notice to Tracy Rural Fire District of the pricing dispute, thereby notifying Tracy Rural Fire of a potential breach in the contract.
- 2.) Request to enter into new Contract negotiations based on a Fee for Service structure as opposed to a percentage cost allocation structure and returning ownership (title) of all property to MHCS D as a cure for the breach in item 1.
- 3.) Set a fixed length of time for the new contract negotiations to be complete.
- 4.) If the negotiations are not completed within the time frame (curing the breach of contract) then bring the issue back to the Board of Directors along with an RFP which would be designed as a contract for services. The RFP would be open to all respondents including, but not limited to, Tracy Rural Fire, South Valley Fire, and City of Tracy Fire.
- 5.) Simultaneous to items 1 – 4, enter into negotiations with the Tracy Rural Fire District for repayment of over-charges.

DISCUSSION:

The accounting firm of Croce & Company was hired to perform a review of the charges by the City of Tracy to MHCS D for the Fiscal Year 2011 – 12. The City of Tracy is the provider for the contract with Tracy Rural Fire District. Croce & Company is an accountancy corporation with an excellent reputation in the San Joaquin area. They perform annual audits of many Special Districts and special reviews of organizations upon request. Croce & Company was provided with a copy of the Contract for Fire Services, Agreement A- 02-862, dated September 17, 2002, and asked to verify that the MHCS D was being charged for services in accordance with the contract. The Report is attached and has a complete discussion of the contract and the distribution of charges.

The Report indicates that the letter of the contract was followed; however the intent of the contract was not to share costs but rather to pay for the costs of the MHCS D provided services.

POLICY AND ACTION ITEM 9.1

There is an analysis at the end of the report, indicating that if the contract were modified or renegotiated in accordance with that intent, the District **could save anywhere from \$325,000 to \$545,000 annually while providing the exact same level of Fire Services provided today.**

Modification #1 proposed by the Report indicates that MHCS D should consider modifying the costs based on the allocation of costs on a total, full-time employment equivalent. When including all the required positions for department operations, including administration, floating, reserve and prevention, the MHCS D allocation of costs would be reduced from 15.8% to 11.6%, resulting in a savings of \$545,000.

Modification #2 proposed by the Report indicates the MHCS D should consider modifying the allocation to use the total number of operations personnel needed to staff apparatus as well as the floating staff required to cover vacancies, excluding administrative and prevention/inspection staff, but including additional personnel required to staff the second company in the City of Tracy's Station #91. This would result in the MHCS D allocation being reduced from 15.8% to 13%, resulting in a savings of approximately \$325,000.

Either of the two modifications would require renegotiation of the contract and could result in additional costs or savings.

Staff has researched recent Fire Services contracts completed by other agencies. These contracts are on a fee for services basis similar to the manner in which the San Joaquin County Sheriff provides law enforcement services for MHCS D and the City of Lathrop. Staff only found cost sharing arrangements in situations where a Joint Powers Agreement (JPA) or other similar joint agency structure was in place where the contractee (in this case MHCS D) was a member of the joint agency or JPA. MHCS D is not a member of a joint agency.

The report also points out the while MHCS D accounts for less than 6% of the calls for service, MHCS D is paying almost 16% of the costs of operations for City of Tracy Fire. Staff recommends that in order to provide the best services for the tax payers in the District that the MHCS D Board move towards a contract for services operation model. This model allows the District to respond to both expanding and shrinking budgets with fluidity and flexibility. The model also provides for transparency on charges and costs.

FISCAL IMPACT:

The actions of the Board will determine the actual Fiscal Impact, but could involve a savings of up to \$545,000. A fee for services contract could provide the same level of services for a reduced price.

ACTION FOLLOWING BOARD APPROVAL:

Staff will take the action that is directed by the Board.

ATTACHMENTS:

- A. Review of Charges for Fire Services – Fiscal Year 2011-12 prepared by Croce & Company

POLICY AND ACTION ITEM 9.1

B. Contract A-02-862, Fire Protection Services Agreement by and between Mountain House Community Services District and Tracy Rural Fire Protection District

c: District Counsel

Larry M. Solari, CPA
 Kevin F. Jones, CPA
 Jerry W. Butterfield, CPA
 Anna M. Lovecchio, CPA
 Duane E. Bulthuis, CPA
 Mark J. Croce, CPA

CROCE & COMPANY
 Accountancy Corporation



August 7, 2013

Ms. Gay Giles, CPA, Finance Director
 Mountain House Community Services District
 230 South Sterling Drive, Suite 100
 Mountain House, California 95391

SUBJECT: Review of Charges for Fire Services -Fiscal Year 2011-12

Dear Ms. Giles:

We reviewed the attached invoice from the City of Tracy for fire services provided to the Mountain House Community Services District (MHCS D) for the year ended June 30, 2012. The following is a summary of procedures performed and results obtained.

1) Summarized the activities of the South County Fire Authority (SCFA) for the fiscal year 2011-12

Financial summary for fiscal year 2011-12:

• Total expenditures for the SCFA	\$ 15,970,183
• Expenditures allocated to IviHCSD	2,368,047
• MHCS D percentage of total expenditures	14.8%
• MHCS D percentage to non-capital expenditures	15.1%
<i>(Please note: The SCFA does not charge MHCS D for equipment purchases or reserves)</i>	

Statistics for the South County Fire Authority for fiscal year 2011-12:

	<u>MHCS D</u>	Total
• Calls	328	5,951

MHCS D service area represented 5.5% of the calls for fiscal year 2011-12

	<u>MHCS D</u>	Total
• Responses	421	9,327

MHCS D service area represented 4.5% of the responses for fiscal year 2011-12

2) Reviewed the Fire Protection Services Agreement dated August 27, 2002 between the MHCS D and the Tracy Rural Fire Protection District (TRFPD). Section 3.B.2 of the contract lists the calculation details for the MHCS D charges. The following summarizes the formulas used to calculate charges:

- When a three-person engine company begins operating out of the permanent MHCS D fire station, cost is determined using the following formula:

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Number of Fire Authority stations staffed by a 2 person crew x 6 =Factor A
Number of Fire Authority stations staffed by a 3 person crew x 9 =Factor B

Divide the total City of Tracy Fire Department expenditures by the sum of "Factor A" and "Factor B" and multiply by 9 (the number of personnel that staff the MHCSO station).

- For fiscal year 2011-12, the calculation follows:

Factor A	2 stations with a 2 person crew	(2*6) =	12
Factor B	5 stations with a 3 person crew	(5*9) =	45
Total minimum staffing			<u>57</u>
MHCSO	1 station with a 3 person crew	(1*9) =	9
Total minimum staff			<u>57</u>
MHCSO allocation percentage			15.8%

- 3) Reviewed the invoice for fiscal year 2011-12 and the various components of the invoice, e.g. administration, operations, prevention etc.

(Note: We compared the charges by component to the amounts charged for fiscal year 2010-11 and analyzed significant variances.)

- The allocation of costs between the three service areas (MHCSO, TRFPD, and City of Tracy) was based on the minimum staffing level required for each fire station in the service areas.
 - The total minimum staffing for fiscal year 2011-12 was 57, with nine staff members allocated to the MHCSO.
 - MHCSO receives an allocation of approximately 15.8% (9/57) of the charges for administration, prevention, operations, training, and indirect costs.
 - MHCSO does not receive an allocation for any charges for equipment purchases or reserves.
- There was an increase of \$143,049 (36.5%) in the administration component on the invoice.
 - See #4 below for further analysis.
- There was an increase of \$995,046 (8.2%) in the operations component on the invoice.
 - See #5 below for further analysis.
- The "down staffing" and "constant staffing" charges are not based on the minimum staffing formula.
 - See #6 below for further analysis.

- 4) Reviewed increase of \$143,049 in the administration component of the invoice by analyzing general ledger account variances for the fiscal year 2011-12 compared to the fiscal year 2010-11. The significant variances included the following items.

- Salaries and wages increased by \$84,600 or approximately 42%.
 - The increase was due to filling a fire chief position January 1, 2012, which was vacant during fiscal year 2010-2011.

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- Cal PERS employer expense increased 81% or \$28,800.
 - o The increase was due to the above noted significant increase in wages for the fire chief and the increase in Cal PERS contribution rates. For fiscal year 2010-11, Cal PERS Safety rates were 24.033% as compared to 27.7253% for fiscal year 2011-12.
- 5) Reviewed increase of \$995,046 in the operations component of the invoice by analyzing general ledger account variances for the fiscal year 2011-12 compared to the fiscal year 2010-11. The significant variances included the following items.
- Operations salaries decreased approximately 4%.
 - o Per the City of Tracy, this was primarily due to a decrease in overtime expenditures and leave buy backs. The City indicated that these accounts could vary significantly from year to year based on activity level for each year.
 - Cal PERS employer expense increased \$287,800 or 16%.
 - o The increase is consistent with Cal PERS rate increases noted in procedure #4.
 - Charges for worker's compensation insurance expense in fiscal year 2011-12 was 210% of the fiscal year 2010-11 expense, or an increase of \$311,700.
 - o The City of Tracy uses an internal service charge to allocate worker's compensation insurance expense.
 - o The rates charged by the internal service fund for all employees doubled for fiscal year 11-12-the fire department's rate went from 4% to 8%. The total charges went from \$283,942 to \$595,653.
 - o During fiscal year 2010-11, the City of Tracy's Internal Service Fund for worker's compensation experienced an operating deficit of \$1,212,127.
 - o The City of Tracy doubled worker's compensation rates for all departments for fiscal year 2011-12. The increased rates provided a profit to the internal service fund for \$267,978 for fiscal year 2011-12, and offset a portion of the 2010-11 deficits.
- 6) The down staffing charge and constant staffing charge items on the invoice were reviewed. The following analyzes and explains these charges.
- The down staffing charge is a credit to TRFPD. The MHCSO and the City of Tracy receive charges for providing this credit. The additional cost to MHCSO was \$59,027 for fiscal year 2011-12.
 - o For fiscal year 2011-12, the TRFPD did a variable reduction in staffing at Station 93. The variable reduction occurred because no additional personnel were brought in to cover staff on leave.
 - o To calculate the credit, the total hours for Station 93 (staffed with a 2-person crew) is multiplied by the estimated hourly rate and then reduced by 30% for fixed employee benefits.
 - o The reduction credit was then charged to the City of Tracy and MHCSO at 77.3% and 22.7%, respectively. The calculation used to determine the charge to MHCSO is as follows: $(15.8\%) + (15.8\% + 53.9\%) = 22.7\%$.

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- The constant staffing charge of \$976,500 was charged to the City of Tracy directly.
 - o The charge represents an allocation of overtime pay for the additional staffing required to staff the second company at Station #91.
 - o The calculation used to derive the constant staffing charge assumes that the nine staff members required to staff the second apparatus at Station #91 would also be required by the SCFA to cover vacancies---even if there was only one company at Station #91.
 1. The constant staffing charge is an allocation of overtime pay for the additional staffing required to staff the second company at Station #91.
 2. The allocation excludes the base salary and benefits costs for the employees.
 3. The base wage and benefits of the staff are allocated to all agencies through the minimum staffing allocation.

- 7) Inquired about details of the Department employee census and the numbers used for minimum staffing calculations.
 - The total department employed approximately 77 full time employees.
 - o The administration makes up approximately eight positions.
 - o The total fire operations staff required to staff all stations is 69 people.

 - The minimum staffing number of 57 (fiscal year 2011-12) is calculated based on the number of stations and not the minimum number of apparatus staffed.

 - The City of Tracy's Station #91 operates a full engine company and truck company. With both companies operating out of the same station, there is a minimum staff level of 18 for Station #91.
 - o The additional nine staff members at Station #91 are not included in the 57 minimum staffing numbers that is used to allocate department costs.
 - o The City of Tracy covers staffing costs through the "constant staffing" charge on the invoice as discussed in #5 above.

Summary

The MHCS D is serviced by one fire station staffed with a 3-person crew. Additionally the MHCS D area represents approximately 5% of the SCFA emergency activity. MHCS D has been charged approximately 15% of the SCFA's total costs for the fiscal year 2011-12. The allocation to MHCS D is in accordance with the Fire Protection Services Agreement dated August 27, 2002.

The 2002 Agreement outlined a basic method for calculating MHCS D charges, but made no provision for changes in the operations of the SCFA. Two changes in the operations, which were not contemplated in the original Agreement, include (1) operating multiple companies from one station and (2) a variable reduction in minimum staffing. The City of Tracy has followed the basic calculation stated the Agreement in an attempt to accommodate these changes and allocate costs to the appropriate service area. However, these two changes (as stated above) create a distortion in the cost allocation to each service area, when compared to the service area's actual activity. As a result, the attempts to accommodate these changes are insufficient.

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We suggest that the MHCSD work with the SCFA to modify the 2002 Agreement to achieve an allocation of costs that is more representative of the level of service required by each area. The following are two suggested modifications for consideration.

- I. Since the minimum staffing number does not include the administrative positions or floating staff required to keep the department operating, MHCSD could consider basing the allocation on a total, full-time employee equivalent.
 - Because the SCFA cannot operate appropriately without the administrative positions, these positions should be included in the Department's minimum staff number.
 - By adding staff required to cover vacancies into the allocation, SCFA could then allocate some of the fixed cost that are required given the size of the staff and service area.

Including all required positions for department operations, including administrative, floating, reserve, and prevention, would change the MHCSD allocation of costs from 15.8% (9/57) to 11.6% (9/77) for fiscal year 2011-12.

<u>Current Calculation</u>		<u>Proposed Scenario #1</u>	
MHCSD Staff Minimum	9	MHCSD	9
Staff level MHCSD	c- 57		c- 77
Allocation of costs	15.8%	MHCSD Allocation of costs	11.6%

This scenario could provide a savings to MHCSD of over \$500,000 annually.

2. MHCSD could modify the allocation to use the total number of operations personnel needed to staff apparatus as well as floating staff required to cover vacancies. Based on the 2011-2012 SCFA annual report there were three companies of 23 personnel, which would be a total operations staff of 69 people. This operations staff excludes administrative and prevention/inspection staff (8 positions total), but includes the additional personnel required to staff the second company in the City of Tracy's Station #91. By modifying the agreement so that it is based on the total number of people on the operations staff, MHCSD's cost share percentage would change from 15.8% (9/57) to 13.0% (9/69) for fiscal year 2011-12.

<u>Current Calculation</u>		<u>Proposed Scenario #2</u>	
MHCSD Staff	9	MHCSD	9
Minimum Staff level	c- 57	Operations Staff	c- 69
MHCSD Allocation of costs	15.8%	MHCSD Allocation of costs	13.0%

This scenario could provide a savings to MHCSD of over \$300,000 annually.

CROCE & COMPANY

Accountancy Corporation

If you have any questions regarding the work we have performed, or additional procedures you would like us to perform, please do not hesitate to contact our office.

Sincerely,

CROCE & COMPANY
Accountancy Corporation

A handwritten signature in black ink, appearing to read "Anna Lovecchio". The signature is written in a cursive, flowing style.

Anna Lovecchio
Certified Public Accountant

Enclosures

http://clients/Mountain-House-Community-Service-District/Assurance/Workpapers/Summary_Memo.docx

Mountain House Community Services District
 Calculated Potential Savings
 Based on FY 2011-12

	<u>Scenario# 1</u>	<u>Scenario# 2</u>
Total costs for the SCFA	\$ 15,970,183	\$ 15,970,183
Equipment Costs (not charged to MHCSD)	(257,705)	(257,705)
	15,712,478	15,712,478
New cost allocation%	<u>11.6%</u>	<u>13.0%</u>
Charge based on new %	1,822,647	2,042,622
Original FY 2011-12 charge	2,368,047	2,368,047
Calculated potential savings	\$ <u>(545,400)</u>	\$ <u>(325,425)</u>



CITY OF TRACY

Finance and Administrative Services Department
333 Civic Center Plaza
Tracy, CA 95376

8 AUG 2012 PM 1:31

Telephone: (209) 831-6800
Fax: (209) 831-6848

INVOICE

08-07-12

TO: MOUNTAIN HOUSE COMMUNITY SERVICE DISTRICT
Attn: ML Gordon, General Manager
230 S. Sterling Dr., Suite 100
Mountain House, CA 95391

AMOUNT: \$114,923.00

DUE: Upon Receipt

PURPOSE: Final Billing for Fire Services provided to Mountain House Community Service District FY 1.1/12. (See attached)

REMIT TO: City Of Tracy
Attn: Peggy Barnes
333 Civic Center Plaza
Tracy, CA 95376

*ok
copy to file*

Zane Johnston
Zane Johnston, Director of Finance & Administrative Services



CITY OF TRACY

Finance and Administrative Services Department

333 Civic Center Plaza
Tracy, CA 95376

Telephone: (209) 831-6800
Fax: (209) 831-6848

Enclosed is the final billing for Fire Services provided to the Mountain House Community Service District for FY 11-'12. As you are aware, the City of Tracy provides a budget estimate for the fiscal year and the District makes four quarterly payments of this budget estimate. At the close of the fiscal year, actual expenditures are tallied and final costs for the year are identified. If the District has paid more than the final costs, a credit to the District is issued and this credit offsets one of the quarterly payments for the succeeding fiscal year. If final costs are more than the four quarterly payments made, the District will owe an additional amount. For FY 11-12 final costs exceed the four payments made toward the budget estimate by \$114,923.

In years past it was more typical to have actual costs be less than the budget amount provided to the District. In FY 11-12 the Fire Department utilized all but about \$1,000 of its \$15 million budget. As such, there are no budget savings this year. Budget savings in previous years would offset any additional costs that were not included in the original budget estimate provided to the District. The cost of compensated absences (the recording of the expense associated with providing vacation and sick leave which will someday be used in the future or paid to the employee in the form of a vacation sell back or medical insurance bank upon retirement) is not included in the original budget estimate provided each year.

The primary reason the FY 11-12 actual expenses to the District exceeded budget estimates is associated with the distribution of overtime expenses due to the Tracy Rural Fire Protection District reducing staffing at one of its stations instead of utilizing overtime to provide the previous staff level. The cost formula distributes overtime based upon minimum staffing at each station. Tracy Rural has two stations staffed with two people and one station staffed with three. However, due to budget concerns of the District, the District determined it would have to reduce staffing rather than pay its share of overtime to keep the staffing level. On any given shift in the Fire Authority as a whole, there is almost without fail, at least one position that is off duty due to utilizing sick or vacation time. Overtime then is used to fill this vacancy. In the case of Tracy Rural, the vacancy would be allocated to its three person station and overtime would not be used to staff that station with 3 people. However, in the normal cost allocation formula, Tracy Rural paid for its share of overtime which was never used to keep its station with 3 people. As such, overtime costs need to be reallocated to the City of Tracy and to the MHCS. The City of Tracy is responsible for \$201,369 in reallocation of overtime expenses and MHCS is responsible for \$59,027.

Please remit \$114,923 to the City of Tracy as the final amount due for FY 11-12 Fire Service supplied to MHCS. If you have any questions regarding this matter, you may reach me at 831-6841.

Zane Johnston, Director of Finance & Administrative Services

SCFA Cost Allocations
 FY11-12Actuals

08/07112

Programs	FY11-12 Expenditures		TRFD Share	MHCSD Share	Mutual Aid Share	City Share	
P52110- Fire Admin	\$535,470		\$160,481	\$83,650	\$0	\$291,339	
P52150- Fire Prevention	346,181		103,116	53,749	0	189,316	
P52210- Fire Operations	13,154,314		3,957,448	2,062,803	0	7,134,063	
Constant Staffing	976,500		0	0	0	976,500	'1
Adjust for Downstaffing	0		-260,396	59,027	0	201,369	'2
P52230 - Fire Mutual Aid	2,210		670	349	0	1,191	'3
P52250- Fire Training	215,540		64,855	33,806	0	116,879	
Sub-Total	\$15,230,215		\$4,026,174	\$2,293,384	\$0	-\$8,910,657	
P59320- Fire Dept Eqpt							
New Equipment	120,004	50%	19,411	0	81,182	19,411	'4
Replacement Eqpt	137,701		0	0	0	137,701	'5
Sub-Total	\$257,705		\$19,411	\$0	\$81,182	\$157,112	
P59210- Indirect Costs	\$434,884		132,375	\$67,177		\$235,332	
?59510- Compen Absences	\$47,379		14,361	\$7,486		\$25,532	'6
Total Costs	\$15,970,183		\$4,192,321	\$2,368,047	\$81,182	\$9,328,633	
Revenues for FY11-12		>>>	\$2,268,154	\$2,253,124	\$81,182	\$9,328,633	'7
Annual Surplus (Deficits)			(\$1,924,167.00)	(\$114,923.00)	\$0.00	\$0.00	

%Splits

	-Annual %for FY12
MHCSD	15.8%
City	53.9%
TRFD	30.3%
----100.0%	

- *1 -Constant staffing overtime costs of \$976,500 for City.
- **2 -Adjust Expenses for Downstaffing at Station 93.
- *3 -Mutual Aid costs in FY11-12, no revenues.
- *4 -Federal grant of \$81,182 for new equipment. 50%/o-50% split City & TRFD
- **5 - Equipment Replacements acquired through Fund 605.
- *6 - Medical Leave Bank current charges for FY11-12.
- *7a - TRFD receipts for first half of FY11-12
- *7b - MHCSD FY11-12 billings; actual receipts were \$11,471 net prior year credit.

A-02-

12

AMENDED AND RESTATED

FIRE PROTECTION SERVICES AGREEMENT
 BY AND BETWEEN
 MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
 AND
 TRACY RURAL FIRE PROTECTION DISTRICT

THIS FIRE PROTECTION SERVICES AGREEMENT ("Agreement") is entered into this day of 002 by and between the MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT, (hereinafter "MHCS D") a Community Services District formed pursuant to Division 3 (commencing at Section 61000) of Title 6 of the Government Code and the TRACY RURAL FIRE PROTECTION DISTRICT, (hereinafter "FIRE DISTRICT") a Fire Protection District formed pursuant to Part 3 (commencing at Section 13800) of Division 12 of the Health and Safety Code.

RECITALS

Recital A. The Mountain House Community ("Mountain House") was approved for development by the Board of Supervisors of San Joaquin County ("Board of Supervisors") as an urban community. It is anticipated that Mountain House will be developed over a twenty to forty year period and is expected to have approximately 44,000 residents at build-out.

Recital B. Because Mountain House is not contiguous to a city and is located in a relatively isolated area of the County, the most cost-effective and efficient manner for providing the required public services to Mountain House is through the formation of a community services district.

Recital C. The MHCS D was formed to provide various municipal services, including, but not limited to, water, sewer, and fire protection service.

Recital D. At the time the MHCS D was formed, the property was simultaneously detached from the FIRE DISTRICT. The property tax allocated to the FIRE DISTRICT was transferred to the MHCS D and the special override taxing assessment of the FIRE DISTRICT was transferred to the MHCS D.

Recital E. This Agreement for the provision of fire protection service covers the property located within the MHCS D boundaries. It is intended that the MHCS D will be expanded and will ultimately include the entire area of property designated as the Mountain House Community on the General Plan Land Use Map, attached as Exhibit "A" and incorporated herein by reference. It is the further intent of the parties that this Agreement will be

August 27, 2002

amended to include property which is later annexed to the MHCS D.

Recital F. The MHCS D intends to request the appropriate agencies to simultaneously detach property from the FIRE DISTRICT when property is annexed to the MHCS D. At the time of detachment, the property tax allocated to the FIRE DISTRICT will be transferred to the MHCS D.

Recital G. The MHCS D Board of Directors accepted Mountain House Fire Protection Plan ("Fire Protection Plan") on March 31, 1998. The Fire Protection Plan details standards for the development and construction of facilities, set forth the facility requirements for the Community, and details the performance standards required to serve the Community, and may be amended from time to time by the MHCS D. The performance standards set forth in the Fire Protection Plan shall be incorporated into this Agreement.

Recital H. The MHCS D and the Fire District desire to rescind the 1998 Fire Protection Plan and desire to adopt the new Mountain House Community Services District Fire Protection Plan.

Recital I. The City of Tracy and the Fire District entered into a woint Exercise of Powers Agreement to form the South County Fire Authority, which became effective on September 7, 1999, and was amended on March 21, 2000.

Recital J. The City of Tracy and the South County Fire Authority entered into an Agreement for Provision of Fire Services to Authority's Jurisdictional Area on September 7, 1999.

Recital K. The Fire District, through its capacity as a member of the South County Fire Authority and the South County Fire Authority's contract with the City of Tracy for fire service, desires to provide fire service to the MHCS D.

Recital L. Both the MHCS D and the FIRE DISTRICT have the power to enter into this Agreement, have taken all steps necessary to enter into this Agreement, and have determined that all of the above recitals are true and correct.

NOW, THEREFORE, in consideration of the promises and provisions set forth herein, the parties hereby agree as follows:

August 27, 2002

AGREEMENT

Section 1. GENERAL PROVISIONS.

1.A. Effective Date. This Amendment shall become effective upon its execution by the Parties.

1.B. The term of this Agreement began on May 28, 1996 and this Amendment begins on the Effective Date of this Amendment and shall continue until the Agreement is terminated pursuant to Section 10 of this Agreement.

1.C. Agreement Review. A review of the Agreement terms may be initiated at any time by either party, upon notice to the other, and Written modifications made to this Agreement upon consent of both-parties, which consent shall not be unreasonably withheld or delayed. The parties agree to negotiate in good faith and deal fairly with respect to any proposed modifications to this Agreement.

1.D. Annual Meeting. Once each fiscal year prior to the preparation of the annual budget, the Fire Chief from the FIRE DISTRICT and the General Manager from the MHCS D shall meet and review service levels, response times, and related matters.

Section 2. SERVICES.

2.A. Services to be provided by the FIRE DISTRICT to the CSD shall include the following: all fire protection, fire prevention, emergency medical services up to the level of a paramedic, hazardous materials services, enforcement of the fire codes, and other fire protection ordinances, and fire origin and arson investigation, plus all FIRE DISTRICT supportive services, including, but not limited to, supervision, dispatching, training and equipment maintenance, supplies, procurement, and other necessary services.

2.B. The power and authority relating to the delivery of services, the discipline of personnel, and other matters related to the control of personnel so employed by the FIRE DISTRICT shall remain with the FIRE DISTRICT or employed by any agency under contract with the Fire District shall remain with such agency.

2.C. The FIRE DISTRICT shall assist in and support community emergency preparedness, education, training, and exercises. The MHCS D shall retain the responsibility for the MHCS D's internal emergency management and related programs.

2.D. The MHCS D shall retain the responsibility for

August 27, 2002

providing a water system including the installation and maintenance of fire hydrants in Mountain House together with a water supply capable of providing adequate fire flows at all locations within the developed portion of the MHCS D without cost to the FIRE DISTRICT.

2.E. Not less than once a year, the FIRE DISTRICT shall inspect all fire hydrants to ensure that the hydrants within the MHCS D are mechanically operable and deliver water at an adequate fire flow. Upon learning of any fire hydrant or water flow problem, whether learned by annual inspection or otherwise, the FIRE DISTRICT shall promptly notify the MHCS D in writing of the problem and the MHCS D shall promptly make repairs or corrections as needed at its own expense.

2.F. The initial performance of services by the FIRE DISTRICT shall be consistent with a rural level of service. As Mountain House develops, the performance of services shall be consistent with the performance and level of service provided by municipalities and other urban communities in the "region" which are of a like size to Mountain House at any given stage of development.

2.G. The terms and conditions of the FIRE DISTRICT performance standards shall be set forth in the Fire Protection Plan. The 1998 Fire Protection Plan is rescinded and replaced with the Mountain House Community Service District Fire Protection Plan, attached as Exhibit B and incorporated herein by reference. The parties may modify the MHCS D Fire Protection Plan without amendment of this agreement if said modifications do not affect the terms of this agreement. Said modification shall be dated and attached to this agreement.

2.H. Fire Service will be provided to MHCS D as follows:

On an interim basis fire service will be provided from the Schulte Station by the existing two-person engine company until 425 building permits have been issued. By that time a second two-person engine company will have been added to the total City of Tracy staffing and stationed at the Schulte Station, with the fire equipment being purchased by MHCS D.

Upon completion of the MHCS D permanent fire station, the two-person engine company will move to the MHCS D permanent fire station, not later than the issuance of the 1800th building permit in MHCS D.

With the issuance of the 1800th building permit, the staffing at the MHCS D fire station will be increased to a three-person

August 27, 2002

engine company.

Section 3. FINPBCIAL PROVISIONS. The MHCS D shall pay the FIRE DISTRICT for the performance of the services set forth in Section 2 in payments based on an annual sum determined as follows:

3.A. During the initial years after detachment and through September 30, 2002 an amount, to be paid semiannually, determined as follows:

3.A.1 The amount of ad valorem taxes and the special fire protection override tax assessment on the land in the CSD for that fiscal year as determined by the San Joaquin County Auditor.

3.A.2 Once the San Joaquin County Auditor has determined the applicable amount to be transferred in accordance with Section 3.A.1, the County Auditor shall transfer that amount directly to the Fire District, subject to written confirmation to the CSD by the San Joaquin County Auditor.

3.B. Beginning October 1, 2002, *Cost* of the fire service to MHCS D will be \$170,000 per year, or monthly pro rata share thereof, (with a cost escalator as set forth below) until a separate engine company is established at the Schulte Station on an interim basis and then moved to the permanent station. At that time, MHCS D will pay its prorata share of the cost of the City of Tracy Fire Department budget based" on the number and size of the engine company. The specific formula is as follows:

3.B.1. Until the second two-person engine company is assigned to the Schulte Station, MHCS D will pay \$170,000 per year (or monthly prorata share thereof) in fiscal year 2002-03. This amount will be increased by 10% in each subsequent year until issuance of the 425th building permit.

3.B.2. \ "Jhen a second two-person engine company is assigned to the Schulte Station, cost will be determined by the following formula:

Number of Fire Authority stations staffed by a 2 person crew X 6 = Factor A
 Number of Fire Authority stations staffed by a 3 person crew X 9 = Factor B
Total Factor

Divide the total City of Tracy Fire Department budget for the fiscal year in which services are being delivered and divided by the "Total Factor" to determine the "*Factor Cost*".

Multiply the Factor Cost x 6 (number of personnel assigned

August 27, 2002

to the two-person engine company added to the City of Tracy Fire Department budget to provide service to MHCS D to determine the "*Cost of Service*".

When a three-person engine company is operating out of the permanent MHCS D fire station, cost will be determined by the following formula:

Number of Fire Authority **stations** staffed by a 2 person crew X 6 Factor A
 Number of Fire Authority **stations** staffed by a 3 person crew X 9 Factor B

Divide the total City of Tracy Fire Department budget for the fiscal year in which services are being delivered by the "Total Factor" to determine the "Factor Cost".

Multiply the Factor Cost X 9 (number of personnel assigned to the three-person engine company stationed in the permanent MHCS D Fire Station) to determine the "*Cost of Service*".

3.C. *Station Operation Credit* (a reduction in cost) will be applied against the *Cost of Service* until an engine company occupies a permanent fire station in Mountain House. The credit will be calculated as follows:

Amount of the total City of Tracy Fire Department Contracted Services Budget for the fiscal year in which services are being delivered divided by the number of stations being operated by the Fire Authority = cost of contracted services per station X 80% = credit to be subtracted from Cost of Service.

3.D. *Administrative Overhead Credit* (a reduction in cost) will be applied against the *Cost of Service* as follows:

426 to 1000 building permits issued in Mountain House - credit is 100%
 1001 to 1400 building permits issued in Mountain House - credit is 80%
 1401 to 2200 building permits issued in Mountain House credit is 60%
 2201 to 2600 building permits issued in Mountain House - credit is 40%
 2601+ building permit and beyond - no credit.

The credit will be calculated as follows: Amount of the total City of Tracy Fire Department Fire Administration (Program 5211) budget in the fiscal year in which services are being delivered divided by the number of stations being operated by the Fire Authority = cost of fire administration services per station X % based on the number of building permits issued in MHCS D = credit to be subtracted from Cost of Service.

3.F. *Adjustment to Actual Expenses*: At the conclusion of each fiscal year when the City of Tracy has fully and

August 27, 2002

accurately determined its actual expenses in the Fire Department budget, the Cost of Service and Credits for the prior fiscal year will be recalculated and if the amount calculated to be owed by MHCSD for fire service in the prior fiscal year is less than was paid by MHCSD, then a credit of the difference will be applied to the amount owed by MHCSD on their next payment. If the amount calculated to be owed is greater than was paid by MHCSD, the difference will be added to the amount owed by MHCSD on their next payment.

J.G. *Guarantee:* The MHCSD or their designee, will post a bond guaranteeing payment for services for one year and nine months, with MHCSD paying for services quarterly, prior to the beginning of the quarter in which services are to be received. The bond will no longer be required when either 1800 building permits have been issued in Mountain House or the MH CSD has made payment in accordance with the contract terms for three years following initiation of a two-person engine company to serve Mountain House.]

J.H. Annually, at least ninety (90) days prior to the beginning of the next fiscal year, the Fire District shall submit to the CSD its proposed budget for the provision of services to the CSD, its preliminary budget for the next fiscal year, upon which calculations in Sections JB, C and D are based, for the operation of the Fire District as a whole including service to the CSD, and the proposed amount of the annual fee to be paid by the CSD to the Fire District for the coming fiscal year, and the calculations of that fee based on Sections JB, C and D.

3.I. If at the beginning of a fiscal year the information required in Section 3H is not made available to the MHCSD, then payments shall continue at the same rate as the previous fiscal year and when the amount of the annual fee is established, then any increase or decrease in the annual fee shall be divided into two (2) payments and spread as an increase or decrease of the fee otherwise applicable over the next 12 months following determination.

3.J. The Fire District shall annually furnish to the MHCSD a financial statement of the actual expenses of the City of Tracy Fire Department in sufficient detail to permit calculation of the adjustment in Section 3.F. and containing statistical data reflecting the number of calls, type of calls, and service response time for calls within Mountain House. The financial statement shall be prepared by a Certified Public Accountant if requested by the MHCSD and selected by the MHCSD and approved by the Fire District. The cost of such an annual financial statement, if prepared by a Certified Public Accountant at the request of the MHCSD, shall be borne by the MHCSD.

August 27, 2002

Section 4. VEHICLES, EQUIPMENT, FURNISHING, FIRE APPAR TUS.

4.A. The MHCS D shall dedicate, free of any liens or encumbrances, to the FIRE DISTRICT the vehicles, fire apparatus, fire equipment, fire station furnishings, and other equipment reasonably necessary to permit the FIRE DISTRICT to provide the services contemplated by this Agreement. Prior to procuring the items mentioned in this paragraph, the MHCS D shall discuss with the FIRE DISTRICT its needs and the required specifications of the vehicles, fire apparatus, fire equipment, fire station furnishing, and other equipment as reasonably necessary for the FIRE DISTRICT to provide the services contemplated by the performance standards.

4.B. All maintenance, repairs, and replacement of the items listed in paragraph 4.A. shall be by the FIRE DISTRICT. The FIRE DISTRICT shall be fully responsible for any repairs or any damages arising from intentional or negligent acts of the FIRE DISTRICT'S personnel or agents.

4.C. The FIRE DISTRICT shall pay for all utilities at the fire stations within the BCS D and for fuel required within the MHCS D area.

Section 5. FIRE STATIONS.

S.A. The MHCS D shall dedicate to the FIRE DISTRICT permanent fire stations consisting of the real property and the improvements made thereon in accordance with the Fire Protection Plan.

S.B. Prior to locating and constructing each interim and permanent fire station, the MHCS D shall discuss with the FIRE DISTRICT its needs and the required specifications of the interim and permanent fire stations reasonably necessary for the FIRE DISTRICT to provide the services contemplated by this Agreement.

S.B.1. The MHCS D shall diligently, and in a timely fashion, complete the construction of the fire stations and all improvements in accordance with the Fire Protection Plan. The completion of construction shall be evidenced by a dedication of the permanent fire station by deed, with all of the improvements completed thereon, free and clear of all liens and encumbrances, and with a certificate of occupancy issued by the County of San Joaquin.

August 27, 2002

S.C. The FIRE DISTRICT shall occupy and use the fire station real property solely for the purpose of providing those services indicated in Section 2 and other related services from and after the effective date of this Agreement and thereafter during such time as this Agreement remains in effect. It is understood that the FIRE DISTRICT has mutual aid commitments which may be met in part out of fire stations located within the MHCS D.

S.D. The FIRE DISTRICT shall occupy and use the real property as fire stations for the housing of fire companies, emergency medical personnel, fire apparatus, and equipment, unless the MHCS D consents in writing to the use thereof for other purposes. The real property may also be used for miscellaneous incidental purposes related to the performance of fire suppression and for purposes such as the storage of surplus fire equipment or materials and supplies, repair shops, administrative offices and staff training centers, when such miscellaneous incidental uses on any given parcel of real property are in conjunction with the use of said parcel as a fire station.

S.E. The FIRE DISTRICT agrees that it will not commit or permit waste on the real property, and shall allow no nuisances to exist or be maintained therein. The FIRE DISTRICT shall keep the premises in a safe, neat, and clean condition. Maintenance and repairs of all fire stations shall be by the FIRE DISTRICT. The FIRE DISTRICT shall be fully responsible for any repairs or any damages arising from intentional or negligent acts of the FIRE DISTRICT'S personnel or agents.

S.F. The FIRE DISTRICT shall inspect the MHCS D fire stations prior to acceptance of the dedication. After the FIRE DISTRICT acceptance of the YiliCSD fire stations, the FIRE DISTRICT shall be responsible for station repairs described in S.E.

S.G. The FIRE DISTRICT will promptly and at its sole expense abate and correct all environmental damage caused by the FIRE DISTRICT in its operations at any fire station or at any other location within the MHCS D. The MHCS D shall remain responsible for any environmental liability existing on the fire station real property prior to the FIRE District's acceptance of the dedication of the fire station.

Section 6. PERSONNEL. As to employees, the FIRE DISTRICT or any agency under contract with the Fire District shall have sole authority over hiring, firing, standards of performance, discipline, and discharge.

Section 7. RECORD REVIEW. The YiliCSD upon reasonable notice shall have the right to review all records of the FIRE DISTRICT,

August 27, 2002

other than confidential personnel records.

Section 8. INSURANCE. The FIRE DISTRICT shall insure its real and personal property which is dedicated to it by the 8CSD pursuant to this Agreement against the risk of damage or destruction in amounts sufficient to enable it to satisfy those obligations created by this Agreement. The MHCSD shall maintain its own liability insurance coverage, through self-insurance or otherwise, against any claim of liability arising out of the performance of this Agreement. The FIRE DISTRICT shall maintain its own liability insurance coverage, through self-insurance or otherwise, against any claim of liability arising out of the performance of this Agreement.

Section 9. DEFAULT; REMEDIES.

9.A. General Provisions. Failure or unreasonable delay by any party to perform any material term, provision, or condition of this Agreement for a period of ninety (90) days after written notice thereof from any party, shall constitute a default under this Agreement, subject to extensions of time by mutual consent in writing. The time of notice shall be measured from the date of certified mailing. The notice shall specify the nature of the alleged default and, where appropriate, the manner and period of time, in no event less than ninety (90) days, in which said default may be satisfactorily cured. If the nature of the alleged default is one that cannot reasonably be cured within the ninety (90) day period, the commencement of the cure within the time period and the diligent prosecution to completion of the cure shall be deemed a cure within the period. During any period of curing, any party shall not be considered in default for the purposes of termination or institution of legal proceedings. If the default is cured, then no default shall exist and the noticing party shall take no further action.

9.B. Default by FIRE DISTRICT. In the event the FIRE DISTRICT defaults under the terms of this Agreement, the MHCSD shall have all rights and remedies provided herein or under applicable law, which may include specific performance, as set forth in Section 9.E.1 of this Agreement.

9.C. Default by MHCSD. In the event the MHCSD defaults under the terms of this Agreement, the FIRE DISTRICT shall have all rights and remedies provided herein or under applicable law, which may include specific performance, as set forth in Section 9.E.1 of this Agreement.

9.D. Enforced Delay; Extension of Time for Performance. In addition to specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in

August 27, 2002

default where delays or defaults are due to war, insurrection, **strikes/ walk-outs, riots, floods/ earthquakes, fires, casualties**, acts of God, governmental restrictions imposed or mandated by other governmental entities, enactment of conflicting state or federal laws or regulations, new or supplemental environmental regulations, judicial decisions, or similar basis for excused performance which is not within the reasonable control of the party to be excused. Litigation attacking the validity of this Agreement shall be deemed to create an excusable delay as to any party. Upon the request of any party hereto, an extension of time for such cause shall be granted in writing for the period of the enforced delay, or longer as may be mutually agreed upon by the parties.

9.E. Legal Action. Any party may, in addition to any other rights or remedies, institute legal action to cure, correct, or remedy any default, enforce any provision or agreement herein, enjoin any threatened or attempted violation thereof; enforce by specific performance the obligations and rights of the parties hereto; or to obtain any remedies consistent with the purpose of this Agreement. Except as provided in Section 11, in no event shall either party, or their officers, agents, or employees, be liable in damages for any breach or violation of this Agreement, it being expressly understood and agreed that the sole legal remedy available to FIRE DISTRICT for a breach or violation of this Agreement by the MHCSO shall be a legal action in mandamus, specific performance, or other injunctive or declaratory relief to enforce the provisions of this Agreement. Any legal actions shall be initiated in the Superior Court of the County of San Joaquin, State of California.

9.E.1. Specific Performance. The parties recognize that damages may not be sufficient to compensate a party for breach of this Agreement. The parties agree that all obligations and acts required by each respective party, pursuant to this Agreement, are sufficiently certain to make the precise act which is to be done clearly ascertainable. The parties further agree that the remedy of specific performance shall be available to enforce any and all provisions under this Agreement.

9.F. Applicable Law/Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of this State. If legal action by any party is brought because of breach of this Agreement or to enforce a provision of this Agreement, the prevailing party is entitled to reasonable attorneys' fees and court costs. Attorney's fees shall include attorney's fees on any appeal, and in addition, a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating the actions, taking depositions and discovery, and all other necessary costs incurred in the litigation. All fees

August 27, 2002

shall be deemed to have accrued on commencement of the action and shall be enforceable whether or not the action is prosecuted to a final judgment.

Section 10. TERMINATION. This Agreement may be terminated by either party if the following occurs:

1D.A. Either the FIRE DISTRICT or the BCSD gives notice of intent to terminate this Agreement for any reason by providing, in writing to the other party, notice of intent to terminate. This Agreement shall terminate two years from the date notice of intent to terminate this Agreement is submitted or such other date mutually agreed upon by the parties.

10.B. Upon termination, the FIRE DISTRICT shall transfer to the MHCSO the existing fire stations, vehicles, fire equipment, furnishing, and fire apparatus as provided by the MHCSO pursuant to Sections 4 and 5 and in use at the time of the termination of this Agreement. The 1 CSD shall compensate the FIRE DISTRICT for such transfer in an amount determined as follows:

1D.B.1. The amount to be paid by the MHCSO for the fire stations, vehicles, fire equipment, furnishing, and fire apparatus shall be determined by mutual agreement of the Board of Directors of the MHCSO and the Board of Directors of the FIRE DISTRICT.

10.B.1.a. If the two Boards do not agree on a value for the property to be transferred, the two Boards shall select an appraiser of real and personal property to determine the value of such property. The appraiser shall be selected jointly and paid for equally by the MHCSO and the FIRE DISTRICT.

10.B.1.b. If the two Boards cannot mutually agree upon an appraiser, the dispute shall be sent to an independent appraiser for resolution. Each party shall, at its own expense, retain an appraiser who within thirty (30) days shall mutually select a third appraiser. The mutually agreed upon appraiser will resolve the matter within thirty (30) days after his/her selection. The MHCSO and the FIRE DISTRICT shall share equally the cost of the third appraiser. The appraiser's resolution of the dispute shall be final.

Section 11. HOLD x ESS AGREEMENT. Neither party shall be liable for the negligent or wrongful acts of the other in the performance of this Agreement. The MHCSO hereby agrees to defend, and hold harmless, the FIRE DISTRICT and its elected and appointed officers, agents, employees, and representatives against and from, any and all claims, costs, and liabilities for any personal injury, death, or property damage which arise directly or

August 27, 2002

indirectly, from the performance of this Agreement by the MHCS D, the MHCS D's contractors, subcontractors, agents or employees. The FIRE DISTRICT hereby agrees to defend, and hold harmless, the MHCS D and its elected and appointed officers, agents, employees, and representatives against and from, any and all claims, costs, and liabilities for any personal injury, death, or property damage which arise directly or indirectly, from the performance of this Agreement by the FIRE DISTRICT, the FIRE DISTRICT'S contractors, subcontractors, agents or employees.

Section 12. MISCELLANEOUS PROVISIONS.

12.A. Severability. If any term, provision, or condition of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this Agreement, or the application of this Agreement to other situations, shall continue in full force and effect unless amended or modified by mutual consent of the parties.

12.B. Other Necessary Acts. Each party shall execute and deliver to the other all other further instruments and documents as may be reasonably necessary to carry out this Agreement in order to provide and secure to the other party the full and complete enjoyment of its rights and privileges hereunder.

12.C. Amendment of Agreement. This Agreement may only be amended in writing by the original parties, or their successors in interest. The Parties shall cooperate in effecting needed amendments to this Agreement.

12.D. Other Miscellaneous Terms. The singular includes the plural; "shall" is mandatory; "may" is permissive.

12.E. Binding on Successors. All of the provisions, agreements, rights, powers, terms, and obligations contained in this Agreement shall be binding upon the Parties and their respective successors.

12.F. Notices. -Y notice or communication required hereunder must be in writing, and may be given either personally or by registered or certified mail, return receipt requested. If given by registered or certified mail, the same shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing the notice, properly addressed, with postage prepaid, is deposited in the United States

August 27, 2002

mail. If personally delivered, a notice shall be deemed to have been given when delivered to the party to whom it is addressed. Any party hereto may at any time, by giving ten (10) days written notice to the other party hereto, designate any other address in substitution of the address to which the notice or communication shall be given. The notices or communications shall be given to the parties at their addresses set forth below:

If to the FIRE DISTRICT, to:

Chairman
Tracy Rural County Fire Protection District
432 East 11w Street
Tracy, California 95376

If to the MHCS D, to:

General Manager
Mountain House Community Services District
222 East Weber Avenue, Room 3
Stockton, California 95202

A party may change its address by giving notice in writing to the other party. Thereafter, notices, demands, and other pertinent correspondence shall be addressed and transmitted to the new address.

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August 27, 2002

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto on the day and year first above written.

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT:

TRACY RURAL FIRE PROTECTION DISTRICT:

By: Victor Mow
VicL.or Mow
Chairman of the Board

By: t
tB: Chairman

Dated: SEP 17 2002

Dated: CJ-6-W;J...

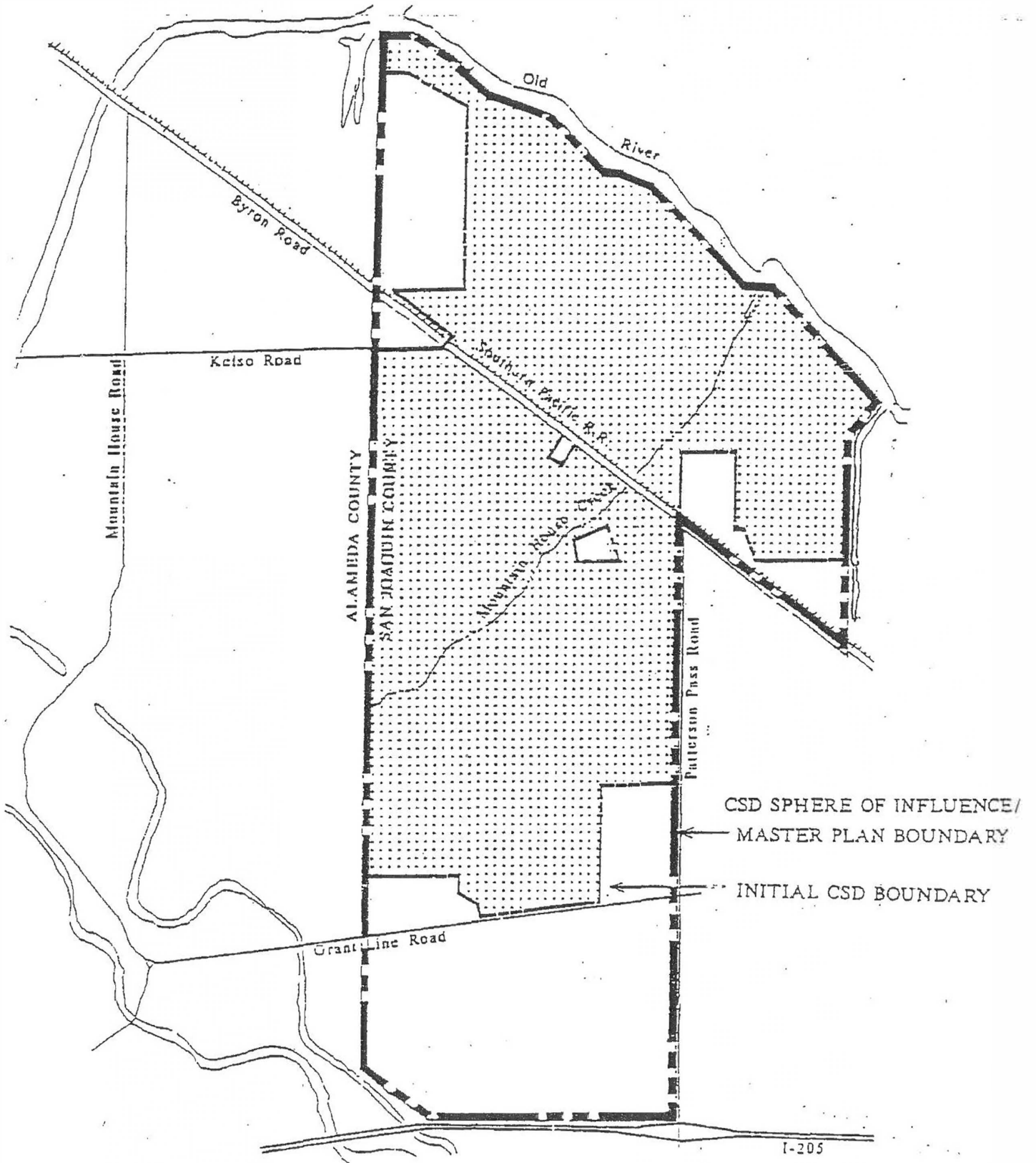
APPROVED AS TO FORM:

By: Michael McCrew
Michael McCrew
Assistant County Counsel

By: Dennis P. Hay
Its: Attorney
"1)IS("•r L J.-14

MMFireDistMHCSDAgr

August 27, 2002



Source: Trimark/SWA

CSD Boundary

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT FIRE PROTECTION PLAN

This fire protection plan serves to identify levels of effort and fire service provider responsibilities during different stages of growth in the Mountain House Community Services District (MHCS D) once building construction starts. This fire protection plan is prepared in compliance with the requirements of: the Mountain House New Community Master Plan; the Public Financing Plan; the 1996 Fire Protection Agreement between MHCS D and the Tracy Rural Fire Protection District (TRFPD); and final service level discussions in 2002 with Tracy Fire Department and City of Tracy representatives as current partners with the Tracy Rural Fire Protection District.

It is understood that the service levels and development thresholds contained in this plan will govern the level of services provided to the MHCS D by the Tracy Rural Fire Protection District. This plan will remain in effect until the service needs of the MHCS D outgrow this plan and or the growth thresholds contained in *this* plan are exceeded. Once this plan needs updating, it is the responsibility of the MHCS D Board to meet and confer in good faith with representatives of the TRFPD to agree on expanding services to meet the community's needs and fiscal ability to pay for those services.

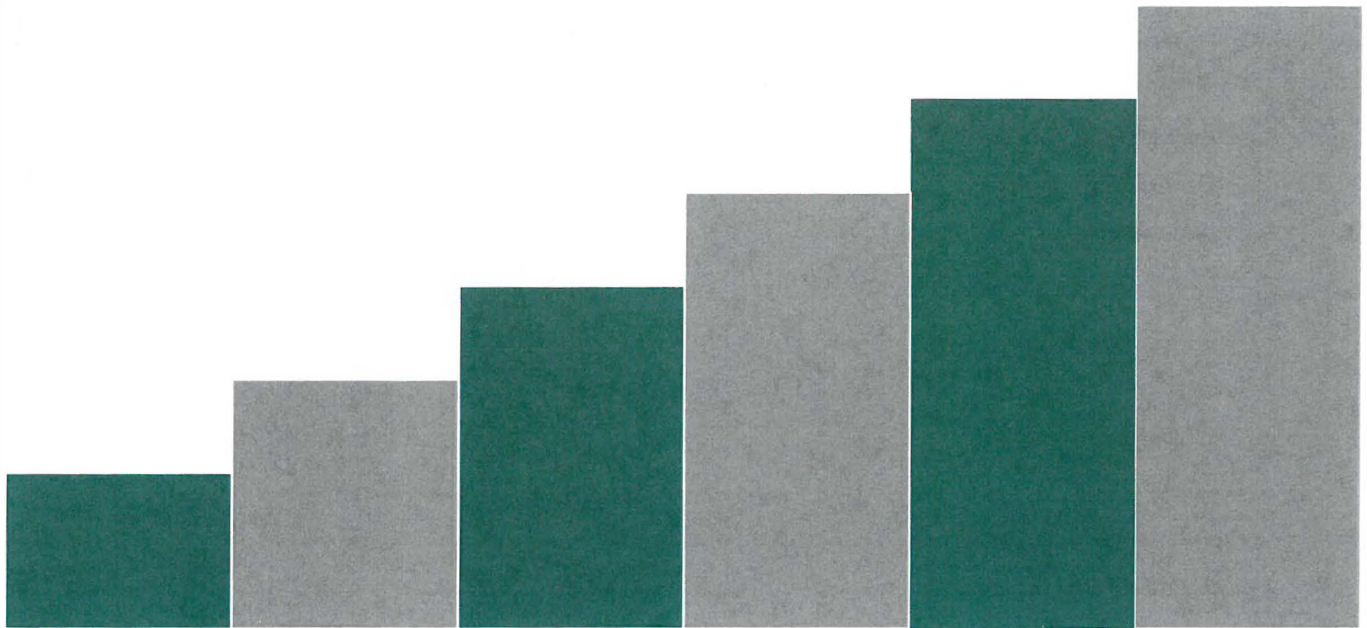
The following elements shall constitute the service levels and thresholds for the start-up growth years of the MHCS D:

1. Interim Services: The Master Plan provides that services will be provided from existing fire stations, augmented by interim on-site facilities if required. Once constructed, the Master Plan provides that new fire stations and interim facilities shall be located to achieve a maximum run time of three minutes or 1.5 miles. Fire fighting capabilities shall be developed suitable for the community's specific needs. And the Master Plan provides that the standards for fire protection, shall be developed between the MHCS D and the Tracy Rural Fire Protection District and contained in the MHCS D Fire Protection Plan. In the Operations and Maintenance portion of the Public Safety section of the Master Plan it is further provided that the initial fire protection will be provided either from the existing Tracy Rural Fire Protection District facilities or from interim facilities located near the community and that the fire stations currently staffed by the Tracy Rural Fire Protection District are adequate to provide the response time for initial fire protection requirements. Consistent, then, with the policies, objectives and intent of the Master Plan, interim fire and emergency services will be provided at a rural level of service from the TRFPD Schulte Road Station. Initially this rural level of service will be provided by the existing two-person engine company until 425 building permits have been issued; and then within 90 days of the 426th building permit being issued, a second two-person engine company will be added to the total TRFPD, Tracy staffing and stationed at the Schulte Station, with a standard Tracy specification Type-I engine (pumper) being purchased by Mountain House and made available to be placed into service before the 426th building permit is issued. Average initial first responder

response time at the interim level of service is anticipated to be 10-15 minutes or as determined by distance, traffic conditions, and availability of responders.

2. Emerging Community Service: Upon completion of the Mountain House permanent fire station by the MHCSD, the two-person engine company will move to the Mountain House permanent fire station. This shall not be later than the issuance of the 1800'h building permit in the MHCSD. Response times will be determined by distance, traffic conditions, and availability of responders and will be consistent with the Master Plan which provides for a maximum run time of 3 minutes or 1.5 miles.
3. Suburban Community Service: With the issuance of the 1801" building permit, the staffing at the Mountain House fire station will be increased to a three-person engine company. The need for additional fire crews beyond the first will be planned by mutual agreement between the fire department and the *MHCSD* Board of Directors to meet the intents of the Mountain House Master Plan.
4. Staffing: Firefighters provided by the TRFPD under this plan shall be constantly provided 24/7 with paid, full-time professional firefighters as elsewhere in the TRFPD and City of Tracy. Reserve and volunteer firefighters will supplement this basic level of staffing as part of the regular Tracy Fire department services.
5. Multiple Unit Response: If serious emergencies in the MHCSD require more than one fire company to respond, they will be provided without delay from the TRFPD/Tracy partnership as would any other emergency in their combined service area.
6. Other Provided Services: TRFPD shall also provide all other services it provides in its greater service area to MHCSD, at the same level of effort. These services typically are, but are not limited to: fire prevention, building construction plan review, fire hydrant location and inspections, weed abatement, public education, fire investigation, incident command, hazardous materials response, dispatching of fire crews, a disaster plan for the MHCSD and citizen disaster response education.
7. Standards:
 - a. All training of personnel and maintenance of apparatus and stations shall be to the same standard as provided elsewhere in the TRFPD/Tracy service area.
 - b. The CSD shall ensure that all construction meets or exceeds the Uniform Building Code and the Uniform Fire Code.
 - c. CSD and the Tracy Rural Fire Protection District shall cooperate to implement a public education, public safety, and fire prevention program through activities such as development of educational and informational material for residents and schools and through active participation in Fire Awareness Week.
 - d. CSD will participate in the County's Weed Abatement Program and will cooperate with the Tracy Rural Fire Protection District in inspection activities.
 - e. CSD will cooperate with the County Office of Emergency Services to ensure hazardous materials are handled in accordance with all federal, state and local rule and regulations.

8. Successors: Any successor to the TRFPD/City of Tracy fire protection partnership shall be bound to provide service to the MHCSD at the standards and levels of effort contained in this plan.
9. Modification: This plan may only be modified upon acceptance by the MHCSD Board of Directors, after discussion and input from the fire services provider.



Development Driven by Data

LAFCO San Joaquin County
Peer Review – Mountain House Incorporation
Comprehensive Fiscal Analysis (CFA)

Table of Contents

Executive Summary.....	2
Peer Review of Comprehensive Financial Analysis Conclusions.....	2
Background, Incorporation Process and Analysis.....	3
Incorporation Process.....	3
Peer Cities Analysis.....	5
Financial Projections.....	6
CFA Development Forecast.....	8
Land Use.....	9
General Fund Revenues.....	10
Subsidiary District.....	11
County Impacts.....	12
Revenue Neutrality.....	13
Conclusions.....	13
About Us.....	14

Executive Summary

San Joaquin County has requested HdL ECONsolutions to provide Peer Review services related to the San Joaquin Local Agency Formation Commission's (LAFCo) Comprehensive Fiscal Analysis for the proposed incorporation of the community of Mountain House.

As part of the review, HdL Companies is to provide fiscal analysis expertise to assist the County in a peer review of San Joaquin Local Agency Formation Commission's analysis, methodology, and conclusions with regard to the incorporation of Mountain House and the related Comprehensive Fiscal Analysis (CFA). LAFCo is evaluating two proposals: one filed by MHCSd (Proposed Mountain House Boundary); and one developed by LAFCo as an alternative to the proposal (Mountain House Boundary).

When LAFCo reviews a proposed city incorporation, it must look at the fiscal impact on the county government. If LAFCo determines that an incorporation is revenue neutral, meaning a county would not substantially suffer from revenue losses, the incorporation effort may proceed forward. The Comprehensive Fiscal Analysis will provide LAFCo, affected agencies, and residents with a quantitative understanding of pros and cons of cityhood to help decide whether to move forward with incorporation and to understand its financial and service implications.

As per State statute requirements, the Comprehensive Fiscal Analysis (CFA) is mandated to incorporate the following details for a minimum of the initial three years:

- Financial data extracted from the County's most recent fiscal year preceding the issuance of the Certificate of Filing.
- A comprehensive breakdown of Proposed City Costs and City Revenues.
- Inclusive assessment of costs and revenues impacting any affected local agency, comprising the County of San Joaquin, Tracy Rural Fire District, and Mountain House Community Services District (MHCSd).

LAFCo retained California-based community development consulting firm RSG to prepare the CFA. The analysis done by RGS, will be the basis of the LAFCo staff report for the proposed incorporation of the new City of Mountain House.

Mountain House is a Community Service District (MHCSd) that was founded in 1996. As an independent local government entity, MHCSd operates akin to an incorporated city, offering essential local services. Community Service Districts serve to provide such services in unincorporated regions within a county. MHCSd receives county funding to support its operations and fulfill its service-oriented role.

HdL reserves the opportunity to revise these comments considering the above caveats, including any response from RSG, LAFCo and the County of San Joaquin.

Peer Review of Comprehensive Financial Analysis Conclusions

The major conclusions of the analysis are:

- The Comprehensive Fiscal Analysis (CFA) prepared by RSG used a sound and proper methodology and fulfilled all state-mandated requirements.

- RSG conducted a fiscal analysis, utilizing the actual revenue and operational expenses data of MHCS D, resulting in a sound and careful evaluation.
 - Since Mountain House Community Service District currently operates similar to a city providing comparable services to a city, the CFA was able to utilize the most recent operating budget's revenue and expenditures.
 - As a master-planned community, Mountain House can determine the future growth of the city. This provides a more probable estimate of cost of services provided, cost of providing increased services and expected revenue.
 - Incorporation by Mountain House is aimed to allow Mountain House to have more local control over the community including land use and the ability to deliver quality services.

While the revenue numbers presented by RSG in the CFA generally seem appropriate, the assumptions and methods used to determine revenue neutrality is not appropriate. The findings and conclusions of the CFA of revenue neutrality being achieved through the County experiencing a loss of revenue due to the incorporation that is offset by an even greater reduction in County expenditures is not reasonable.

The CFA doesn't clearly specify the methodology to determine cost of County services, and the benefit to be achieved by the County of transferring their costs to the new City of Mountain House.

Background, Incorporation Process and Analysis

Mountain House Community Service District (MHCS D) was formed in 1996 with the County Board of Supervisors serving as its Board of Directors. The District's population reached and exceeded 1,000 registered voters and in 2008 MHCS D became an independent district governed by its own elected board.

Upon formation of the District, it was contemplated that Mountain House would someday incorporate and it was structured to provide and fund a broad range of services that eventually would be provided by a city.

MHCS D currently provides most of the services that are normally provided by a city either directly or through contracts and include: water services, sewer services, park and recreation, and public safety, fire protection, and enforcement of codes and restrictions. The MHCS D is one of the few public agencies that enforces Master Restrictions, which are similar to Conditions, Covenants & Restrictions (CC&Rs).

Land use functions and building permits are currently under county authority.

Incorporation Process

On January 13, 2021, the MHCS D Board of Directors (MHCS D Board) adopted a resolution requesting that LAFCO initiate proceedings for the incorporation of a new City of Mountain House (Proposed City), and filed its application to LAFCO in February 2021. Since the original filing in February 2021, the MHCS D Board amended the original application three times. The final amendment in April 2023 the MHCS D initiated annexation proposals for several additional parcels located in the Mountain House General Plan area and additional undeveloped land near the eastern end of the community, which areas were then included in the MHCS D incorporation application.

As of the 2020 Census, which was the last time the area was officially tallied, the Mountain House Master Plan area counted 24,499 residents. This area encompasses approximately 7.5 square miles, while the Proposed Boundary encompasses a slightly smaller 6.95 square miles.

The estimated population of the Proposed Boundary in FY 2021-22 is 27,032, an almost 3,000 resident increase since 2020. The Proposed Boundary, and by extension the Master Plan area, experienced a tremendous amount of growth in recent years, averaging a 15 percent increase in residents per year since 2010.

The growth is attributed to the elevated pace by which residential developments have been approved and built.

The Proposed Boundary submitted by Mountain House, is predominantly single-family homes with few commercial and industrial developments. LAFCo proposes an alternative boundary to eliminate islands of unincorporated County land that would occur with incorporation of the existing MHCS D boundary, as proposed. The following are the two proposed boundaries.

Figure 1 | Proposed Boundary

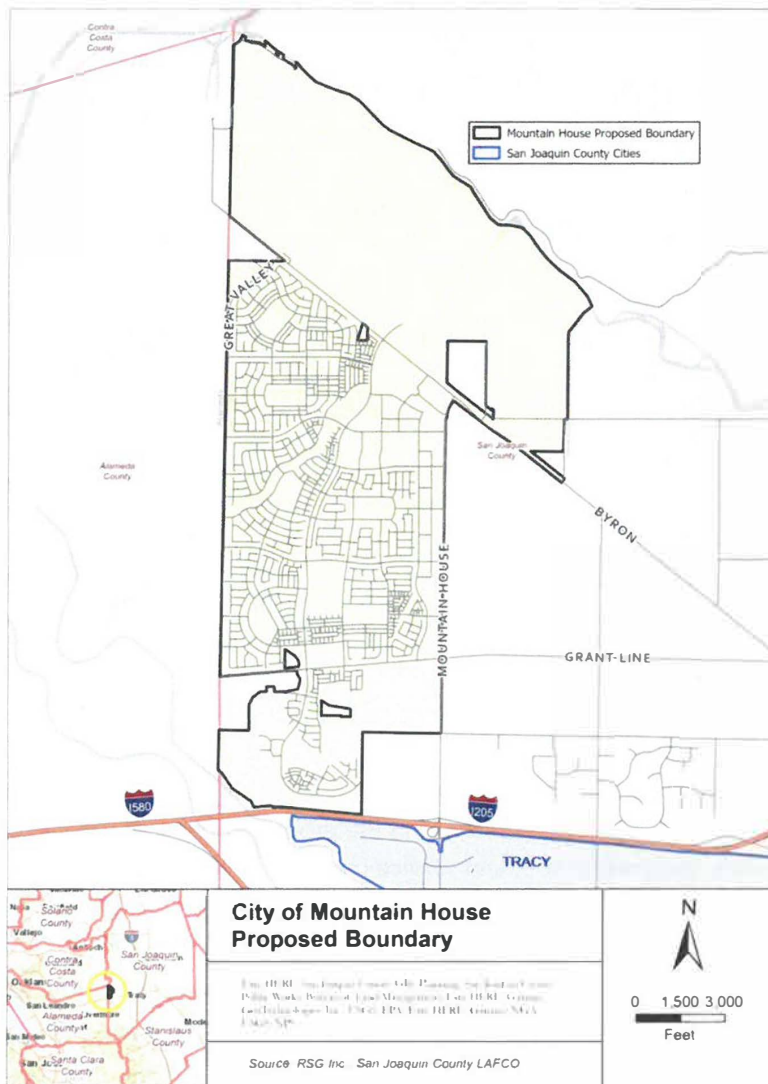
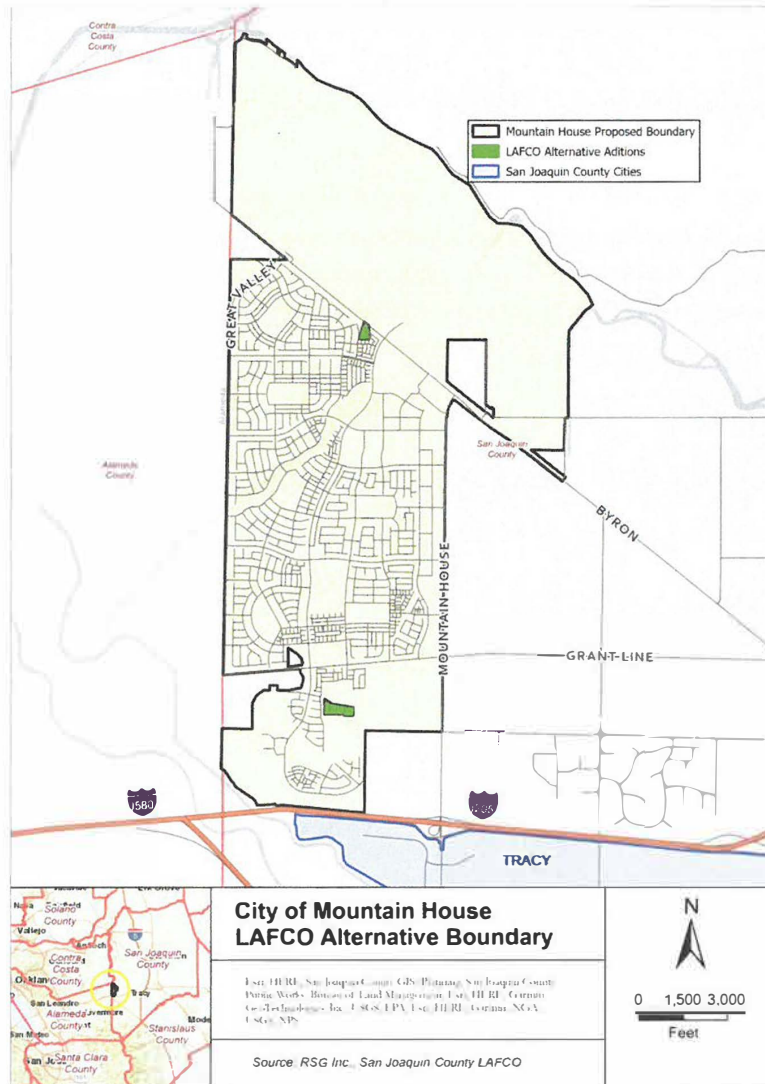


Figure 2 | LAFCO Alternative Boundary



Peer Cities Analysis

The Peer Cities Analysis section, conducted as part of the CFA (Comprehensive Fiscal Analysis), aims to compare the estimated costs of providing services in the proposed city with cities in California that share similarities in population, geographic size, and service level. For this analysis, "peer cities" were defined as relatively new, suburban, general law cities in California that rely somewhat on contract providers for municipal services and have a comparable land use profile and budget per capita.

Initially, 23 cities with close population and growth rates to the proposed city were reviewed, but none met all the criteria for direct comparison. As a result, the selection criteria were expanded, leading to the identification of seven peer cities, including Eastvale, Menifee, Wildomar, and Lathrop, Yucca Valley,

Oakley, and Yucaipa. These cities, like Mountain House, are relatively new, fast-growing suburban communities, and have similar characteristics that make them suitable for a meaningful comparison.

Please note that the analysis was based on data from May 11, 2022, as provided in the MHCS D's Amended Application for Incorporation.

Financial Projections

“Based on the assumptions an analysis described herein, the City’s potential General Fund, accounting for Special Tax fund revenues used for municipal services, will produce a surplus in each year of the analysis.”

The County of San Joaquin currently handles various municipal services for Mountain House Community Services District (MHCS D). These services include solid waste collection and disposal (managed by West Valley Disposal), animal control (provided by San Joaquin County Sheriff’s Department – Animal Services Division), and base level policing in the unincorporated areas (administered by San Joaquin County Sheriff’s Department).

Both MHCS D and the County of San Joaquin share responsibility for several services, which will be transferred to the new City upon incorporation. These services encompass general government, land-use planning, building and safety, code enforcement, and engineering.

Additionally, MHCS D and Tracy Rural Fire Protection District jointly provide fire protection and emergency medical services (EMS). Within MHCS D boundaries, the services are contracted with French Camp McKinley Rural County Fire Protection District ("French Camp Fire District"). Outside MHCS D, Tracy Rural Fire Protection District (Tracy Rural) is responsible for providing these services.

Upon incorporation, the new City will take over these shared services and continue to work in collaboration with relevant entities to ensure the continuity and effectiveness of these essential municipal functions.

As required by Government Code Section 56810, Figure 3 displays the Plan for Services matrix, which includes both MHCS D's submitted Plan for Services and RSG's evaluation of the expected changes in the level of service following the transition from current to anticipated service providers.

Figure 3 | Plan for Services, Proposed Incorporation

Public Service	Responsibility/ Provider	Anticipated Provider	Service Change
General Government	San Joaquin County & MHCS D	New City - City Staff and Contract Services	No Change
Police Services	Responsibility: MHCS D1	New City - Contract with County Sheriff, Neighboring City, or Form Own Dept.	No Change
Traffic Control & Accident Investigation	California Highway Patrol	New City - Contract with County Sheriff, Neighboring City, or Form Own Dept.	No Change
Animal Services	SJSO Animal Control	New City - Contract with Neighboring City or County	No Change
Fire Protection/EMS	Responsibility: MHCS D2 & Tracy Rural	New City - Contract with French Camp Fire District2	New Provider
Land Use Planning	San Joaquin County (Authority) & MHCS D (Some Services)	New City - City Staff and Contract Services (Authority and Services)	No Change

Building and Safety	San Joaquin County & MHCSD	New City - City Staff and Contract Services	No Change
Code Enforcement	San Joaquin County & MHCSD	New City - City Staff and Contract Services	No Change
CC&R Enforcement Engineering	MHCSD	MHCSD (Subsidiary District)	No Change
	San Joaquin County & MHCSD	New City - City Staff and Contract Services	No Change
Road Maintenance	MHCSD	New City - City Staff and Contract Services	No Change
Parks & Recreation	MHCSD	New City - City Staff and Contract Services	No Change
Domestic Water Cable	Private Operator / BBID Franchise Agreement	Private Operator / BBID Franchise Agreement	No Change
Television/Broadband Telecommunications			
Solid Waste Collection/Disposal	Responsibility: San Joaquin County ³	Responsibility: New City	No Change
Gas	PG&E	PG&E	No Change
Public Education	Lammersville Unified School District	Lammersville Unified School District	No Change
Library	MHCSD with the Stockton-San Joaquin County Unified Library System	New City with the Stockton - San Joaquin County Unified Library System	No Change
Wastewater/Sanitation	Private Operator	Private Operator	No Change

Note: "MHCSD" refers to Mountain House Community Services District, and "PG&E" stands for Pacific Gas and Electric Company. Please keep in mind that this is a summarized version, and the actual Plan for Services may include more detailed information about each service and provider.

RSG developed financial projections for Mountain House Community Services District (MHCSD) based on the amended application. The analysis includes two boundary scenarios - the proposed boundary and an alternative boundary that encompasses unincorporated islands adjacent to the proposed boundary. Additionally, two "lower growth" rate scenarios were considered.

As MHCSD currently operates similarly to a city and offers various city-related services, the projections were developed using actual revenue and expenditures from the last audited fiscal year, 2021-22, which serves as the "base year" for the forecast. The base year data includes actual costs, revenue, and service levels for 2021-22. Projections for 2022-23 were derived from information obtained from MHCSD, the County, and other public agencies.

Cost estimates considered both the expected population increase and the incremental requirement for additional City staff. The need for more City staff was based on the additional services to be provided, including land use and code enforcement.

RSG highlights that the projected costs and revenue for 2022-23 remain materially consistent with the figures from the base year.

Figure 4 | RSG Annual General Fund Projections, All Scenarios

Year	Proposed Boundary			Alternative Scenarios: Surplus/(Deficit)		
	Revenue	Expenditures	Surplus/ (Deficit)	Proposed Boundary – Lower Growth	LAFCO Alternative Boundary	LACFO Alternative Boundary – Lower Growth
TY 2024-25	\$ 13,967,747	\$12,195,550	\$1,772,197	\$2,041,975	\$1,783,029	\$2,476,936
1 2025-26	15,501,151	14,814,479	683,672	1,453,577	697,340	1,458,719
2 2026-27	17,110,283	16,664,798	445,485	1,201,837	463,017	1,207,807
3 2027-28	17,849,153	17,459,168	389,986	1,071,871	407,400	1,079,741
4 2028-29	18,020,253	17,043,463	976,790	1,518,986	993,870	1,527,516
5 2029-30	19,356,903	18,278,002	1,078,902	1,513,606	1,096,291	1,524,721
6 2030-31	20,194,703	19,267,329	927,374	1,382,111	943,895	1,395,490
7 2031-32	21,442,703	20,603,696	839,007	1,275,712	854,619	1,292,173
8 2032-33	22,159,674	21,635,127	534,547	998,441	541,671	1,022,779
9 2033-34	22,899,309	22,892,403	6,906	560,585	22,896	580,227

The methodologies for calculating General Fund revenues is in accordance with the generally accepted financial principles for property taxes, sales taxes (Bradley Burns Uniform Sales and Use Tax), Property Transfer Taxes and Franchise Fees. In addition to the typical General Fund revenues, the proposed General Fund contains several Special Taxes including 1) Roads, Transportation Services and Community Services, 2) Public Safety Services, 3) Parks, Recreation and Community Facilities and 4) Public Works.

The Base Year revenue for FY 2021-22 includes slightly more than \$14 million in Special Tax Revenues.

CFA Development Forecast

The CFA Development Forecast for the Proposed Boundary indicates significant growth in population from 2010 to 2022, almost tripling in size. However, as available land decreases, the forecasted development growth will be more conservative. MHCS D provided data on building permits, pipeline projects, and planned neighborhood developments, along with projections for residential, commercial, and industrial construction until 2034.

To better assess the region and construction pace, RSG conducted an in-person field survey in May 2022, refining the development estimates. The CFA projects the development of around 5,800 residential units during the forecast period, along with approximately 250,500 square feet of storefront space and 778,000 square feet of industrial space.

The development of some projects that have not yet been entitled is expected to take time, including permit processing and construction phases. These developments will likely occur in stages based on demand and developer preferences, which are not yet fully known. The figures related to development have significant impacts on population, property taxes, sales taxes, revenues, and expenditures in the CFA.

Figure 5 | Development Forecast

Growth Forecast						
Comparison of RSG Forecast	MHCS D Forecast			RSG Assumptions		
	2 Yrs	5 Yrs	10 Yrs	2 Yrs	5 Yrs	10 Yrs
Residential Units	1,657	3,993	7,208	1,476	3,504	5,755
Residential Rural (RR)	-	-	-	-	-	-
Residential Very Low Density (R-VL)	-	-	10	-	-	8
Residential Low Density (RL)	340	1,182	2,826	303	1,037	2,257
Residential Medium Density (RM)	212	835	1,561	189	733	1,246
Residential Medium High Density (R-MH)	287	1,158	1,813	256	1,016	1,448
Commercial SF	36,000	150,500	275,500	35,000	150,500	250,500
Community Commercial (CC)	20,000	40,000	40,000	20,000	40,000	36,370
General Commercial (CG)	15,000	50,000	50,000	15,000	50,000	45,463
Freeway Service Commercial (C-FS)	-	60,500	160,500	-	60,500	145,936
Office Commercial (CO)	-	-	25,000	-	-	22,731
Industrial SF	278,518	778,518	778,518	161,025	662,525	778,518
Limited Industrial (IL)	25,518	275,518	275,518	14,753	234,468	275,518
General Industrial (IG)	253,000	503,000	503,000	146,272	428,057	503,000

Note: RSG's development forecast used in this CFA is based on totals. This table reflects zoning subdivisions of those totals based on equivalent proportions in the MHCS D Forecast. Exact measurements of each zoning category were not used in this CFA.

Land Use

The Proposed Boundary primarily consists of residential uses, as depicted in Figure 6. While the area is experiencing some growth in industrial, commercial, and other activities, its ultimate development will predominantly focus on residential purposes.

Figure 6 | Land Use by Assessed Valuation

Land Use Category	Proposed Boundary	
	Assessed Value	Percentage
Residential	\$4,453,202,927	97.14%
Single Family	\$4,238,226,741	92.43%
Multifamily	\$13,910,472	0.30%
Other	201,065,714	4.41%
Commercial	28,462,497	0.62%
Retail	28,462,497	0.62%
Office	-	0.00%
Other	4,000,000	0.99%
Industrial	50,128,566	1.09%
Institutional	2,442,522	0.05%
Agriculture	8,410,495	0.16%
Government	-	0.00%
Vacant	36,643,564	0.80%
Unsecured	5,035,293	0.11%
TOTAL	4,485,246,344	100.00%

General Fund Revenues

A City's General Fund finances various municipal services, including general government, community development, animal control, fire protection, parks and recreation, and law enforcement. Funding sources for the City include shares of local taxes (property, sales, in-lieu sales, and property transfer taxes), fees for services (franchises, community development, public works/engineering, and animal licenses), fines and forfeitures, and interest earnings.

Over the CFA term, estimated General Fund revenues range from \$13.9 million in FY 2024-25 to \$22.9 million in FY 2033-34, excluding Special Tax fund revenues. Property taxes from three agencies contribute to the City's revenue:

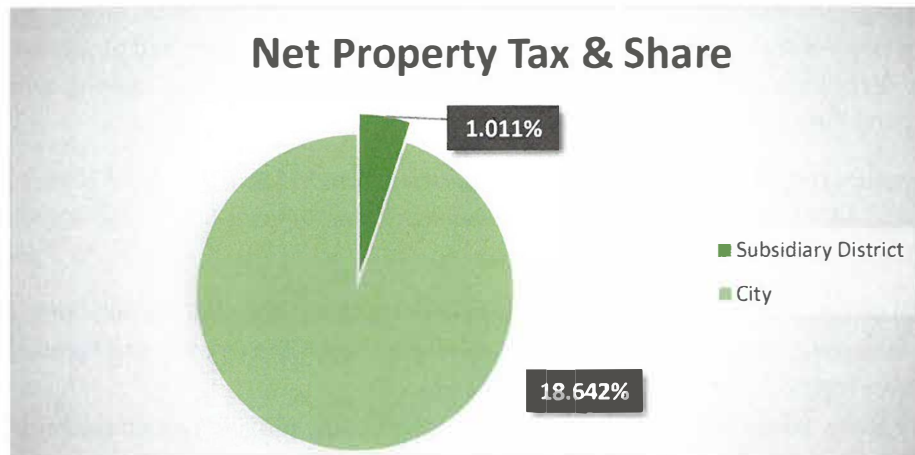
- **MHCSD Share:** MHCSD currently receives approximately 15.95% of the general property tax levy. Upon incorporation, these taxes would be divided between the City General Fund and the Subsidiary District to fund enforcement of CC&Rs.
- **County Share:** Based on the net cost of services the County provides within the Proposed Boundary multiplied by the Auditor's Ratio.
- **Tracy Rural Share:** Based on the net cost of services Tracy Rural provides within the Proposed Boundary.

Due to potential underfunding of the Subsidiary District by applying Government Code Section 56810(c), the LAFCO may adjust the property tax exchange between MHCSD and the new city. As proposed, 1.01% of the property tax share goes to the Subsidiary District for CC&R enforcement, while the remaining 14.94% goes to the City General Fund.

The property tax transfer from the County is determined using the Auditor's Ratio, which is then multiplied by the net cost of services transferred from the County to the new City to calculate the amount of base year property taxes transferred to the City.

Tracy Rural provides services to a small portion of the Proposed Boundary, and their property tax transfer is based on tax revenue generated in applicable Tax Rate Areas. The respective base year property tax transfers from the County and Tracy Rural are adjusted by a projected percentage change in assessed valuation (cumulative growth rate of approximately 25.9%) to determine the percentage of projected property taxes collected within the new City boundaries.

Figure 7 | Net Share of Property Tax Levy to City



Sales Tax: The Bradley-Burns Uniform Sales and Use Tax Act governs the administration of local sales tax, with the State collecting taxes from sellers and purchasers and later remitting allocations to local governments. As of July 1, 2023, the statewide sales and use tax rate is 7.25 percent. Typically, a city receives 1 percent of taxable sales made within its boundaries.

For the Proposed Boundary (MHCS D), there is currently a relatively small commercial footprint, generating around \$825,000 in taxable sales in the twelve-month period ending June 30, 2022. Sales tax revenues for the City are adjusted based on the pro rata share of locally generated taxes within the County and the State.

Future commercial construction is projected to bring in approximately 250,500 square feet of retail space, while industrial construction will add 778,500 square feet of warehouse and industrial space. The CFA uses a Safeway grocery store, gas station, and small retail marketplace to be open and generating sales taxes in the transition year. Sales tax collection for the City is expected to start in the second quarter of FY 2024-25, only receiving three-quarters of the sales tax revenue generated in that fiscal year. The City will receive the fourth quarter FY 2024-25 revenues in FY 2025-26.

LAFCO Terms and Conditions may specify that sales tax revenues received by the County from MHCS D following the City's formation should be used for reimbursement of County transition year services. HdL believes this is needed and appropriate. Any additional sales tax received by the County during the transition year that would have otherwise gone to the City should be remitted by the County to the City.

Subsidiary District

"The application for incorporation proposes to divest MHCS D of all of its statutorily authorized powers except the power to enforce Covenants, Conditions & Restrictions ("CC&Rs") within its boundaries and establishing MHCS D as a subsidiary district of the City. A small transfer of property taxes will fund the Subsidiary District to cover its costs of operations."

Public agencies do not have the authority to enforce Covenants Conditions & Restrictions (CC&Rs) because they are private agreements between individual property owners.

However, cities can establish subsidiary districts, where the city council serves as the district’s board of directors. The city council becomes the ex officio board of directions. Although the subsidiary district has the same governing body as the city, the district remains a separate governmental entity with its own corporate powers.

The incorporation proposal seeks to transfer all MHCSD's statutory powers under the Community Services District Law, except for the power to enforce CC&Rs, to the New City. However, it's important to note that cities are not authorized to enforce CC&Rs according to state law, as confirmed by LAFCO Special Counsel.

As a result, LAFCO has advised RSG, in consultation with the proponents, to assume that MHCSD would become a subsidiary district of the New City solely for the purpose of enforcing CC&Rs within the city boundaries. To finance the costs associated with CC&R enforcement, RSG has estimated the amount of property taxes that would be required for the Subsidiary District.

County Impacts

The County would begin transitioning municipal services and corresponding revenues to the new City. Among the services being transferred to the City are base-level law enforcement services provided by the Sheriff, Community Development consultant costs, planning services, building services and public works plan check services. Revenues to be shifted to the new City include property taxes, sales taxes, property transfer taxes, fines and forfeitures, and various fees and charges for services.

As shown in Figure 8 below, the corresponding cost reduction in County administered services total approximately \$3.9 million, while revenue losses to the County total nearly \$2.7 million. Based on the methodology used, RSG has stated incorporation would have a favorable impact on the County because the revenue losses are exceeded by expenditure reductions by approximately \$1.2 million annually.

Figure 8 | Fiscal Impact on County

PROPOSED BOUNDARY

Fiscal Impact of Incorporation on County of San Joaquin		FY 2025-26
Revenue Transferred		
Property Tax		\$ 1,883,600
Sales Tax (Including In-Lieu)		174,200
Property Transfer Tax		611,400
Fines & Forfeitures (Cost Offset)		-
Franchise Fees		-
Total Revenue Loss to County		\$(2,669,200)
Expenses Transferred (Net of Revenue Offsets)		
Shenff - Base Unincorporated Services		\$ 2,245,164
Community Development Consultant		200,000
Planning		43,291
Building Inspection		1,236,288
Public Works (Plan Check)		151,284
Total Expenditure Reduction		\$ 3,876,027
County Property Tax Admin. Fee of 0.73%		<u>13,700</u>
Net Revenue Impact to County - Positive/(Negative)		1,220,527

Revenue Neutrality

“This CFA concludes that the County will not suffer from a loss of net revenues due to incorporation and therefore the County would not be entitled to revenue neutrality payments from the new city.”

The CFA does not specify the methodology used by RSG to determine the offset of expenses (Sheriff law enforcement, community development, planning and land use, and public works) to make up for the loss of revenue to the County. The premise to suggest that the transfer of expenses will more than offset the loss in revenue to the County does not seem plausible. RSG appears to be underestimating the cost of County services and significantly overestimating the benefits to the County of transferring these costs to the new City of Mountain House. RSG and the CFA do not describe how these numbers were generated and most importantly the assumptions and methodology used by RSG.

The Revenue Neutrality Mitigation Payments are designed to address the potential negative fiscal impact of incorporations on counties and affected agencies. According to Senate Bill 1559, LAFCO must ensure that the new city's revenues after incorporation are substantially equal to the savings attained by the county or affected agencies from no longer providing services to the proposed incorporation area. This ensures a fair exchange of both revenue and responsibility for service delivery.

In this specific case, two affected agencies, the County and Tracy Rural, are eligible to receive revenue neutrality payments. However, based on the analysis in the CFA, no payment is projected to go to the County as incorporation is estimated to have a net positive effect on them. On the other hand, Tracy Rural is projected to experience a minor net negative effect, with an estimated net loss in revenues of around \$5,200.

It's important to note that the amount, duration, and terms of any revenue neutrality payments will be subject to negotiation between the affected agencies and the incorporation representatives. There is a possibility that Tracy Rural's claim for revenue neutrality payments may be offset by the capital improvement assistance they received from MHSCD in the past.

The specifics of the revenue neutrality program are open to further negotiation, and the CFA will be updated by RSG if an agreement is reached between the parties involved.

Conclusions

The Comprehensive Fiscal Analysis (CFA) prepared by RSG, provides an assessment of the financial implications associated with the proposed incorporation of Mountain House Community Service District (MHSCD) into a new city. The CFA offers an evaluation of revenue and expenditures, and soundly estimates the potential impact of incorporation on the affected agencies, particularly Tracy Rural Fire District.

Sound Fiscal Analysis: RSG's analysis, while an estimate, has been carefully developed using the current operating budget of MHSCD as a foundation for the fiscal assessment. Based on this methodical approach, HdL, has concluded that the financial analysis is sound and reliable.

Forecast of Revenue and Expenditures: Like the aforementioned estimates, RSG has provided a comprehensive forecast of both revenues and expenditures, utilizing the existing operating budget of MHSCD and growth estimates derived from the Master Plan. This approach to forecasting has led HdL to

ascertain that the evaluation of projected revenues is well-founded. However, HdL believes the CFA is lacking in determining the cost of services currently being provided by the County as well the offset in expenditures to be realized by transferring their costs to the new city.

Revenue Neutrality: The CFA has determined that incorporation is expected to have a minor net negative effect on Tracy Rural Fire District. However, it is important to note that the proposed revenue neutrality payments to Tracy Rural have been subject to negotiation, and they have been carefully assessed and determined that they are not excessive. Furthermore, these estimated payments are not anticipated to significantly impact the overall budget estimates. It is also noteworthy that the Proponents may offset any revenue neutrality payments to Tracy Rural with prior contributions made by MHSCD, potentially resulting in no revenue neutrality payments to Tracy Rural.

Impact on County Provided Services: RSG, through the CFA has determined that San Joaquin County will not be negatively impact through the incorporation of Mountain House and it will be revenue neutral for San Joaquin County because the loss in revenue to the County shall be offset in the reduction County expenditures. HdL recommends that affected County Departments and service providers carefully evaluate whether this will be case including the Community Development, Public Works, Animal Control, Law Enforcement, Parks & Recreation and Library Services. More detailed analysis on revenue/expenditure neutral in conjunction with appropriate County staff will be needed to determine the possibility of a Revenue Neutrality Mitigation Payments from Mountain House to the County to properly fund these services going forward.

Overall Impact: Mountain House Community Service District has, for the most part, functioned like a city for a considerable period. The incorporation is not expected to bring drastic changes to most residents, as the community will continue to be served with local control and advocacy for the community's best interests. Moreover, incorporation will render the new city eligible for additional grants and special revenues, further enhancing its ability to serve its residents effectively.

We trust that this Peer Review of the Comprehensive Fiscal Analysis provides valuable insights to San Joaquin County LAFCO, assisting in the evaluation of the proposed incorporation of Mountain House Community Service District.

About Us

In 2014, HdL Companies expanded its services to provide strategic planning and consulting services to assist local governments with economic development planning and execution. HdL ECONSolutions offers a variety of products and services for customized solutions based on a client's budget needs and specific development.

The ECONSolutions staff has over 50 years of local economic development and community development experience in California. ECONSolutions offers up-to-date data capability, an online GIS platform with state-of-the-art software for market analytics and the ability to leverage HdL's extensive databases systems. ECONSolutions can engage in projects of every size ranging from data analysis to comprehensive studies to advisory support and to public/private collaboration.

HdL has the largest privately held sales tax database in the State of California with sales tax data for 99% of the State's business. The firm's proprietary sales tax/software system affords numerous opportunities to prepare economic development and revenue projection reports. ECONSolutions has significant

experience in retail, logistics, healthcare, and hotel development, along with possessing a strong understanding of these sections within the marketplace in California.



State Water Resources Control Board

December 22, 2022

In Reply Refer to:
S021256

VIA ELECTRONIC MAIL

Byron-Bethany Irrigation District
Edwin Pattison, General Manager
7995 Bruns Road
Byron, CA 94514
e.pattison@bbid.org

Dear Mr. Pattison:

APPROVAL OF DIVERSIONS PURSUANT TO WATER RIGHT ID S021256 OF BYRON-BETHANY IRRIGATION DISTRICT DURING PERIODS OF CURTAILMENT

The State Water Resources Control Board (State Water Board), acting through its Division of Water Rights (Division) and Office of the Delta Watermaster (ODWM), have reviewed Byron Bethany Irrigation District's (BBID) Petition to Increase Human Health and Safety Diversions (Petition). Pursuant to California Code of Regulations, title 23, section 878.1, subdivision (b)(2), a petition may be submitted requesting approval of continued diversions to support minimum human health and safety needs during a time when the underlying right or claim of right would otherwise be curtailed. This letter follows up on and supersedes all temporary approvals or interim authorizations of the Petition.

Summary of Petition

The following information is from the Petition, BBID's website, and the Technical Memo prepared by West Yost Associates on behalf of Mountain House Community Services District (MHCSD or Mountain House), all as supplemented by responses to ODWM inquiries provided by MHCSD and/or BBID.

BBID is a multi-county special district currently serving parts of Alameda, Contra Costa, and San Joaquin Counties across 55 square miles and 36,000 acres. BBID serves more than 215 agricultural customers and MHCSD, which supplies water to more than 25,000 residents. BBID is the sole water supplier for MHCSD and claims a pre-1914 water right

E. JOAQUIN ESQUIVEL, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR

(reported pursuant to Statement of Water Diversion and Use S021256) to surface water from the Sacramento-San Joaquin Delta Watershed (Delta).¹

MHCSD currently obtains its water supply solely from BBID. In 1996, BBID and MHCSD entered into an agreement for BBID to provide 9,413 acre-feet of water per year (AFY) to MHCSD. This quantity of water was historically conveyed to, distributed by, and consumed within the MHCSD system's boundaries from 1976 to 1991 for agricultural purposes. The agreement sought to ensure a reliable, year-round water supply that is not subject to hydrological conditions unless directly applied to BBID by law, as stated in BBID's 2003 agreement with the California Department of Water Resources. In October 2009, MHCSD contracted for an additional 400 AFY from BBID, for a total water supply of 9,813 AFY.

According to the Technical Memo, MHCSD's minimum human health and safety needs include indoor domestic water use, irrigation water to prevent landscape die-off that may contribute to fire risk, water supplies necessary to respond to immediate public health or safety threats (including fire response and maintaining potable water quality for human consumption), and the continued construction of housing that allows people to live in a safe and healthy environment as mandated by California's Regional Housing Needs Allocation (RHNA) program.

MHCSD's estimated minimum domestic water needs are based on the Mountain House population and an assumed need of 55 gallons per capita per day. Mountain House population is estimated to be 26,179 based on a count of residential water service billing accounts as a proxy for the number of households and U.S. census data on the average number of persons per household. MHCSD proposed 1.44 million gallons per day (mgd) (a little more than 4 acre-feet per day and roughly 1,500 AFY) to meet minimum assumed domestic water needs. The Technical Memo noted that a significant portion of indoor water use returns to the Delta as effluent from MHCSD's wastewater treatment plant.

To maintain landscaping and prevent fire danger, MHCSD requested a minimum water supply for irrigation that varies seasonally. Outdoor water demands were calculated using the current tree, shrub, and turf landscape areas provided by MHCSD and monthly evapotranspiration rates for the western San Joaquin Valley. MHCSD proposed a range of 0.71 mgd (in winter) to 4.29 mgd (in summer) to meet the minimum daily irrigation water needs for fire safety.

MHCSD also requested water for fire protection (fighting fires and testing and maintaining hydrants) and for flushing pipelines to maintain water quality. MHCSD reported the combined minimum volume for fire protection and water quality flushing as

¹ Although BBID also has acquired what was formerly the West Side Irrigation District's post-1914 water right (A000301), BBID's petition refers only to its pre-1914 claim of right associated with Statement of Water Diversion and Use S021256.

0.79 mgd. As described in the Technical Memo, this supply would only be used for flushing purposes or to restore stored water following a fire or hydrant testing.

Finally, Mountain House's growth contributes to unincorporated San Joaquin County achieving its RHNA. From July 2019 through June 2021, builders in Mountain House used an average of 1.8 million gallons of water per month (approximately 0.06 mgd) for the approximately 425 homes under construction in furtherance of achieving RHNA goals. To continue to meet RHNA, MHCS D estimated 0.06 mgd of water supply is needed for construction purposes.

In total, MHCS D requested 6.15 mgd (approximately 17.5 acre-feet per day or 6,400 AFY) to meet minimum daily needs for health and safety.

Conditions of Approval

California Code of Regulations, title 23, sections 877.1 and 878.1 identify that diversions may be authorized to continue to meet minimum human health and safety needs notwithstanding curtailment of the underlying right(s) or claim(s) of right, subject to certain specified conditions. MHCS D must utilize all reasonably accessible alternative water resources and long-term planning mechanisms to access potential alternative water supplies needed to serve minimum human health and safety needs when the underlying claim of right is curtailed pursuant to section 878.1. Specifically, section 878.1, subdivision (b)(1)(E) requires that "The diverter has either pursued steps to acquire other sources of water, but has not yet been completely successful, as described in an attached report, or the diverter will pursue the steps in an attached plan to identify and secure additional water".

The Petition for continued diversion to serve the minimum health and safety needs of MHCS D's residents during periods when the claim of right associated with S021256 is curtailed is hereby approved with the following conditions:

- Consistent with California Code of Regulations, title 23, section 878.1, subdivision (b)(1)(E), MHCS D must continue to diligently pursue reliable alternative sources of water and/or storage to meet its needs during future periods when BBID's water right(s) may be curtailed.
- MHCS D must have declared a water shortage emergency, implemented all available conservation measures, and must be operating under the strictest existing conservation plan for its service area, currently Stage 6 of its Water Shortage Contingency Plan (WSCP) as codified in the MHCS D Ordinance Code. (Cal. Code Regs., tit. 23, § 878.1, subd. (b)(1)(C), (D).)
- MHCS D must notify ODWM about any proposed changes to its WSCP not less than 60 days prior to the effective date of such changes.
- To the extent that MHCS D cannot meet the following uses with the water available under a 50% reduction made in accordance with Stage 6 of its WSCP, BBID is authorized to divert and deliver to MHCS D the minimum additional amount of water necessary for testing and maintaining hydrants and flushing pipelines to maintain water quality when S021256 is curtailed. MHCS D shall schedule these operations, to the extent possible, to avoid predictable summer curtailment risk periods. If such operations must be performed within curtailment

- periods, MHCSD shall submit written justification for such incremental diversions to BBID which justification will be available for review by ODWM upon request.
- MHCSD shall make every effort to divert to storage water potentially needed for firefighting within the Mountain House service area during periods when BBID's claim of right is not curtailed. If stored water is used for firefighting purposes, it may be replenished from incremental diversion by BBID notwithstanding curtailment.

Required Monthly Reporting – Delta Watershed Human Health & Safety Reporting

Monthly reporting is required for all diversions made under a **curtailed** water right or claim. As the water right holder/claimant, BBID is responsible for monitoring the curtailment status of its water rights and claims by frequently checking the [Delta Watershed Curtailment Status List](#) or [subscribing to the Delta Drought email subscription list](#).

Diversions pursuant to this approval of the Petition must be reported to the Division via the Delta Watershed Human Health & Safety Reporting Form on the [Water Right Form and Survey Submittal Portal](#) (Survey Portal) no later than the 10th day of each month following a month in which such diversions occur. BBID is responsible for maintaining accurate records of diversions. MHCSD is responsible for ongoing compliance with the conditions of this approval related to: (i) pursuing alternative sources of water/storage to meet its minimum health and safety needs during future periods of BBID curtailment; (ii) implementing Stage 6 of its WSCP during periods when relying on BBID diversions pursuant to this exception; (iii) notifying ODWM of proposed changes to its WSCP; (iv) submitting to BBID written justification for requiring water to test and maintain hydrants and flush pipelines during periods of BBID curtailment. The login credentials for the Survey Portal are associated with BBID's water right claim and were provided in the Initial Order Imposing Water Right Curtailment and Reporting Requirements in the Sacramento-San Joaquin Delta Watershed (August 20, 2021 Order).

Monthly Reporting Instructions

Login online to the [Survey Portal](#) using the provided login credentials. Select 'Delta Watershed Human Health & Safety Reporting' from the available forms and click 'Survey' to open the form. The Survey Portal will instruct you to complete a series of questions detailing the continued diversion. After entering this diversion data, proceed through the form to finish and submit your monthly reporting. Once you submit the form, the Survey Portal provides the option to 'Show as PDF,' allowing you to save a copy of your report. Each month the form will be updated to include additional space to report diversion data for the last month. For each month that diversions occur under this approval, you must login to the Survey Portal to edit the form and report diversion data for that month. **Reporting for each month is due by the 10th of the following month.**

Future Changes

The Division and ODWM retain the authority to require additional changes to diversion and water use activities pending new information or resources.

If you have any questions, please review the reference guides on the [Delta Drought webpage](#), or contact ODWM at Deltawatermaster@waterboards.ca.gov or (916) 319-8264.

Sincerely,



Erik Ekdahl, Deputy Director
Division of Water Rights
State Water Resources Control Board



Michael Patrick George, Delta Watermaster
Office of the Delta Watermaster
State Water Resources Control Board

cc: Steven J. Pinkerton, General Manager
spinkerton@sjgov.org

Nader Shareghi, Public Works Director
nshareghi@sjgov.org

Bert Michalczyk, MHCS
bert.michalczyk@gmail.com

Michael E. Vergara, Attorney for BBID
mvergara@somachlaw.com

Jared S. Mueller, Attorney for BBID
jmueller@somachlaw.com

Alyson E. Ackerman, Attorney for BBID
aackerman@somachlaw.com

A-08-829
(10/28/08)

AMENDMENT NO. 2
to
WATER SERVICES AGREEMENT
BETWEEN
BYRON-BETHANY IRRIGATION DISTRICT AND
MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

This Amendment No. 2 ("Amendment No. 2") to the Water Services Agreement between Byron Bethany Irrigation District and Mountain House Community Services District ("Water Services Agreement") is entered into this 28th day of October, 2008, by and between Byron Bethany Irrigation District (hereinafter referred to as "BBID") operating under and by virtue of Division 11 of the California Water Code, and Mountain House Community Services District (hereinafter referred to as "MHCS D") a community services district formed pursuant to Division 3 (commencing at Section 61000) of Title 6 of the California Government Code.

RECITALS

WHEREAS, BBID originally authorized a Water Services Agreement between BBID and MHCS D on September 7, 1993; and,

WHEREAS, BBID and MHCS D entered into a Water Services Agreement on or about May 26, 1996; and,

WHEREAS, BBID and MHCS D entered into Amendment No. 1 to the Agreement on August 8, 2000; and,

WHEREAS, MHCS D has subsequently determined that an additional supply of water is needed to fully serve the area within the Mountain House Community known as Specific Plan III; and,

WHEREAS, MHCS D has subsequently determined that the raw water storage at the Water Treatment Facility is no longer required;

NOW, THEREFORE, the undersigned parties agree, for full and adequate consideration, the receipt of which is hereby acknowledged, as follows:

1.0 RECITALS:

The Recitals contained herein are an integral part of this Amendment to the Agreement.

2.0 EFFECTIVE DATE:

The Effective Date of this Amendment shall be October 28, 2008.

3.0 ADDITION OF SECTION 3.2.2:

Section 3.2.2 is added to the Agreement to read as follows:

3.2.2 Availability of Additional Water. In accordance with Section 3.2.1 of the Water Services Agreement, BBID has determined that water in excess of 9,413 acre-feet is available for use within MHCS D and therefore agrees to supply an additional 400 acre-feet for a total of 9,813 acre-feet per year of raw water to the MHCS D pursuant to BBID's rules and regulations as amended and otherwise subject to the terms and conditions of the Water Services Agreement and any subsequent amendments thereto.

4.0 AMENDMENT TO SECTION 6.3:

Section 6.3 as amended by Amendment No 1 is amended to read as follows:

6.3 Treatment Plant and Raw Water Storage Facilities: MHCS D will construct a water treatment plant and appurtenant facilities within the Mountain House Project Area at one of the alternative locations described on the map attached as Exhibit "F." MHCS D has been issued Permit No. 3910027, dated June 13, 2007, by the State Department of Health for its water treatment plant and therefore is no longer required to construct raw water storage as a component of its water service facilities. Under no circumstance, either now or in the future, will BBID be required to construct storage for raw water as part of the water supply system needed to service MHCS D.


5.0 REAFFIRMATION:

Amendment No. 2 is made in accordance with the provisions of paragraph 27 set forth in the Water Services Agreement. Save and except for the changes, additions or alterations made and set forth in this Amendment No. 2, BBID and MHCS D ratify, reaffirm and restate each and every term and provision of the Water Services Agreement and the Amendment No. 1.

IN WITNESS WHEREOF the parties hereto have executed this Amendment No. 2 to the Agreement on the date first written above.

BYRON BETHANY IRRIGATION
DISTRICT

Authorized and approved for
signature on _____, 2008
Dated: _____

By: 

RICK GILMORE,
General Manager

By: 

Secretary

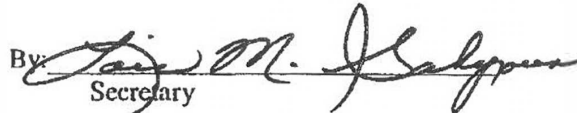
MOUNTAIN HOUSE COMMUNITY
SERVICES DISTRICT

Authorized and approved for
Signature on _____, 2008
Dated: _____

By: 

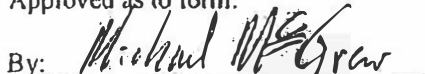
PAUL M. SENSIBAUGH
General Manager

Dated: _____

By: 

Secretary

Approved as to form:

By: 
MICHAEL MCGREW,
Special Counsel for MHCSD

**Before the Board of Directors
of the Mountain House Community Services District
County of San Joaquin, State of California**

B- 00-968

MOTION: Sieglock/Marenco

**Approval of Amendment No. 1 to the Water Services Agreement
Between Byron-Bethany Irrigation District (BBID) and the
Mountain House Community Services District (MHCSD)**

THIS BOARD OF DIRECTORS DOES HEREBY approve and direct the Chairman to execute Amendment No. 1 to the Water Services Agreement between Byron-Bethany Irrigation District and the Mountain House Community Services District.

I HEREBY CERTIFY that the above order was passed and adopted on August 8, 2000
by the following vote of the Board of Directors, to wit:

AYES: Cabral, Marenco, Gutierrez, Sieglock, Simas

NOES: None

ABSENT: None

ABSTAIN: None

LOIS M. SAHYOUN
Clerk of the Board of Supervisors
County of San Joaquin
State of California

Lois M. Sahyoun

AMENDMENT NO. 1
to
WATER SERVICES AGREEMENT
BETWEEN
BYRON-BETHANY IRRIGATION DISTRICT AND
MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

This Amendment No. 1 ("Amendment") to the Water Services Agreement between Byron-Bethany Irrigation District and Mountain House Community Services District is entered into this ___ day of ~~AUGUST 2000~~ 2000 between Byron-Bethany Irrigation District (hereinafter referred to as "BBID") operating under and by virtue of Division 11 of the California Water Code, and Mountain House Community Services District (hereinafter referred to as "MHCSO") a Community Services District formed pursuant to Division 3 (commencing at Section 61000) of Title 6 of the Government Code.

RECITALS

WHEREAS, BBID originally authorized a Water Services Agreement between BBID and MHCSO on September 7, 1993; and

WHEREAS, BBID and MHCSO entered into a Water Services Agreement on or about May 26, 1996 ("Agreement"); and

WHEREAS, Section 6.0 through 6.4 of the Agreement provides for the protection of historically acquired BBID water rights and supplies together with the construction, installation, and, where indicated, transfer of certain water conveyance, acquisition, distribution and delivery facilities together with appurtenances as provided in the Agreement, and contemplated that such construction would take place at one time; and

WHEREAS, the Department of Water Resources (DWR) issued BBID an Encroachment Permit, dated September 29, 1999, which *inter alia* provided for the expansion of BBID's existing pump station on existing DWR right-of-way within the intake channel of the Harvey O. Banks Pumping Plant in order to facilitate construction and delivery of water to MHCSO via a 30-inch water main; and

WHEREAS, BBID approved the Plans and Specifications for the MHCSO pump station expansion and water transmission line providing for an ultimate pumping and delivery capacity of twenty (20) million gallons per day (mgd) on October 12, 1999; and

WHEREAS, the Plans and Specifications (prepared by Trimark Communities ("Trimark"), on behalf of MHCSO) for the pump station expansion and water transmission line contemplate that the improvements will be constructed in phases, setting forth an initial pumping capacity limited to three (3) mgd; provided that, as maximum daily water flow increases, there will be an accompanying need to upgrade the pump units and other appurtenances thereto and it will be necessary in order to accommodate the ultimate delivery capacity of twenty (20) mgd, all of which will require future capital expenditures; and

NOW THEREFORE, the undersigned parties agree, for full and adequate consideration, the receipt of which is hereby acknowledged as follow:

1.0 RECITALS:

The recitals contained herein are an integral part of this Amendment to the Agreement.

2.0 EFFECTIVE DATE:

The effective date of this Amendment shall be April 1, 2000.

3.0 ADDITION OF SECTION 6.0.1:

Section 6.0.1 is added to the Agreement and reads as follows:

6.0.1 Construction and Transfer of Facilities. This Agreement refers to the construction of facilities by MHCSD. The parties acknowledge that Trimark, owner of lands within the MHCSD, will actually undertake construction of some of the facilities. Upon completion of construction, all facilities so constructed will be transferred to MHCSD. MHCSD will thereupon transfer title to BBID where indicated and as provided by this Agreement, for the benefit of Trimark and other landowners.

4.0 ADDITION OF SECTION 6.1.1:

Section 6.1.1 is added to the Agreement and reads as follows:

6.1.1 Financial Responsibility for Increase of Pumping Capacity, Installation of Emergency/Standby Generator and Other Pump Station Appurtenances:
The capital expenditures, charges and expenses of providing for the construction and installation of the pump station expansion and water transmission line providing for an ultimate pumping and delivery capacity of twenty (20) million gallons per day (mgd) shall be the sole responsibility and obligation of MHCSD including but not limited to such appurtenances as the installation of the emergency/standby generator and other pump station appurtenances. The financial obligations set forth in Sections 6.0.1 and this 6.1.1. shall bind and be the responsibility of MHCSD regardless of whether or not construction is completed all at once, or in phases over time.

5.0 AMENDMENT OF SECTION 6.3:

Section 6.3 to the Agreement is amended to read as follows:

6.3 Treatment Plant and Raw Water Storage Facilities: MHCSD will construct a water treatment plant and appurtenant facilities within the Mountain House Project Area at one of the alternative locations described on the map attached as Exhibit "F". Additionally, MHCSD acknowledges that BBID may have a legal right to store its pre-1914 water, which may be utilized by MHCSD as an overall component of its water supply systems. The parties acknowledge that MHCSD will provide for approximately 4 million gallons

of raw water storage as a component of the first phase of the water service facilities. If through operation of the water service facilities, MHCS D can demonstrate to state regulators that additional raw water storage is not required to meet state or federal water quality standards, and that treated water storage provides sufficient supply, the parties agree that MHCS D will not be required to provide additional raw water storage as a component of the water storage facilities.

6.0 ADDITION OF SECTION 6.3.1:

Section 6.3.1 is added to the Agreement and reads as follows:

- 6.3.1 Exclusive Use: The parties acknowledge that Trimark will fund some of the improvements required to serve its lands and required of MHCS D by this Agreement, and will transfer title to such improvements upon completion to MHCS D. The parties further acknowledge that the MHCS D will thereafter transfer title to all improvements contemplated by this Agreement needed to provide water within its boundaries. Therefore, the parties agree that the facilities contemplated by this Agreement to provide water within the MHCS D boundaries, including, but not limited to the Intake Facilities, Conveyance Pipeline, will be owned and operated by BBID for the exclusive benefit of the MHCS D, and will not be used to serve lands outside of the MHCS D without the express prior written consent of the MCHSD.

7.0 DELETION OF SECTION 22.0:

Section 22.0 of the Agreement is hereby deleted in its entirety.

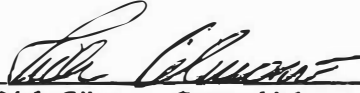
8.0 AMENDMENT AND REAFFIRMATION:

This Amendment is made pursuant to the provisions of Paragraph 27 set forth in the Agreement. Save and except for the changes, additions or alterations made and set forth in this Amendment; BBID and MHCS D ratify, reaffirm and restate each and every term and provision of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Agreement on the date first written above.

BYRON-BETHANY IRRIGATION DISTRICT

Authorized and approved
For signature on 7-11, 2000
Dated: July 31, 2000

By: 
Rick Gilmore, General Manager

Dated: July 31, 2000

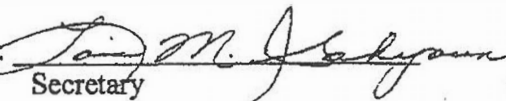
By: 
Betty Compilli, Secretary

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

Authorized and approved
For signature on _____, 2000
Dated: _____

By: 
Chairman, Board of Directors

Dated: AUG 08 2000

By: 
Secretary

Approved as to Form
TERRENCE R. DERMODY
County Counsel

By: 
Assistant County Counsel

A-10

**WATER SERVICES AGREEMENT BETWEEN
BYRON-BETHANY IRRIGATION DISTRICT AND
MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT**

THIS AGREEMENT is made and entered into between Byron-Bethany Irrigation District operating under and by virtue of Division 11 of the California Water Code (hereinafter called "BBID"), and the Mountain House Community Services District organized and existing under and pursuant to Title VI, Division 3 of the California Government Code (hereinafter called "MHCSD").

NOW, THEREFORE, the undersigned parties agree, for full and valuable consideration, the receipt of which is hereby acknowledged as follows:

RECITALS

This agreement is made with reference to the following facts and conditions which the parties hereto agree are a true and accurate description of the basis upon which this agreement is made:

A. WHEREAS, BBID originally claimed water flowing in Old River, at the point where the west bank of Old River intersected the south bank of a branch or channel making south from said Old River and designated as "Italian Slough" which water flows extended to the use of 40,000 miner's inches measured under a 4-inch pressure and continues to divert said water flows pursuant to a "Notice of Appropriation of Water" dated May 18, 1914, and executed by the president and secretary of the then Byron-Bethany Irrigation Company, predecessor in interest to BBID. A copy of that Notice is attached to this agreement as Exhibit "A" and made a part hereof; and

B. WHEREAS, BBID subsequently entered into a contract with the State of California in 1964 to avoid condemnation proceedings proposed to eliminate a portion of BBID's S-45 Lateral Canal by construction and installation of the Intake Channel to the Harvey O. Banks pumping plant; and

C. WHEREAS, a copy of BBID's agreement with the State of California altering its original point of diversion pursuant to Water Code Section 1706 is attached hereto labeled Exhibit "B" and made a part hereof; and

D. WHEREAS, BBID currently provides water services primarily for agricultural purposes but is servicing lands within its boundaries which are susceptible to irrigation but the intent of which are to be used for residential, domestic and business purposes pursuant to Water Code Section 20702; and

COPY

E. WHEREAS, Water Code Section 22264 anticipates that domestic water service may be provided by an agricultural water services district; and

F. WHEREAS, BBID proposes to become one of numerous irrigation districts in California to provide water for domestic, municipal and industrial purposes as well as agricultural purposes; and

G. WHEREAS, BBID has the right to deliver water for domestic, municipal and industrial purposes pursuant to Water Code Sections 22075 and 22076 as these functions were taken from Section 15(b) of the California Irrigation District Act which preceded the California Water Code and expressly provided for distribution of water for domestic purposes; and

H. WHEREAS, on February 25, 1993, San Joaquin County approved General Plan Amendment Number GP-92-09 by Resolution 93-110 which changed 4,667 acres from general agricultural to a variety of urban land use designations that would enable the ultimate development of those lands into the Mountain House New Community; and

I. WHEREAS, BBID agreed to cooperate and supply raw water to the Mountain House New Community consistent with the terms and provisions of a letter dated August 18, 1989, a copy of which is attached hereto as Exhibit "C" and made a part hereof; and

J. WHEREAS, development of the Mountain House New Community will be phased over an approximate period from 1994 to 2030. During different periods throughout the phased development there will be land remaining in agricultural production, land utilizing water supplies for domestic, municipal and industrial purposes, and land under development utilizing no water supplies but needing water availability; and

K. WHEREAS, MHCS D proposes to construct necessary facilities and obtain necessary rights of way subject to the approval and subsequent transfer of facilities and rights of way to BBID to divert and convey a raw water supply which will be supplied by BBID to the Mountain House New Community at MHCS D's water treatment plant facilities and/or raw water storage facilities.

1.0. RECITALS.

The recitals contained herein are an integral part of this agreement.

2.0. DEFINITIONS.

2.1. Agricultural Use: The use of water primarily in the production of agricultural crops or livestock including, but not

limited to, domestic use incidental to such agricultural purposes and the use of water for livestock.

2.2 Bankhead Agreement. That agreement dated July 31, 1967, between BBID and Bankhead Enterprises, Inc., granting BBID the right to utilize Mountain House Creek for irrigation surface drainage, as well as the burden for maintenance of said creek.

2.3. BBID: Including any lands which may hereafter be included within BBID.

2.4. BBID Facilities: Conduits, pipes, pumps and other works owned or controlled by BBID and used by BBID to convey water to or drain water from lands whether inside or outside of BBID.

2.5. BBID Water Supply: All water available to or received by BBID, including pre-1914 riparian and post-1914 water rights and water available to BBID from any other source.

2.6. Development: Any stage of growth within the Mountain House Area which growth causes or participates in causing an alteration in BBID water flows changing the direction or altering the course of irrigation and/or drainage waters within BBID lands not situated within the Mountain House Project Area.

2.7. Diversion Agreement: BBID'S right to divert water from the Harvey O. Banks Intake Channel to the California Aqueduct pursuant to written Agreement No. 353311 with the State of California Department of Water Resources dated May 4, 1964.

2.8. MHCSD: The boundaries and sphere of influence of which are more particularly shown on the map attached as Exhibit "D" including any lands which may hereafter be included in MHCSD.

2.9. MHCSD Service Facilities: Facilities to be constructed to provide water service for municipal, industrial and domestic use to the Mountain House Project Area, including, but not limited to, pipelines, pumps, water treatment plant and raw water storage facilities.

2.10. Mountain House Project Area: That land included within San Joaquin County General Plan Amendment Number GP-92-09 as approved on February 25, 1993, by Resolution 93-110, plus those incidental areas to be included within the master plan of the Mountain House Community, the boundaries of which are designated on a map attached as Exhibit "E".

2.11. Municipal, Domestic and Industrial Use: The use of water for other than agricultural use.

2.12. Non-BBID: Water available to MHCSD from sources other than BBID water supply, including, but not limited to,

riparian water rights.

2.13. Pre-1914 Water Right: BBID'S right to water pursuant to a "Notice of Appropriation of Water" dated May 18, 1914 and executed by the president and secretary of the Byron-Bethany Irrigation Company, predecessor in interest to BBID.

2.14. Unallocated Water: BBID water supply which is available to the Mountain House Project Area pursuant to this agreement which is not utilized for agricultural, domestic, municipal or industrial use.

3.0. WATER SERVICE:

3.1. Quantity of Water: During the term of this agreement and otherwise to its then certain current rules and regulations, the provisions of this agreement, and existing California statutory law set forth in the California Water Code, BBID shall provide a quantity of water sufficient to provide treated water service up to and including the same amounts as historically supplied land provided by BBID within the Mountain House Project Area. BBID's pre-1914 water right is to the use of water flowing to the extent of 40,000 miner's inches measured under a 4-inch pressure but actual use within the Mountain House Project Area currently within BBID has ranged from 5,900 to 10,100 acre-feet actually for the period 1976 through 1991, a period considered representative of historic hydrologic and climate conditions. Because of the need for a certainty of the right to water in developing a municipal, domestic and industrial water supply, the parties hereto have agreed for contracting purposes to utilize the average annual water conveyed to, distributed and consumed within the Mountain House Project Area currently within BBID from the period between 1976 and 1991 which is 9,413 acre-feet per year. Such water conveyed to, distributed and consumed within the Mountain House Project Area includes, but is not limited to, conveyance losses or line losses such as evaporation and seepage. The water allocated to MHCS D pursuant to this agreement will be measured at BBID's diversion pumps within the intake facilities which additional pumping facilities are to be constructed and conveyed to BBID by MHCS D as described in paragraph 6.1.

3.2. Increased Water Allocation to MHCS D:

3.2.1. Additional Water Use: Should BBID determine at any time that water in excess of the 9,413 acre-feet is available within the District to be served and delivered to MHCS D, MHCS D may be entitled to take any such additional water which can be put to beneficial use within the Mountain House Project Area within BBID after first receiving approval and consent of the District to water service pursuant to the then existing District rules and regulations and otherwise subject to the terms and conditions of this agreement.

3.3. Non-Availability of Water: MHCS D has requested, received and reviewed the pleadings, papers, records and other documents generated in Sacramento County Action No. 282495 and San Francisco County Action No. 765609 entitled State of California vs. Byron-Bethany Irrigation District, et al., which action was filed on or about June 26, 1979 and was subsequently dismissed in or about December, 1986. MHCS D is satisfied with their review of the above materials and agrees to indemnify BBID from any and all claim, liability, loss, cost or expense incurred or suffered by MHCS D, their landowners, customers or water users by virtue of the non-existence or diminished water supplies promised in this agreement by the action of the State of California or the United States Government.

4.0. ANNEXATIONS.

BBID agrees to cooperate with MHCS D seeking the annexation of approximately 638 acres of property within the Mountain House Project Area without an alternative source of water supply, subject to the approval and imposition of such terms and conditions as the Board of Directors of BBID deems appropriate. It is contemplated by the parties that the landowners of approximately 175 of those acres will petition BBID immediately for annexation. It is also contemplated that additional lands which are currently within the Mountain House Project Area, but not within the boundaries of BBID, may petition to be annexed into BBID at some time in the future subject to the approval of BBID's Board of Directors, the appropriate Local Agency Formation Commission, and the terms and provisions of this agreement.

5.0. LEVEL OF WATER SERVICE.

The parties agree that it is their intent to insure that the existing level of service to BBID's agricultural landowners and water users shall not be impaired or impeded by the terms and provisions of this agreement as determined by BBID's Board of Directors.

6.0. WATER SERVICE FACILITIES.

By this agreement, including any action which may be taken under the terms and provisions of this agreement, BBID does not grant, transfer, or assign to MHCS D any interest in its water entitlement, water contracts or rights to receive water or any expectancy to said rights in regard to water or the water supply held by or anticipated to be held by BBID. MHCS D covenants that it shall take no action or make any claim that it is directly or indirectly entitled to any amounts of water which are otherwise available to BBID except as otherwise provided in the terms and provisions of this agreement and in this paragraph and its various subparagraphs. In order to take delivery of water from BBID for municipal, industrial and domestic use, MHCS D shall construct,

install, and, where indicated, transfer the following facilities:

6.1. Intake Facilities: MHCSO will construct a pump house, pumps and appurtenant facilities within BBID's diversion easement or a new diversion easement on the Intake Channel pursuant to the 1964 agreement with the State of California attached hereto as Exhibit "B". BBID shall select the location of the diversion easement on the intake channel subject to approval of the Department of Water Resources. The facilities constructed by MHCSO will be adjacent to but independent of BBID's existing pumping facilities. Facilities constructed by MHCSO will divert water into a raw water conveyance pipeline designed to convey and transmit the water to MHCSO treatment plant facilities and/or raw water storage facilities. BBID shall attempt to obtain permission from the Department of Water Resources for the construction, installation, transfer and subsequent operation of MHCSO facilities within BBID's diversion easement, or a new diversion easement, with the State of California. All facilities constructed by MHCSO pursuant to the provisions of this subparagraph shall be first approved in writing by BBID, and MHCSO shall compensate District for all plan check, inspection and approval services which are contemplated to be performed by BBID's engineers, CH₂M Hill. BBID's acceptance of payment for service performed is not a warranty or guarantee by BBID of proper design or proper specifications of materials or construction. Such payment shall include receiving the consent and approval of Department of Water Resources for construction, installation, transfer and subsequent operation of both BBID and MHCSO facilities set forth herein within BBID's diversion easement with the State of California. Additionally, upon completion of the pump house, pumps, appurtenant facilities and conveyance pipeline described in paragraph 6.2 below in a manner meeting BBID's approval, MHCSO shall convey all of said facilities and title thereto free and clear of all liens, encumbrances and expense to BBID by such form of conveyance and documents as deemed necessary by BBID.

6.2. Conveyance Pipeline: MHCSO will construct a water conveyance pipeline along one of the alternate routes set forth in the map attached as Exhibit "F" after first receiving written approval of the alternate route from BBID. MHCSO is not acting as a contractor, agent, official or representative of BBID in constructing either the raw water conveyance pipeline or any of the facilities and appurtenances thereto provided and set forth in paragraph 6.1. This agreement simply provides for the construction, installation, ownership and operation of such water system and facilities. BBID's approval of the route of raw water conveyance, pipeline, pumps, pumping facilities and other appurtenances thereto shall not be deemed as a warranty or guarantee by BBID of proper design and of proper specifications of materials or construction. BBID specifically relies upon the design and specifications as prepared or caused to be prepared by MHCSO as being in accordance with the conditions of the geography

and as having specific materials and equipment of the highest practicable quality and character.

6.3. Treatment Plant and Raw Water Storage Facilities: MHCS D will construct a water treatment plant and appurtenant facilities within the Mountain House Project Area at one of the alternative locations described on the map attached as Exhibit "F". Additionally, MHCS D acknowledges that BBID may have a right to store its pre-1914 water, which may be utilized by MHCS D as an overall component of its water supply system. MHCS D agrees that it will provide for storage of raw water as a component of its water service facilities as required by local, state and federal laws and regulations.

6.4. BBID Cooperation: Agrees to cooperate with MHCS D to obtain approvals which may be required for construction and operation of water service facilities as set forth in paragraphs 6.0 Through 6.3. BBID shall be indemnified by MHCS D for all costs incurred for such cooperation. MHCS D shall have the right to utilize the water service facilities for conveyance of non-BBID water, pursuant to the terms and provisions of this agreement.

7.0. NON-INTERFERENCE.

MHCS D shall take all steps necessary to protect BBID facilities during construction, operation, maintenance, repair and replacement of proposed water service facilities described in paragraphs 6.0 through 6.3 and shall insure that irrigation and drainage to all lands within BBID shall be maintained at the level of service delivered by BBID prior to the execution of this agreement. Should that level of water service be disturbed by activities associated with construction, installation, repair or replacement of water service facilities as determined by BBID's Board of Directors, MHCS D shall make any necessary arrangements for water supply and drainage to any lands within BBID which are severed from remaining lands within BBID by development within the Mountain House Project Area currently within BBID.

7.1. Drainage Responsibility: As lands within Mountain House are removed from irrigation and developed for non-agricultural uses, MHCS D shall assume the responsibility for drainage of those lands in accordance with the law. Upon assumption of such drainage responsibilities by MHCS D to the satisfaction of BBID, BBID shall quit claim and/or assign to MHCS D any and all easements, contracts and other interests in land which are no longer required to provide drainage services. In that regard, MHCS D shall indemnify and hold harmless BBID, its directors, officers, officials, employees, agents and independent contractors from any and all liability to any third party, arising directly or indirectly, from any act or omission or alleged act or omission arising from the performance or failure to perform any duty or obligation arising out of or in connection with the

provision of the drainage obligations set forth in this subsection; which indemnification includes, but is not limited to, all expenses, attorney fees and other costs.

7.2.1. Agricultural Drainage and Mountain House Creek: BBID agrees to continue to provide agricultural drainage as required by law, to lands within Mountain House which remain under agricultural irrigation provided that the Bankhead Agreement shall be assigned to and become the responsibility of MHCS D as of the date of execution of this agreement. To the extent that the development and/or development activities within MHCS D increase the burden on BBID to maintain the level of drainage services provided by BBID prior to execution of this agreement, MHCS D shall provide the additional services required. MHCS D hereby grants to BBID the right to use Mountain House Creek from Alameda County to Old River, or an alternate water course as determined mutually by MHCS D and BBID, for discharge of agricultural drainage water and current flood flows. MHCS D agrees to reasonably maintain Mountain House Creek within San Joaquin County as a natural drainage channel as required for the purposes described herein.

7.3. Waste Water: MHCS D will not utilize treated waste water for agricultural irrigation purposes within the boundaries of BBID without the prior written consent of BBID. For purposes of this subsection, agricultural irrigation shall not include application of treated waste water for municipal irrigation, including, but not limited to, golf courses, municipal landscaping, median strips, or wetlands maintenance.

8.0. WATER DELIVERY.

Water utilized by MHCS D for municipal, domestic and industrial use shall be delivered by BBID through the pumping facilities and conveyance line identified in paragraphs 6.0 through 6.2 all to be constructed within BBID's diversion easement acquired and to be acquired rights of way. Water utilized within the Mountain House Project Area currently within BBID for agricultural use shall be delivered through BBID facilities and be subject to the then current District rules and regulations adopted by BBID pursuant to Water Code Section 22257.

9.0. ESTABLISHMENT OF RATES AND CHARGES FOR WATER SERVICES.

BBID shall from time to time establish by resolution adopted by its Board of Directors, such rates, charges and levees sufficient to provide for the cost of all operation, maintenance, repairs, water supplies or materials together with reasonable reserves for operation, maintenance, repair and replacement of facilities, accounts for depreciation and sinking funds, together with funds for rehabilitation or expansion of existing pumping and conveyance facilities and acquisition of further facilities as may be needed in the determination of BBID to divert water for

municipal, industrial and domestic uses to MHCS D. Quantities of water diverted by BBID for the benefit of MHCS D shall be determined by meters installed on the pumps constructed and installed as provided in paragraph 6.1 above. All metering and other measuring devices constructed and installed shall be performed by MHCS D at their cost subject to the approval of BBID. Non-BBID water which is diverted through the pumping and conveyance line facilities shall be subtracted from the total quantity of metered water delivered to MHCS D provided that if such nonmetered water is owned by MHCS D and conveyed at MHCS D's request, MHCS D shall pay BBID a charge for wheeling water through BBID facilities for the benefit of MHCS D in an amount to be determined at the time of MHCS D's request for delivery of non-BBID water.

9.1. Standby and/or Water Availability Charge Pursuant to Water Code Section 22280: MHCS D shall pay standby and/or water availability charges to BBID. The initial charge shall be determined by the Board of Directors based upon 9,413 acre-feet of water made available to MHCS D for municipal, industrial and domestic use. The standby charge shall be in the nature of a charge to the entire Mountain House Project Area within the boundaries of BBID. The standby and/or water availability charge shall be determined by BBID's Board of Directors pursuant to its then current District rules and regulations and paid monthly by MHCS D with payments due BBID on the first day of each and every month. The water availability and/or standby charge payment shall be due BBID thirty (30) days following construction and installation of the water service facilities including the conveyance line as described in paragraphs 6.0 through 6.2 herein. The Mountain House Project Area shall have direct access to the water service facilities and conveyance line described in paragraphs 6.0 through 6.2 upon completion of construction; therefore, the pumping facilities and conveyance water line can provide services from BBID owned, operated, maintained and repaired facilities which facilities will or may be under permit from the Department of Public Health of the State of California or a county department of public health permit provided under the applicable provisions of the Health and Safety Code of the State of California or other applicable regulations and licensing facility for the service of water for human consumption.

10.0. FULL BENEFICIAL USE.

10.1. Water Use: The water supply made available pursuant to this agreement may be used in the Mountain House Project Area currently within BBID for agricultural, domestic, municipal and/or industrial uses. Additionally, the water supply made available pursuant to this agreement may be used for any other purposes set forth below. MHCS D reserves the right to determine the method of distributing water within the boundaries of MHCS D provided that such water is not distributed and/or used outside the boundaries of BBID without first receiving a determination from

BBID's Board of Directors that such waters are surplus to the needs of landowners and water users within BBID pursuant to the then current rules and regulations and applicable provisions of the California Water Code and/or existing law. MHCS D and BBID shall mutually determine whether or not any action is required to be brought by the District or desired in Superior Court or before the State Water Resources Control Board in order to confirm any change or expansion in use of the water supplies made available to MHCS D pursuant to the terms and provisions of this agreement. MHCS D shall bear all costs of proceeding with any such actions.

10.2. Phased Development of Mountain House: MHCS D and BBID understand and agree that there will be years during the term of this agreement when the full amount of water allocated to MHCS D pursuant to this agreement cannot be used within Mountain House. MHCS D understands that BBID's water rights were acquired and are operated and utilized for the full benefit of landowners and water users within the boundaries of BBID and that BBID's Board of Directors will put MHCS D's unallocated or unused water to beneficial use in the Board's discretion pursuant to then current rules and regulations and California law.

11.0. EFFECTIVE DATE.

This agreement shall become effective upon the date of the signature of the last signing party. It is contemplated that there may be some delay in time between the signature of BBID and that of MHCS D; therefore, the execution of this agreement by BBID is understood to be the extension of an irrevocable offer restricted to the terms and provisions set forth in this document. The irrevocable offer extended by BBID is supported by payment of Ten Thousand Dollars (\$10,000.00) cash monies annually as of the date this agreement was authorized and approved for execution by BBID; i.e., August 31, 1993, provided that should MHCS D sign this agreement prior to the expiration of this irrevocable offer; option monies due and payable to BBID shall be prorated over 365 days. Additionally, should this agreement not be executed by MHCS D on or before the third anniversary of the authorized signature of BBID; i.e., August 31, 1993, then this irrevocable offer to perform by BBID shall be of no further force and effect regardless of the signature of MHCS D, unless subsequently reinstated or ratified by BBID. Notwithstanding section 22 of this agreement, the landowners within the proposed boundaries of the MHCS D including, but not limited to, the developer, Trimark Communities, a California general partnership, shall be third party beneficiaries to this agreement and shall be entitled to enforce the offer which this agreement constitutes upon execution by BBID until formation of the MHCS D or expiration of the offer. Provided further that the developer, Trimark Communities, owning approximately 1,200 acres of real property within proposed MHCS D, shall be responsible for payment of the consideration for the option as provided above. The standby charge and/or water availability charge described in

paragraphs 9 through 9.1.1 shall become effective as described in paragraph 9.1 above. Prior to that time, service within the entire Mountain House Project Area currently within BBID shall continue for agricultural use subject to the then current existing rules and regulations of BBID, and provisions of Division 11 of the California Water Code and existing law otherwise subject to the terms and provisions of this agreement.

12.0. ANNUAL REPORT.

On or before March 1 of each year, MHCS D shall provide BBID with a projected annual report which will make a non-binding estimate of the acreage within MHCS D and within BBID boundaries which will be in agricultural production, will be in domestic, industrial or municipal use or for construction or other developmental purposes. This obligation shall cease upon full development within MHCS D to domestic, municipal and industrial uses.

13.0. RECORDS.

BBID shall provide MHCS D with monthly bills for water services including water availability and/or standby charges which shall reflect water use reports for all lands within MHCS D.

14.0. WINTER WATER RIGHTS.

The parties acknowledge that they believe BBID maintains the right to divert, convey and distribute water pursuant to pre-1914 water rights previously acquired to MHCS D on an annual basis for either and/or all water uses including, but not limited to, agricultural, municipal, industrial and domestic. In order to supplement BBID'S right to divert water from a period determined to be October to March each year, BBID agrees to pursue an application for post-1914 appropriative water rights for supplemental water from the state of California Department of Water Resources, to coordinate and cooperate with MHCS D and the State of California to effectuate an exchange agreement and to assist MHCS D in all reasonable efforts to secure supplemental winter water or confirm BBID'S existing right to serve pre-1914 water during the period of October through March annually. MHCS D and BBID shall mutually determine whether or not any actions are required to be brought by the District or desired in Superior Court or before the State Water Resources Control Board in order to confirm any change or expansion in use of the water supplies made available to MHCS D pursuant to the terms and provisions of this agreement. MHCS D shall bear all costs of proceeding with any such actions.

15.0. WATER QUALITY.

The parties acknowledge that the water to be supplied MHCS D by BBID pursuant to the terms and provisions of this agreement, then

current District rules and regulations and applicable provisions of the California Water Code is non-potable. MHCS D assumes all responsibility for producing a water supply sufficient for municipal, industrial and/or domestic use and for compliance with all local, state and federal requirements for the provision of potable water. BBID does not guarantee in any respect or assume any responsibility for the chemical, bacterial or other quality of the raw water made available to MHCS D or its compatibility for water treatment.

16.0. ASSESSMENTS.

MHCS D recognizes that property within the Mountain House Project Area and the boundaries of BBID will remain subject to existing BBID ad valorem taxes and assessments. MHCS D recognizes and agrees that future assessments against properties within the Mountain House Project Area and within the boundaries of BBID will and do incur, both direct and indirect, benefits from the existence and supplies of raw water by BBID and those lands will continue to incur future ad valorem taxes and assessments. MHCS D agrees to make payment directly to BBID for all assessment of properties within its boundaries.

17.0. MUNICIPAL, INDUSTRIAL AND DOMESTIC WATER SUPPLY.

MHCS D shall comply in all respects with local, state and federal requirements for provision of a domestic, municipal and/or industrial water supply including, but not limited to, water treatment, storage and availability. MHCS D shall indemnify and hold harmless BBID, its directors, officers, officials, employees, agents and independent contractors from any and all liability to any third party, arising directly or indirectly from any act or omission or alleged act or omission arising from the performance or failure to perform any duty or obligation arising out of or in connection with the provision of domestic, municipal and/or industrial water supply including water treatment, storage and availability which indemnification includes but is not limited to all expenses, attorney fees and other costs.

18.0. VALIDATION PROVISIONS.

The parties acknowledge that this agreement and/or any of its provisions including, but not limited to, the right to store water, the inclusion and extension of BBID's pre-1914 water rights to areas of land within the Mountain House Project Area, but not within BBID, and the provisions of municipal, industrial, and domestic water supplies within the boundaries of BBID, may be subject to a validation action to be brought by the District. MHCS D agrees to bear all costs associated with such validation action if it is mutually determined to pursue such an action.

19.0. RESPONSIBILITY OF CONVEYING, TRANSMITTING AND DISTRIBUTING WATER.

BBID shall be responsible for the conveyance, transmission and distribution of water to the MHCS D treatment plant as described in paragraphs 6.0 through 6.2 set forth herein.

20.0. INDEMNIFICATION.

BBID and MHCS D each agree to indemnify the other and save the other free and harmless of and from any and all liability, damage, loss, cost, or expense incurred or suffered by the other, by reason of damage to the property of the other or injury to any other person or property arising out of its own conduct, acts, omissions, or faults, in connection with any matter related to this agreement except as otherwise set forth herein.

21.0. RELATIONSHIP OF PARTIES.

Nothing contained in this agreement shall be deemed or construed by the parties or by any third party to create the relationship of principal and agent, a partnership, joint venture, or of any other association between the parties.

22.0. NO RIGHT IN THIRD PARTIES.

Nothing in this agreement, express or implied, is intended to confer any rights or remedies under or by reason of this agreement on any third party, nor is anything in this agreement intended to relieve or discharge the obligation or liability of any third party to any party in this agreement, nor shall any provision in this agreement give any third party any right of subrogation or action over or against any party to this agreement.

23.0. SPECIFIC PERFORMANCE.

By reason of the specialized nature of the water service to be rendered, and for the further reason that the extent of any damage caused to any party by reason of any breach of this agreement may be extremely difficult to determine, it is agreed by the parties hereto that an action for damages is an inadequate remedy for any breach, and that specific performance, without precluding any other remedy available in equity or at law, will be necessary to furnish any party hereto with an adequate remedy for the breach by any other party hereto of any covenant or obligation for the benefit of the aggrieved party.

24.0. ASSIGNMENT. The terms and provisions of this agreement taken independently or within the entirety of the agreement shall not be assigned or transferred by MHCS D without first receiving the written consent of BBID provided that BBID shall not unreasonably withhold such consent.

25.0. SEVERABILITY.

If any term, provision, covenant, or condition of this agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be effected, impaired or invalidated.

26.0. ENTIRE AGREEMENT.

This agreement is full and entire and may not be altered except by a writing executed by the parties hereto. The parties agree that there are no warranties, either express or implied, no covenants or promises or expectations other than those contained within as set forth in writing in this agreement, and that this agreement is full and entire.

27.0. AMENDMENT.

This agreement may be amended only by a written instrument duly executed by the parties.

28.0. WAIVER.

The waiver or failure to declare a breach as a result of the violation of any term of this agreement shall not constitute a waiver of that term or condition and shall not provide the basis for a claim of estoppel.

29.0. ADDITIONAL DOCUMENTS.

Each party agrees to make, execute, and deliver any and all documents and to join in any application or action reasonably required to implement this agreement.

30.0. NOTICES.

Any notice, demand, or request provided for in this agreement shall be in writing, and shall be deemed properly served, given, or made if delivered in person or if sent by registered or certified mail, postage prepaid, to the person specified below:

BBID: Byron-Bethany Irrigation District
3944 Main Street
P.O. Box 273
Byron, CA 94514

MHCS: Mountain House Community Services District

31.0. TERM.

This agreement shall become effective on the date first above written and shall remain in effect in perpetuity.

32.0.. ARBITRATION.

In the event of a dispute between the parties as to any right, alleged right, obligation or alleged obligation under this agreement, the parties shall make a good faith effort to resolve the dispute. In the event that a resolution of the dispute cannot be reached despite these efforts, either party may declare an impasse and its intent to submit the matter to arbitration as provided in this section. Notice of such impasse shall be given in writing to the other and shall include a description of the disputed issue or issues, a description of the possible solutions or resolutions to the dispute and the course of action or solution advocated by the party declaring the impasse.

32.1. Impasse Notice: The party receiving the notice of impasse described in paragraph 32.0 shall respond in writing within twenty-one (21) days. Said response shall contain that party's response to the issues raised and the responding party's proposed resolution to the impasse. The parties shall then meet within ten (10) days and attempt to resolve the impasse.

32.2. Arbitrator Selection: In the event that the impasse is not resolved, the parties shall jointly appoint a mutually agreeable arbitrator who is a licensed civil engineer with experience and expertise in the area in dispute. The arbitrator shall be selected within thirty (30) days and in the event that the parties cannot do so, application may be made, by either or both parties, to the Contra Costa County Superior Court to appoint an arbitrator meeting these qualifications.

32.3. Powers of Arbitrator: The arbitrator appointed pursuant to paragraph 32.2 shall set a date within thirty (30) days of his appointment to meet with the parties and review all aspects of the issue in contention. The arbitrator shall receive and consider any documents or other written evidence submitted by the parties together with any oral presentation of information by either or both of the parties. The arbitrator shall be entitled to conduct his own inquiry into the facts of the dispute or require further information of either or both of the parties. The arbitrator shall render his decision in writing within ten (10) days of receipt of all information he deems necessary to his decision.

32.4. Determination: The arbitrator's determination may provide for mechanisms of enforcement and terms of compliance. The arbitrator may direct the preparation, execution, and recordation of any agreement, or conveyance resulting from his

determination. The arbitrator may determine issues involving adjustment of contractual obligations based on changed circumstances and appropriate limits of insurance coverage. The arbitrator may award to the prevailing party attorney fees, expert and consultant fees and costs reasonably incurred in pursuing the arbitration or may divide such fees and costs between the parties. Unless appealed, as set forth in paragraph 32.5 below, the arbitrator's decision shall be binding and enforceable against the parties.

32.5. Contest of Award: If either party to the arbitration wishes to contest the decision of the arbitrator, that party may do so, only under the following conditions:

a. The notice of intent to appeal the arbitration decision must be made within thirty (30) days of receipt of that decision.

b. The party seeking to appeal the decision shall pay for all costs of the appeal including any experts, consultants or other expenses deemed necessary by the appellate panel.

c. The party seeking the appeal shall abide by the original arbitration decision including all payments required thereunder, unless doing so would create an irrevocable situation or condition making further arbitration moot. In this case, the party seeking appeal shall pay any money awarded by the arbitrator and abide by as much of the decision as possible without creating an irrevocable condition.

32.6. Appeal: The appeal of an arbitration decision shall be made to a panel consisting of three (3) arbitrators. Each arbitrator shall be a civil engineer licensed in California. The arbitrator who made the decision being appealed shall not be a member of the panel. Each party to the dispute shall appoint one (1) arbitrator to the panel who shall then appoint a third arbitrator mutually agreeable to them. Each party shall appoint its arbitrator within thirty (30) days of initiation of the notice of appeal. The two (2) arbitrators shall then make their appointment of the third arbitrator within twenty (20) days of the date on which the last arbitrator was appointed by a party. If the two (2) members of the arbitration panel are unable to agree on the selection of the third member, the parties may apply to the Superior Court of Contra Costa County to appoint that arbitrator.

32.7. Powers of Arbitration Panel: The arbitration panel shall have the right to consult with the original arbitrator, conduct its own inquiry into the facts of the dispute or require further information of either or both of the parties. The panel shall have the right to employ consultants or other experts to assist in rendering its determination. The panel shall render its decision in writing within ten (10) days of receipt of all

information it deems necessary to its decision.

32.8. Final Decision: The decision of the arbitration panel shall be final and binding upon the parties and shall be implemented in accordance with any provisions contained in the arbitration determination. The parties waive the right to commence any court proceeding involving any issue which is subject to arbitration, except as may be necessary to enforce any final decision of arbitration. In the event court proceedings are necessary to enforce any decision of the arbitrator, the court may award reasonable attorney fees and costs incurred in connection with said action upon a finding that said action was reasonably necessary to enforce or accomplish the arbitration determination.

"BBID"
BYRON-BETHANY IRRIGATION DISTRICT

Authorized and approved
for signature on August 31,
1993:

Dated: 9-7-93

By: Jerry Tennant
JERRY TENNANT, Director and
Acting President

Authorized and approved
for signature on August 31,
1993:

Dated: 9-7-93

By: Betty Compilli
BETTY COMPELLI, Secretary

"MECSO"
MOUNTAIN HOUSE COMMUNITY SERVICES
DISTRICT

Authorized and approved
for signature on

Dated: MAY 28 1996

By: Robert J. Cabral
Chairman, ROBERT J. CABRAL
of Board of Directors

Authorized and approved
for signature on

Dated: MAY 28 1996

By: Caroline Gunco
Secretary


PASSED AND ADOPTED, May 28, 1996, by the following vote of the Board of Supervisors, to

wit:

AYES: BARBER, SIMAS, SOUSA, MARENCO, CABRAL

NOES: NONE

ABSENT: NONE



ROBERT J. CABRAL, CHAIRMAN
Board of Supervisors
County of San Joaquin
State of California

APPROVED AS TO FORM:
TERRANCE DERMODY
County Counsel

By 

MICHAEL F. MCGREW
Deputy County Counsel



ATTEST: LOIS M. SAHYOUN
Clerk of the Board of Supervisors
of the County of San Joaquin,
State of California

By 

Deputy Clerk



Exhibit "A"

NOTICE OF APPROPRIATION OF WATER.

NOTICE IS HEREBY GIVEN, that BYRON-BETHANY IRRIGATION COMPANY, a corporation organized and existing under and by virtue of the laws of the State of California, and having its principal place of business in Contra Costa County, State aforesaid, does hereby claim the water flowing in Old River, at the point where the West bank of said Old River intersects the South bank of the branch or channel making South from said Old River and designated as "ITALIAN SLOUGH", and which said point is near to the center of Section Seven (7), Township One (1) South, Range Four (4) East Mount Diablo Base and Meridian in said Contra Costa County.

That said corporation claims and intends to use the water there flowing to the extent of 40,000 inches measured under a four-inch pressure.

That the purpose for which said corporation claims said water is to furnish water to its shareholders for irrigation and domestic purposes, and the place where it is intended to use said water is upon the lands lying in the Easterly portions of Contra Costa and Alameda Counties and the Southwesterly portion of San Joaquin County.

That the means by which it is intended to divert said water and the size of the diverting agency is as follows:

FIRST, through and along Italian Slough Southerly for about two miles to a point on the Southerly Section line of Section 13, in Township One South, Range Three East Mount Diablo Base and Meridian, and distant thereon 1450 feet Westerly from the Southeast corner of said Section 13, and which said Italian Slough is about 200 feet wide and 8 feet deep at its confluence with said Old River. Thence Westerly through and along an artificial channel 200 feet wide and 8 feet deep, now existing, 3350 feet to a point 480 feet East of the Southwest corner of said Section 13.

SECOND; thence Southeasterly 3600 feet through and along an artificial canal or channel now existing, to the point of intersection of said canal with a creek known as Bruns Creek and the Saggregation line, and which said point is in the Southwest quarter of Section 24, Township One South, Range Three East Mount Diablo Base and Meridian, said artificial channel or canal which is about 25 feet wide and 6 feet deep to be enlarged to 46 feet wide at the top, 30 feet wide at the bottom and 8 feet deep.

THIRD; thence through and by a canal or channel 50 feet wide at the top, 30 feet wide at the bottom and about 10 feet deep to be cut, and following Southwesterly up and along said Bruns Creek 2600 feet to a point near the Southwest corner of the Southwest quarter of said Section 24, and at such last named point by pumps and other apparatus and appliance to lift the water into several ditches, or flumes or other conveyors for distribution to the main and other lands on adjacent lands.

IN WITNESS WHEREOF, said corporation has caused its corporate name to be hereunto subscribed by its President, and its corporate seal to be hereunto affixed by its Secretary, the 18th day of May, 1914.

BYRON-BETHANY IRRIGATION COMPANY.

By Volney Taylor President
By R. P. Houston Secretary



Record of Hearing

Wm. Howard

MAY 27 1914

8 min. vs. 9 min.

Verdict of Water Rights

page 102

State of Contra Costa Co.

Wm. Howard

Dated, May 18th, 1914

BYRON - BENJAMIN IRRIGATION COMPANY

OFFICE OF APPROPRIATION OF WATER

C. R. HOWARD

DIVISION OF MINING AND GEOLOGICAL SURVEY

SAN FRANCISCO, CALIF.

State of California
COUNTY OF CONTRA COSTA

On this 19th day of May in the year one thousand, nine hundred and Fourteen A. D.

before me Alfred L. Bovo, a Notary Public in and for said County, personally appeared

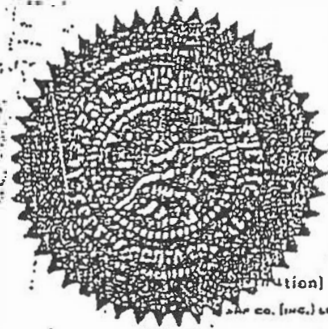
Wolney Taylor known to me to be the

President and P. R. Houston known to me to be the

Secretary of the Corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the corporation within named, and acknowledged to me that such Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in said County, the day and year in this certificate expressed.

My Commission Expires Sept. 28, 1914



[Handwritten Signature]
ALFRED L. BOVO
Notary Public in and for the County of Contra Costa, State of California

AFFIDAVIT OF POSTING OF NOTICE OF APPROPRIATION OF WATER.

STATE OF CALIFORNIA

COUNTY OF CONTRA COSTA

BE

R. R. Houston

being duly sworn, deposes and says:

That on May 18th, 1914 he posted a full, true and correct copy of the attached "NOTICE OF APPROPRIATION OF WATER" at the point where the West bank of Old River intersects the South bank of the branch or channel making South from said Old River, and designated as "Italian Slough", and which said point where said notice was posted is near to the center of Section 7, Township One South, Range 4 East Mount Diablo Base and Meridian, in Contra Costa County, State of California, by then and there affixing and fastening such copy of said "Notice of Appropriation of Water" to and upon a board firmly fixed in the ground at said above designated point;

That on May 18th, 1914, he posted a full, true and correct copy of the attached "NOTICE OF APPROPRIATION OF WATER" at the point of intersection of the East bank of "Italian Slough" at its terminus with the Eastern extremity of the South embankment of an artificial canal or channel 200 feet wide extending Westerly on the Southerly section line of Section 13 in Township One South, Range 3 East Mount Diablo Base and Meridian, in Contra Costa County, State of California, and which point is distant on such section line 1450 feet Westerly thereon from the Southeast corner of said Section 13, by then and there affixing and fastening such copy of said "Notice of Appropriation of Water" to and upon a board firmly fixed in the ground at said last above designated point;

That on May 18th, 1914, he posted a full, true and correct copy of the attached "NOTICE OF APPROPRIATION OF WATER" at the point of intersection of the South bank of the canal or channel 200 feet wide running East and West on the Southerly section line of Section 13, Township One South, Range 3 East, Mount Diablo Base and Meridian, in Contra Costa County, State of California, with the East bank of the canal or channel 25 feet wide extending Southeasterly, the said point of intersection being 480 feet East of the Southwest corner of said Section 13, by then and there affixing and fastening such copy of said "Notice of Appropriation of Water" to and upon a board firmly fixed in the ground at said last above designated point;

R. R. Houston

subscribed and sworn to before me,

23rd day of May, 1914
[Signature]

Notary Public in and for the County of Contra Costa, State of California.

My Commission Expires Sept. 18, 1916



ATTORNEYS AT LAW
1681 BIRD STREET AT OAK STREET
P. O. BOX 1679
OROVILLE, CALIFORNIA 95965
TELEPHONE (916) 533-2885

2 I, declare that: . . .
3 I am employed in the County of Butte, State of California.
4 I am over the age of eighteen years and not a party to the within
5 cause; my business address is: 1681 Bird Street, P. O. Box 1679,
6 Oroville, California 95965.

7 On April 8, 1983, I served the within
8 ANSWERS TO INTERROGATORIES (FIRST SET)

9 _____
10 _____
11 _____ on the interested parties in said
12 cause, by placing a true copy thereof enclosed in a sealed
13 envelope with postage thereon fully prepaid, in the United States
14 mail at Oroville, Butte County, California, addressed as follows:
15 See attached list.

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24 I declare under penalty of perjury under the laws of the
25 State of California that the foregoing is true and correct, and
26 that this declaration was executed on April 8, 1983,
27 at Oroville, California.

28 Karen Hodel
KAREN HODEL

MINASIAN, MINASIAN, MINASIAN, SPRUANCE & BABER
ATTORNEYS AT LAW
1681 BIRD STREET AT DAK STREET
P. O. BOX 1679
OROVILLE, CALIFORNIA 95965
TELEPHONE (916) 533-2885

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Robert W. James, Acting Chief Counsel
Russell R. Kletzing, Assistant Chief Counsel
Marcia J. Steinberg, Attorney
Jennifer F. Jennings, Attorney
Department of Water Resources
1416 Ninth Street
Sacramento, California 95814

South Delta Water Agency,
and individual defendants
c/o Wilson and Hoslett
Attorneys at Law
504 Bank of Stockton Building
311 East Main Street
Stockton, CA 95202

Central Delta Water Agency
c/o Zuckerman & Hartman
146 West Weber Avenue
Stockton, CA 95202

Central Delta Water Agency,
and individual defendants
Nomellini & Grilli
235 East Weber Avenue
Stockton, CA 95201

Contra Costa County Water Agency
c/o Cressey H. Nakagawa
Hearst Building (Suite 1200)
Third & Market Streets
San Francisco, CA 94103

Clerk, Department #3
Superior Court
City and County of
San Francisco
City Hall
San Francisco, CA 94102

Union Properties, Inc.
c/o Walter M. Gleason
Hearst Building (Suite 1200)
Third & Market Streets
San Francisco, CA 94103

Clerk
Superior Court
City and County of
San Francisco
City Hall
San Francisco, CA 94102

John B. Clausen, County Counsel
Edward V. Lane, Jr., Deputy
County Counsel
County of Contra Costa
Administration Building
9th Floor
Martinez, CA 94553

NOV 21 1991

AGREEMENT NUMBER 353311

COPY ORIGINAL

AGREEMENT BETWEEN
BYRON-BETHANY IRRIGATION DISTRICT
AND THE
STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

THIS AGREEMENT, made and entered into by and between the BYRON-BETHANY IRRIGATION DISTRICT, hereinafter referred to as the "District," and the STATE OF CALIFORNIA acting by and through its Department of Water Resources, hereinafter referred to as the "State;"

W I T N E S S E T H:

WHEREAS, the State proposes to construct, as a part of state water development operations an intake channel in the vicinity of Byron; and

WHEREAS, said intake channel will cross District's S45 lateral canal and destroy a portion of said canal; and

WHEREAS, the District desires to relocate its pumping facilities to said intake channel in lieu of accepting a flume which the State has proposed to construct, at no cost to the District, to replace the portion of said S45 lateral canal which will be destroyed by the intake channel;

NOW, THEREFORE, it is mutually agreed as follows:

1. In lieu of constructing a flume for District and in exchange for that portion of District's S45 canal which will be destroyed by State's intake channel, State will pay to the District the sum of \$120,000. Such payment to District shall be made as soon after execution of this agreement as State's fiscal procedure will permit and shall relieve State of any obligation to provide

Exhibit "B"

any temporary or permanent facilities or permissions relating to District's S45 canal other than the permanent and perpetual easement required for District's pumping plants on the intake channel as provided for herein and permission for the construction and temporary use of a bypass canal and siphon facilities as hereinafter described.

2. Upon execution of this agreement, State grants to District permission to construct, operate and maintain a temporary bypass canal substantially as shown on State's Drawing No. 151-1-H-23, attached hereto, marked Exhibit "A" and by this reference made a part hereof. Said construction, operation and maintenance shall be performed by and at the expense of District and District agrees to terminate use of said temporary canal and make it available to State, at no cost to State, not later than November 1, 1965, so that State may complete excavation and construction of State's intake channel.

3. State will make District's temporary siphon and permanent pump sites, located as shown on Byron-Bethany Irrigation District Drawing No. W26.06-1 attached hereto, marked Exhibit "B" and by this reference made a part hereof, available to District, without cost to District and without any preparation required solely for District's purposes, as soon as reasonably possible, but in no event later than December 1, 1965. Upon the availability of such sites, District may proceed with the construction and operation of District's proposed temporary siphon system. All construction, operation and maintenance of such siphon system shall be performed by and at the expense of District. Additionally, District may proceed with the construction of its contemplated permanent pumping

Exhibit "B"

facilities, such construction to be by and at the expense of District. District shall not, however, undertake any construction until it has submitted its plans and specifications to State and has obtained State's approval thereof. State shall not unreasonably withhold or delay such approval. District will, not later than November 1, 1966, complete any of its work which would interfere with the flow of water in the intake channel, but shall not divert water from said channel prior to March 1, 1968. District will, prior to September 1, 1968, remove its temporary siphon from State's intake channel, such removal to be at District's sole cost and expense.

4. The relocation of District's pumping plants and points of diversion to the location shown on Exhibit "B" is being made pursuant to Section 1706 of the Water Code of the State of California and State hereby consents to said change in points of diversion to said locations, but to no other. It is further understood that District's rights to quantity and quality of water may or may not be undetermined at the present time. Nothing contained in this agreement nor in State's consent to change in District's points of diversion shall either enlarge or restrict District's present water rights. No charge shall hereafter be made by State to District for water pumped by District solely by reason of District's pumping from State's intake channel, irrespective of the source of water in said channel.

5. State and District, their agents, contractors and suppliers, shall cooperate with and shall not unreasonably restrict or interfere with the operations of each other's contractors working in the general area.

6. District, in the performance of its work contemplated herein, is acting on its own behalf and not as the agent, employer or contractor of State. State assumes no liability other than that expressly provided for herein for the actions of District in the performance of such work.

7. State hereby consents to the permanent and perpetual use by District, without cost, of State's facilities and of that portion of its right of way required for the construction, operation and maintenance of District's permanent facilities as provided for herein and located as shown on Exhibit "B" attached hereto, together with the right to use State's operating roads for access purposes.

8. Within 30 days following payment to District by State as provided for in paragraph 1 of this agreement, District will convey to State all of District's right, title and interest in that portion of its present easement, lying within State's intake channel, which will no longer be occupied by District's S45 canal or District's permanent facilities.

9. District reserves the right, at District's sole cost, expense and responsibility and as long as it does not interfere with State's facilities or conflict with any of the provisions of this agreement, to revert back at any time to its original pumping site and points of diversion. Such reversion shall not reconstitute the District's right of way across State's intake channel.

10. The waiver of a breach of any of the provisions of this agreement shall not be deemed to be a waiver of any other provisions hereof, or of a subsequent breach of such provisions.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the 4 day of May, 1964.

BYRON-BETHANY IRRIGATION DISTRICT

FORM	POLICY	BUDGET
Department of General Services		
APPROVED		
JUN 11 1964		
BY	<i>Robert Markson</i>	
	Director	

By *W. R. Tinsley*
President, Board of Directors

By *Paul Sandoz*
Secretary

Approved as to legal form and sufficiency:

STATE OF CALIFORNIA
Department of Water Resources

[Signature]
Chief Counsel for the
Department of Water Resources

By *Wally Gardner*
DEPUTY DIRECTOR ADMINISTRATION

APPROVED BY
[Signature]
For Department of Finance

BYRON-BETHANY IRRIGATION DISTRICT

3944 MAIN STREET (415) 634-3534
P.O. BOX 273, BYRON, CALIFORNIA 94514

OFFICERS
JOHN J. CARYALHO - PRESIDENT
LOIS STORNETTA
SECRETARY/COLLECTOR/TREASURER
LORETTA BORGES - ASSESSOR
FRED K. SPECHT - MANAGER
MINASIAN, MINASIAN, MINASIAN
SPRUANCE, BABER, MEITH & BOARES
ATTORNEYS
CH. M. HILL - ENGINEERS



JOHN J. CARYALHO
DIRECTOR DIVISION NO. 1
GERALD E. TENNANT
DIRECTOR DIVISION NO. 2
RUTH BANTOS
DIRECTOR DIVISION NO. 3
CHARLES M. UZDAY
DIRECTOR DIVISION NO. 4
WILLIAM G. RAYHER
DIRECTOR DIVISION NO. 5

REGULAR MEETING HELD ON SECOND TUESDAY OF EACH MONTH

August 18, 1989

Mr. William W. Johnson
Managing Partner
TRIMARK COMMUNITIES
3120 Tracy Blvd., Suite C
Tracy, California 95376



Dear Mr. Johnson:

We are pleased that you have contacted our district regarding water service for your prospective planned community development consisting of approximately 6,240 acres, with approximately 5,000 acres now residing within District boundaries. Our irrigation district was formed in the early 1900's and is a non-profit governmental agency, operating under and by virtue of Division 11 of the California Water Code. It is operated for the full benefit of the lands and people within its boundaries. At present, we do not deliver water for domestic use, although we do have this power pursuant to Sections 22075 and 22076 of Division 11 of the California Water Code.

Our district contains approximately 12,000 to 15,000 irrigable acres, with approximately 17,500 total acres within its boundaries, including approximately 5,000 acres of the Mountain House Community Project, which we understand is proposed for development by Trimark Communities. We are willing to cooperate with you in the development of a water supply for your Mountain House Community Project, subject to the district's rules and regulations which are in effect and as may be amended by the board of directors from time to time. The rules and regulations are adopted pursuant to Water Code Section 22257 and currently govern the operation, maintenance, repair and replacement of our existing district distribution facilities.

To the extent land within the district boundaries is taken out of agricultural use due to this urban development plan by Trimark Communities, the district shall in accordance with California law, make every effort to put water previously designated for agricultural use to municipal, domestic, or industrial use in accordance with current district rules and regulations. To the extent that approximately 1,240 acres within Trimark lie outside of district boundaries, we would propose that at some future time consistent with Trimark's development and this district's water service to those portions of Trimark's project within our boundaries, that such acreage be considered for annexation to the district. We

EXHIBIT "C" PG 1 OF 2

Mr. William W. Johnson
Trimark Communities

Page 2

August 18, 1989

also plan to continue fully developing the beneficial use of the district's source of supply and explore additional sources of water to the extent practical for Mountain House and all customers within the district, regardless of the nature of their water use, pursuant to Los Vaqueros project, or some other local storage project. It is our present belief that through these means, it will be possible to meet the needs of the Trimark/Mountain House Project for future water service as well as our remaining district water users.

Our willingness to cooperate in providing water for domestic, municipal and/or industrial use would be subject to the following principles:

1. That sufficient water is available to the district to meet the need of the Mountain House Project without interfering in any way with a full supply of water for all remaining agricultural water uses within the district, including but not limited to, full compliance with the provisions of our enabling legislation contained within Division 11 of the California Water Code.
2. That all of the costs in providing water for Mountain House Project, including but not limited to, planning, obtaining approvals by other public entities, construction and delivery, be born by the Mountain House Project and not by the district or by remaining district taxpayers and water users.
3. That continued agricultural water service to portions of land within district boundaries which are not developed for urban, municipal or industrial use, will remain physically and economically viable.
4. That all necessary written contracts shall be prepared and entered into with Trimark Communities, Mountain House Development, or such other entity which is proper to provide the necessary services.

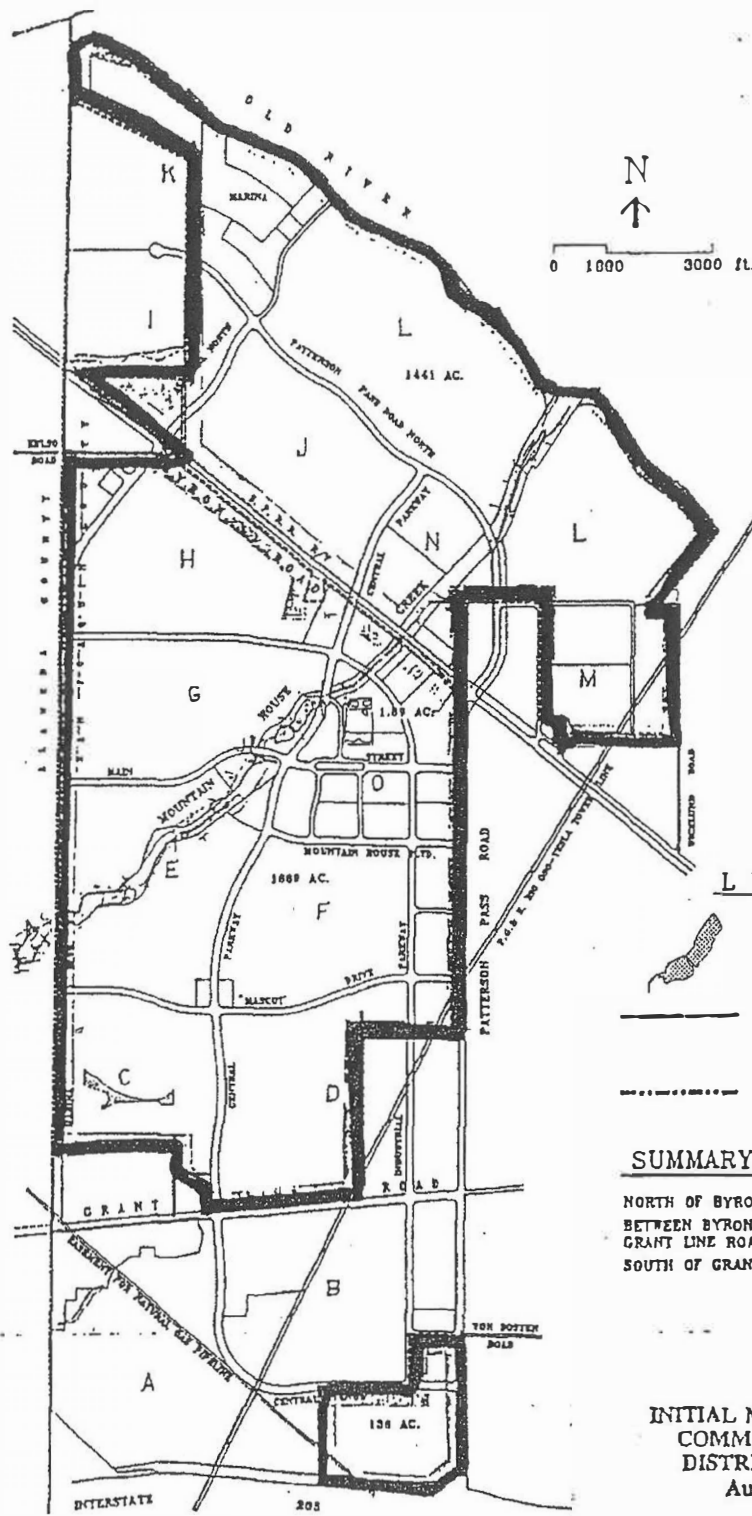
We look forward to working with you.

Very truly yours,




BYRON-BETHANY IRRIGATION DISTRICT

By: 
JOHN J. CARVALHO, President

cc: William H. Baber III
Jeanne M. Zolezzi
William Barden
Polly Boissevain
Neil Cline



LEGEND

-  EXISTING WETLANDS
-  COMMUNITY SERVICES DISTRICT BOUNDARY
-  COUNTY BOUNDARY LINE

SUMMARY OF LAND AREA

NORTH OF BYRON ROAD	1441 AC.
BETWEEN BYRON ROAD AND GRANT LINE ROAD	1871 AC.
SOUTH OF GRANT LINE ROAD	138 AC.
TOTAL	3460 AC.

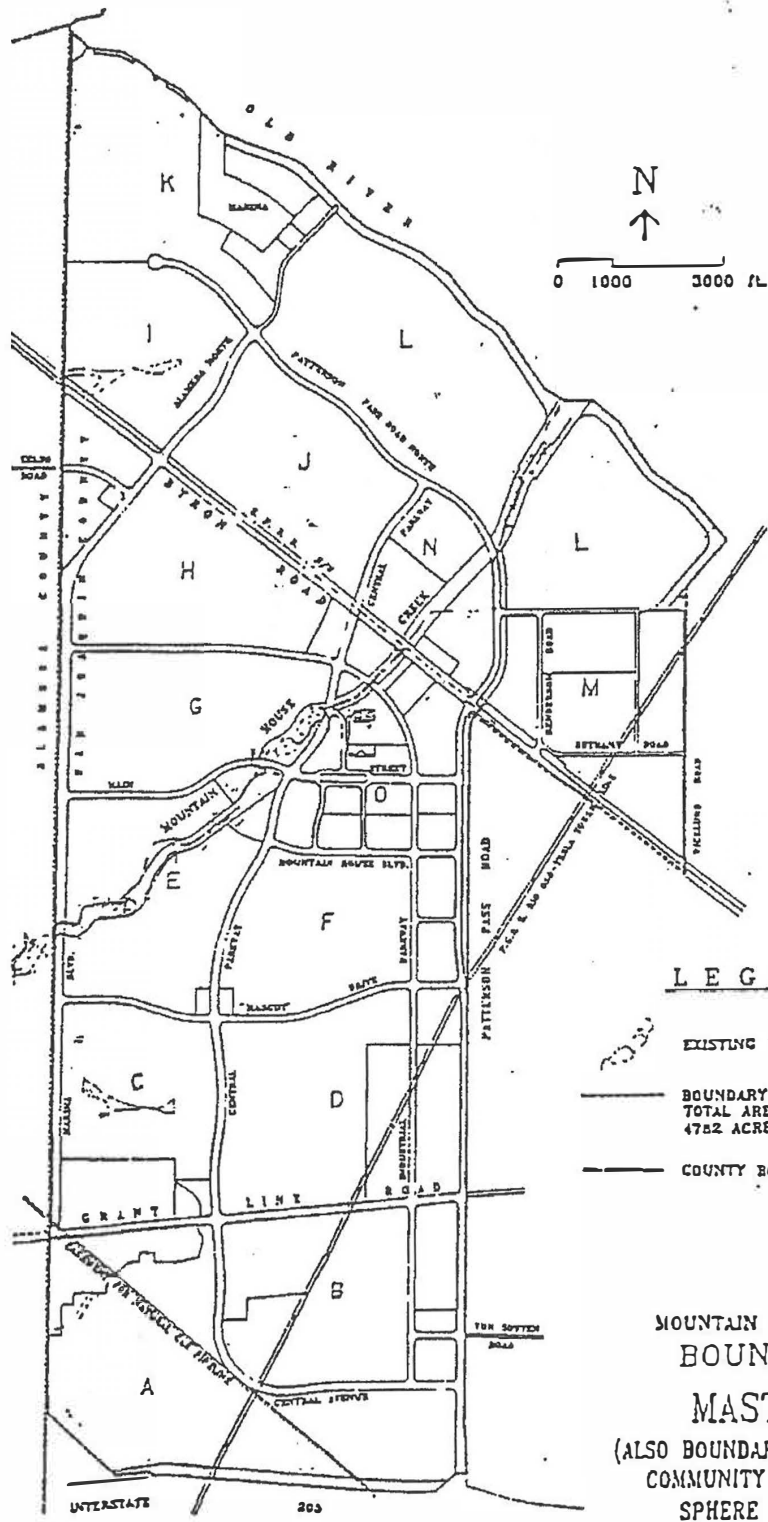
**INITIAL MOUNTAIN HOUSE
COMMUNITY SERVICE
DISTRICT BOUNDARY
August 31, 1993**

**EXHIBIT D
PAGE 2**




PREPARED BY: SIEGFRIED ENGINEERING, INC.
4015 CORONADO AVENUE
STOCKTON, CALIFORNIA 95204

5-4817

1-874578 7/200-25



LEGEND

-  EXISTING WETLANDS
-  BOUNDARY OF MASTER PLAN
TOTAL AREA WITHIN BOUNDARY
4782 ACRES
-  COUNTY BOUNDARY LINE

MOUNTAIN HOUSE COMMUNITY
BOUNDARY MAP
OF
MASTER PLAN
(ALSO BOUNDARY MAP OF PROPOSED
COMMUNITY SERVICE DISTRICT
SPHERE OF INFLUENCE)

MAY 5, 1993

PREPARED BY: SIEGFRIED ENGINEERING, INC.
8815 CROWNADO AVENUE
STOCKTON, CALIFORNIA 95204

4199-B

100791 206 11/93

Exhibit "E"

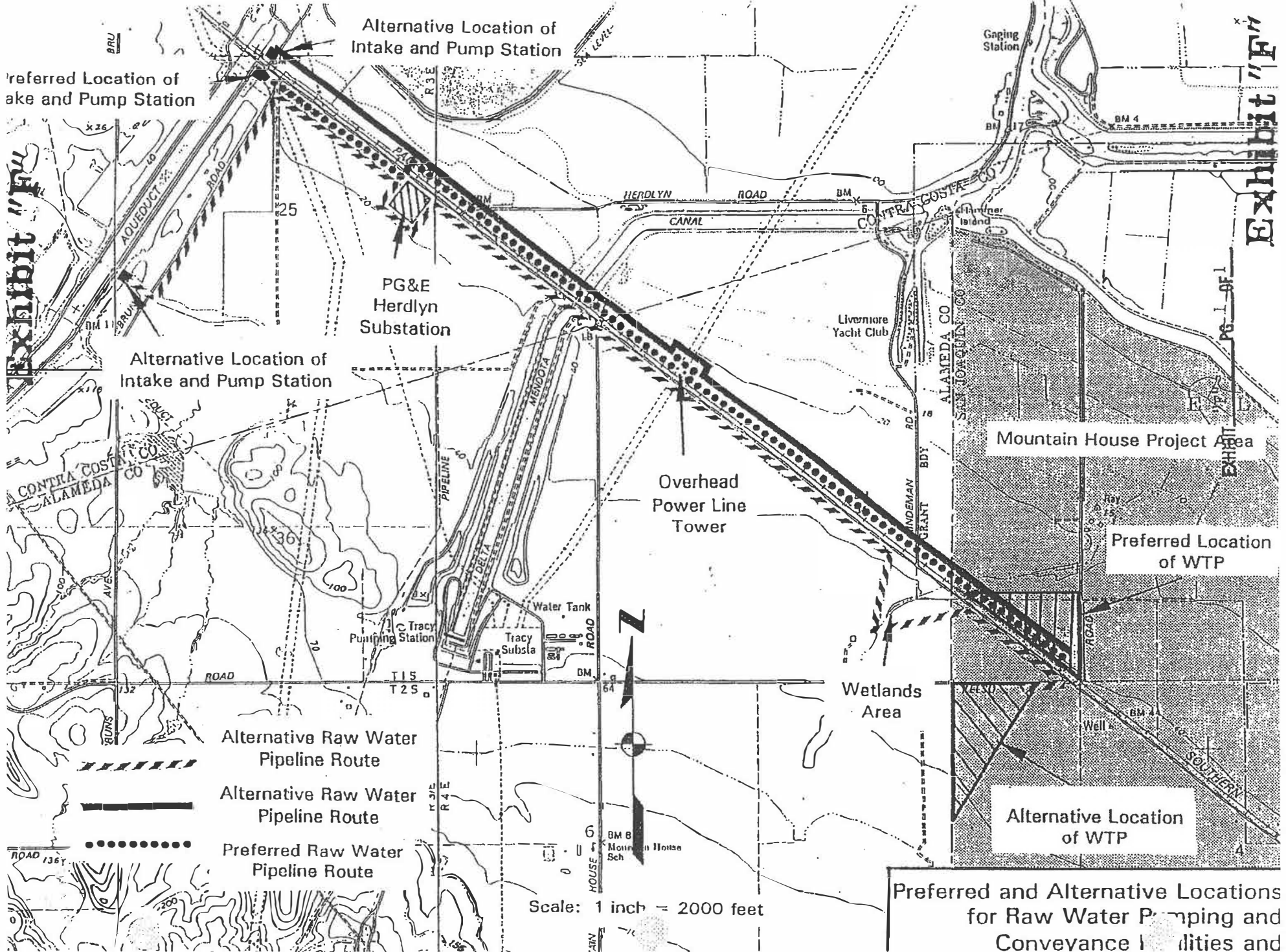


Exhibit "F"

Exhibit "F"

PG 1 OF 1

Mountain House Project Area

Preferred Location of WTP

Alternative Location of WTP

Preferred and Alternative Locations for Raw Water Pumping and Conveyance Facilities and

Scale: 1 inch = 2000 feet

**WATER SERVICES AGREEMENT BETWEEN
BYRON-BETHANY IRRIGATION DISTRICT AND
MOUNTAIN HOUSE COMMUNITY SERVICES DISTRI**

~~COOPY~~
~~ORIGINAL~~

THIS AGREEMENT is made and entered into between Byron-Bethany Irrigation District operating under and by virtue of Division 11 of the California Water Code (hereinafter called "BBID"), and the Mountain House Community Services District organized and existing under and pursuant to Title VI, Division 3 of the California Government Code (hereinafter called "MHCSO").

NOW, THEREFORE, the undersigned parties agree, for full and valuable consideration, the receipt of which is hereby acknowledged as follows:

RECITALS

This agreement is made with reference to the following facts and conditions which the parties hereto agree are a true and accurate description of the basis upon which this agreement is made:

A. WHEREAS, BBID originally claimed water flowing in Old River, at the point where the west bank of Old River intersected the south bank of a branch or channel making south from said Old River and designated as "Italian Slough" which water flows extended to the use of 40,000 miner's inches measured under a 4-inch pressure and continues to divert said water flows pursuant to a "Notice of Appropriation of Water" dated May 18, 1914, and executed by the president and secretary of the then Byron-Bethany Irrigation Company, predecessor in interest to BBID. A copy of that Notice is attached to this agreement as Exhibit "A" and made a part hereof; and

B. WHEREAS, BBID subsequently entered into a contract with the State of California in 1964 to avoid condemnation proceedings proposed to eliminate a portion of BBID's S-45 Lateral Canal by construction and installation of the Intake Channel to the Harvey O. Banks pumping plant; and

C. WHEREAS, a copy of BBID's agreement with the State of California altering its original point of diversion pursuant to Water Code Section 1706 is attached hereto labeled Exhibit "B" and made a part hereof; and

D. WHEREAS, BBID currently provides water services primarily for agricultural purposes but is servicing lands within its boundaries which are susceptible to irrigation but the intent of which are to be used for residential, domestic and business purposes pursuant to Water Code Section 20702; and

E. WHEREAS, Water Code Section 22264 anticipates that domestic water service may be provided by an agricultural water services district; and

F. WHEREAS, BBID proposes to become one of numerous irrigation districts in California to provide water for domestic, municipal and industrial purposes as well as agricultural purposes; and

G. WHEREAS, BBID has the right to deliver water for domestic, municipal and industrial purposes pursuant to Water Code Sections 22075 and 22076 as these functions were taken from Section 15(b) of the California Irrigation District Act which preceded the California Water Code and expressly provided for distribution of water for domestic purposes; and

H. WHEREAS, on February 25, 1993, San Joaquin County approved General Plan Amendment Number GP-92-09 by Resolution 93-110 which changed 4,667 acres from general agricultural to a variety of urban land use designations that would enable the ultimate development of those lands into the Mountain House New Community; and

I. WHEREAS, BBID agreed to cooperate and supply raw water to the Mountain House New Community consistent with the terms and provisions of a letter dated August 18, 1989, a copy of which is attached hereto as Exhibit "C" and made a part hereof; and

J. WHEREAS, development of the Mountain House New Community will be phased over an approximate period from 1994 to 2030. During different periods throughout the phased development there will be land remaining in agricultural production, land utilizing water supplies for domestic, municipal and industrial purposes, and land under development utilizing no water supplies but needing water availability; and

K. WHEREAS, MHCS D proposes to construct necessary facilities and obtain necessary rights of way subject to the approval and subsequent transfer of facilities and rights of way to BBID to divert and convey a raw water supply which will be supplied by BBID to the Mountain House New Community at MHCS D's water treatment plant facilities and/or raw water storage facilities.

1.0. RECITALS.

The recitals contained herein are an integral part of this agreement.

2.0. DEFINITIONS.

2.1. Agricultural Use: The use of water primarily in the production of agricultural crops or livestock including, but not

limited to, domestic use incidental to such agricultural purposes and the use of water for livestock.

2.2 Bankhead Agreement. That agreement dated July 31, 1967, between BBID and Bankhead Enterprises, Inc., granting BBID the right to utilize Mountain House Creek for irrigation surface drainage, as well as the burden for maintenance of said creek.

2.3. BBID: Including any lands which may hereafter be included within BBID.

2.4. BBID Facilities: Conduits, pipes, pumps and other works owned or controlled by BBID and used by BBID to convey water to or drain water from lands whether inside or outside of BBID.

2.5. BBID Water Supply: All water available to or received by BBID, including pre-1914 riparian and post-1914 water rights and water available to BBID from any other source.

2.6. Development: Any stage of growth within the Mountain House Area which growth causes or participates in causing an alteration in BBID water flows changing the direction or altering the course of irrigation and/or drainage waters within BBID lands not situated within the Mountain House Project Area.

2.7. Diversion Agreement: BBID'S right to divert water from the Harvey O. Banks Intake Channel to the California Aqueduct pursuant to written Agreement No. 353311 with the State of California Department of Water Resources dated May 4, 1964.

2.8. MHCSD: The boundaries and sphere of influence of which are more particularly shown on the map attached as Exhibit "D" including any lands which may hereafter be included in MHCSD.

2.9. MHCSD Service Facilities: Facilities to be constructed to provide water service for municipal, industrial and domestic use to the Mountain House Project Area, including, but not limited to, pipelines, pumps, water treatment plant and raw water storage facilities.

2.10. Mountain House Project Area: That land included within San Joaquin County General Plan Amendment Number GP-92-09 as approved on February 25, 1993, by Resolution 93-110, plus those incidental areas to be included within the master plan of the Mountain House Community, the boundaries of which are designated on a map attached as Exhibit "E".

2.11. Municipal, Domestic and Industrial Use: The use of water for other than agricultural use.

2.12. Non-BBID: Water available to MHCSD from sources other than BBID water supply, including, but not limited to,

riparian water rights.

2.13. Pre-1914 Water Right: BBID'S right to water pursuant to a "Notice of Appropriation of Water" dated May 18, 1914 and executed by the president and secretary of the Byron-Bethany Irrigation Company, predecessor in interest to BBID.

2.14. Unallocated Water: BBID water supply which is available to the Mountain House Project Area pursuant to this agreement which is not utilized for agricultural, domestic, municipal or industrial use.

3.0. WATER SERVICE:

3.1. Quantity of Water: During the term of this agreement and otherwise to its then certain current rules and regulations, the provisions of this agreement, and existing California statutory law set forth in the California Water Code, BBID shall provide a quantity of water sufficient to provide treated water service up to and including the same amounts as historically supplied land provided by BBID within the Mountain House Project Area. BBID's pre-1914 water right is to the use of water flowing to the extent of 40,000 miner's inches measured under a 4-inch pressure but actual use within the Mountain House Project Area currently within BBID has ranged from 5,900 to 10,100 acre-feet actually for the period 1976 through 1991, a period considered representative of historic hydrologic and climate conditions. Because of the need for a certainty of the right to water in developing a municipal, domestic and industrial water supply, the parties hereto have agreed for contracting purposes to utilize the average annual water conveyed to, distributed and consumed within the Mountain House Project Area currently within BBID from the period between 1976 and 1991 which is 9,413 acre-feet per year. Such water conveyed to, distributed and consumed within the Mountain House Project Area includes, but is not limited to, conveyance losses or line losses such as evaporation and seepage. The water allocated to MHCS D pursuant to this agreement will be measured at BBID's diversion pumps within the intake facilities which additional pumping facilities are to be constructed and conveyed to BBID by MHCS D as described in paragraph 6.1.

3.2. Increased Water Allocation to MHCS D:

3.2.1. Additional Water Use: Should BBID determine at any time that water in excess of the 9,413 acre-feet is available within the District to be served and delivered to MHCS D, MHCS D may be entitled to take any such additional water which can be put to beneficial use within the Mountain House Project Area within BBID after first receiving approval and consent of the District to water service pursuant to the then existing District rules and regulations and otherwise subject to the terms and conditions of this agreement.

3.3. Non-Availability of Water: MHCS D has requested, received and reviewed the pleadings, papers, records and other documents generated in Sacramento County Action No. 282495 and San Francisco County Action No. 765609 entitled State of California vs. Byron-Bethany Irrigation District, et al., which action was filed on or about June 26, 1979 and was subsequently dismissed in or about December, 1986. MHCS D is satisfied with their review of the above materials and agrees to indemnify BBID from any and all claim, liability, loss, cost or expense incurred or suffered by MHCS D, their landowners, customers or water users by virtue of the non-existence or diminished water supplies promised in this agreement by the action of the State of California or the United States Government.

4.0. ANNEXATIONS.

BBID agrees to cooperate with MHCS D seeking the annexation of approximately 638 acres of property within the Mountain House Project Area without an alternative source of water supply, subject to the approval and imposition of such terms and conditions as the Board of Directors of BBID deems appropriate. It is contemplated by the parties that the landowners of approximately 175 of those acres will petition BBID immediately for annexation. It is also contemplated that additional lands which are currently within the Mountain House Project Area, but not within the boundaries of BBID, may petition to be annexed into BBID at some time in the future subject to the approval of BBID's Board of Directors, the appropriate Local Agency Formation Commission, and the terms and provisions of this agreement.

5.0. LEVEL OF WATER SERVICE.

The parties agree that it is their intent to insure that the existing level of service to BBID's agricultural landowners and water users shall not be impaired or impeded by the terms and provisions of this agreement as determined by BBID's Board of Directors.

6.0. WATER SERVICE FACILITIES.

By this agreement, including any action which may be taken under the terms and provisions of this agreement, BBID does not grant, transfer, or assign to MHCS D any interest in its water entitlement, water contracts or rights to receive water or any expectancy to said rights in regard to water or the water supply held by or anticipated to be held by BBID. MHCS D covenants that it shall take no action or make any claim that it is directly or indirectly entitled to any amounts of water which are otherwise available to BBID except as otherwise provided in the terms and provisions of this agreement and in this paragraph and its various subparagraphs. In order to take delivery of water from BBID for municipal, industrial and domestic use, MHCS D shall construct,

install, and, where indicated, transfer the following facilities:

6.1. Intake Facilities: MHCS D will construct a pump house, pumps and appurtenant facilities within BBID's diversion easement or a new diversion easement on the Intake Channel pursuant to the 1964 agreement with the State of California attached hereto as Exhibit "B". BBID shall select the location of the diversion easement on the intake channel subject to approval of the Department of Water Resources. The facilities constructed by MHCS D will be adjacent to but independent of BBID's existing pumping facilities. Facilities constructed by MHCS D will divert water into a raw water conveyance pipeline designed to convey and transmit the water to MHCS D treatment plant facilities and/or raw water storage facilities. BBID shall attempt to obtain permission from the Department of Water Resources for the construction, installation, transfer and subsequent operation of MHCS D facilities within BBID's diversion easement, or a new diversion easement, with the State of California. All facilities constructed by MHCS D pursuant to the provisions of this subparagraph shall be first approved in writing by BBID, and MHCS D shall compensate District for all plan check, inspection and approval services which are contemplated to be performed by BBID's engineers, CH₂M Hill. BBID's acceptance of payment for service performed is not a warranty or guarantee by BBID of proper design or proper specifications of materials or construction. Such payment shall include receiving the consent and approval of Department of Water Resources for construction, installation, transfer and subsequent operation of both BBID and MHCS D facilities set forth herein within BBID's diversion easement with the State of California. Additionally, upon completion of the pump house, pumps, appurtenant facilities and conveyance pipeline described in paragraph 6.2 below in a manner meeting BBID's approval, MHCS D shall convey all of said facilities and title thereto free and clear of all liens, encumbrances and expense to BBID by such form of conveyance and documents as deemed necessary by BBID.

6.2. Conveyance Pipeline: MHCS D will construct a water conveyance pipeline along one of the alternate routes set forth in the map attached as Exhibit "F" after first receiving written approval of the alternate route from BBID. MHCS D is not acting as a contractor, agent, official or representative of BBID in constructing either the raw water conveyance pipeline or any of the facilities and appurtenances thereto provided and set forth in paragraph 6.1. This agreement simply provides for the construction, installation, ownership and operation of such water system and facilities. BBID's approval of the route of raw water conveyance, pipeline, pumps, pumping facilities and other appurtenances thereto shall not be deemed as a warranty or guarantee by BBID of proper design and of proper specifications of materials or construction. BBID specifically relies upon the design and specifications as prepared or caused to be prepared by MHCS D as being in accordance with the conditions of the geography

and as having specific materials and equipment of the highest practicable quality and character.

6.3. Treatment Plant and Raw Water Storage Facilities: MHCS D will construct a water treatment plant and appurtenant facilities within the Mountain House Project Area at one of the alternative locations described on the map attached as Exhibit "F". Additionally, MHCS D acknowledges that BBID may have a right to store its pre-1914 water, which may be utilized by MHCS D as an overall component of its water supply system. MHCS D agrees that it will provide for storage of raw water as a component of its water service facilities as required by local, state and federal laws and regulations.

✓ **6.4. BBID Cooperation:** Agrees to cooperate with MHCS D to obtain approvals which may be required for construction and operation of water service facilities as set forth in paragraphs 6.0 Through 6.3. BBID shall be indemnified by MHCS D for all costs incurred for such cooperation. MHCS D shall have the right to utilize the water service facilities for conveyance of non-BBID water, pursuant to the terms and provisions of this agreement.

7.0. NON-INTERFERENCE.

MHCS D shall take all steps necessary to protect BBID facilities during construction, operation, maintenance, repair and replacement of proposed water service facilities described in paragraphs 6.0 through 6.3 and shall insure that irrigation and drainage to all lands within BBID shall be maintained at the level of service delivered by BBID prior to the execution of this agreement. Should that level of water service be disturbed by activities associated with construction, installation, repair or replacement of water service facilities as determined by BBID's Board of Directors, MHCS D shall make any necessary arrangements for water supply and drainage to any lands within BBID which are severed from remaining lands within BBID by development within the Mountain House Project Area currently within BBID.

7.1. Drainage Responsibility: As lands within Mountain House are removed from irrigation and developed for non-agricultural uses, MHCS D shall assume the responsibility for drainage of those lands in accordance with the law. Upon assumption of such drainage responsibilities by MHCS D to the satisfaction of BBID, BBID shall quit claim and/or assign to MHCS D any and all easements, contracts and other interests in land which are no longer required to provide drainage services. In that regard, MHCS D shall indemnify and hold harmless BBID, its directors, officers, officials, employees, agents and independent contractors from any and all liability to any third party, arising directly or indirectly, from any act or omission or alleged act or omission arising from the performance or failure to perform any duty or obligation arising out of or in connection with the

provision of the drainage obligations set forth in this subsection; which indemnification includes, but is not limited to, all expenses, attorney fees and other costs.

7.2.1. Agricultural Drainage and Mountain House Creek: BBID agrees to continue to provide agricultural drainage as required by law, to lands within Mountain House which remain under agricultural irrigation provided that the Bankhead Agreement shall be assigned to and become the responsibility of MHCS D as of the date of execution of this agreement. To the extent that the development and/or development activities within MHCS D increase the burden on BBID to maintain the level of drainage services provided by BBID prior to execution of this agreement, MHCS D shall provide the additional services required. MHCS D hereby grants to BBID the right to use Mountain House Creek from Alameda County to Old River, or an alternate water course as determined mutually by MHCS D and BBID, for discharge of agricultural drainage water and current flood flows. MHCS D agrees to reasonably maintain Mountain House Creek within San Joaquin County as a natural drainage channel as required for the purposes described herein.

7.3. Waste Water: MHCS D will not utilize treated waste water for agricultural irrigation purposes within the boundaries of BBID without the prior written consent of BBID. For purposes of this subsection, agricultural irrigation shall not include application of treated waste water for municipal irrigation, including, but not limited to, golf courses, municipal landscaping, median strips, or wetlands maintenance.

8.0. WATER DELIVERY.

Water utilized by MHCS D for municipal, domestic and industrial use shall be delivered by BBID through the pumping facilities and conveyance line identified in paragraphs 6.0 through 6.2 all to be constructed within BBID's diversion easement acquired and to be acquired rights of way. Water utilized within the Mountain House Project Area currently within BBID for agricultural use shall be delivered through BBID facilities and be subject to the then current District rules and regulations adopted by BBID pursuant to Water Code Section 22257.

9.0. ESTABLISHMENT OF RATES AND CHARGES FOR WATER SERVICES.

BBID shall from time to time establish by resolution adopted by its Board of Directors, such rates, charges and levees sufficient to provide for the cost of all operation, maintenance, repairs, water supplies or materials together with reasonable reserves for operation, maintenance, repair and replacement of facilities, accounts for depreciation and sinking funds, together with funds for rehabilitation or expansion of existing pumping and conveyance facilities and acquisition of further facilities as may be needed in the determination of BBID to divert water for

municipal, industrial and domestic uses to MHCSD. Quantities of water diverted by BBID for the benefit of MHCSD shall be determined by meters installed on the pumps constructed and installed as provided in paragraph 6.1 above. All metering and other measuring devices constructed and installed shall be performed by MHCSD at their cost subject to the approval of BBID. Non-BBID water which is diverted through the pumping and conveyance line facilities shall be subtracted from the total quantity of metered water delivered to MHCSD provided that if such nonmetered water is owned by MHCSD and conveyed at MHCSD's request, MHCSD shall pay BBID a charge for wheeling water through BBID facilities for the benefit of MHCSD in an amount to be determined at the time of MHCSD's request for delivery of non-BBID water.

9.1. Standby and/or Water Availability Charge Pursuant to Water Code Section 22280: MHCSD shall pay standby and/or water availability charges to BBID. The initial charge shall be determined by the Board of Directors based upon 9,413 acre-feet of water made available to MHCSD for municipal, industrial and domestic use. The standby charge shall be in the nature of a charge to the entire Mountain House Project Area within the boundaries of BBID. The standby and/or water availability charge shall be determined by BBID's Board of Directors pursuant to its then current District rules and regulations and paid monthly by MHCSD with payments due BBID on the first day of each and every month. The water availability and/or standby charge payment shall be due BBID thirty (30) days following construction and installation of the water service facilities including the conveyance line as described in paragraphs 6.0 through 6.2 herein. The Mountain House Project Area shall have direct access to the water service facilities and conveyance line described in paragraphs 6.0 through 6.2 upon completion of construction; therefore, the pumping facilities and conveyance water line can provide services from BBID owned, operated, maintained and repaired facilities which facilities will or may be under permit from the Department of Public Health of the State of California or a county department of public health permit provided under the applicable provisions of the Health and Safety Code of the State of California or other applicable regulations and licensing facility for the service of water for human consumption.

10.0. FULL BENEFICIAL USE.

10.1. Water Use: The water supply made available pursuant to this agreement may be used in the Mountain House Project Area currently within BBID for agricultural, domestic, municipal and/or industrial uses. Additionally, the water supply made available pursuant to this agreement may be used for any other purposes set forth below. MHCSD reserves the right to determine the method of distributing water within the boundaries of MHCSD provided that such water is not distributed and/or used outside the boundaries of BBID without first receiving a determination from

BBID's Board of Directors that such waters are surplus to the needs of landowners and water users within BBID pursuant to the then current rules and regulations and applicable provisions of the California Water Code and/or existing law. MHCS D and BBID shall mutually determine whether or not any action is required to be brought by the District or desired in Superior Court or before the State Water Resources Control Board in order to confirm any change or expansion in use of the water supplies made available to MHCS D pursuant to the terms and provisions of this agreement. MHCS D shall bear all costs of proceeding with any such actions.

10.2. Phased Development of Mountain House: MHCS D and BBID understand and agree that there will be years during the term of this agreement when the full amount of water allocated to MHCS D pursuant to this agreement cannot be used within Mountain House. MHCS D understands that BBID's water rights were acquired and are operated and utilized for the full benefit of landowners and water users within the boundaries of BBID and that BBID's Board of Directors will put MHCS D's unallocated or unused water to beneficial use in the Board's discretion pursuant to then current rules and regulations and California law.

11.0. EFFECTIVE DATE.

This agreement shall become effective upon the date of the signature of the last signing party. It is contemplated that there may be some delay in time between the signature of BBID and that of MHCS D; therefore, the execution of this agreement by BBID is understood to be the extension of an irrevocable offer restricted to the terms and provisions set forth in this document. The irrevocable offer extended by BBID is supported by payment of Ten Thousand Dollars (\$10,000.00) cash monies annually as of the date this agreement was authorized and approved for execution by BBID; i.e., August 31, 1993, provided that should MHCS D sign this agreement prior to the expiration of this irrevocable offer; option monies due and payable to BBID shall be prorated over 365 days. Additionally, should this agreement not be executed by MHCS D on or before the third anniversary of the authorized signature of BBID; i.e., August 31, 1993, then this irrevocable offer to perform by BBID shall be of no further force and effect regardless of the signature of MHCS D, unless subsequently reinstated or ratified by BBID. Notwithstanding section 22 of this agreement, the landowners within the proposed boundaries of the MHCS D including, but not limited to, the developer, Trimark Communities, a California general partnership, shall be third party beneficiaries to this agreement and shall be entitled to enforce the offer which this agreement constitutes upon execution by BBID until formation of the MHCS D or expiration of the offer. Provided further that the developer, Trimark Communities, owning approximately 1,200 acres of real property within proposed MHCS D, shall be responsible for payment of the consideration for the option as provided above. The standby charge and/or water availability charge described in

paragraphs 9 through 9.1.1 shall become effective as described in paragraph 9.1 above. Prior to that time, service within the entire Mountain House Project Area currently within BBID shall continue for agricultural use subject to the then current existing rules and regulations of BBID, and provisions of Division 11 of the California Water Code and existing law otherwise subject to the terms and provisions of this agreement.

12.0. ANNUAL REPORT.

On or before March 1 of each year, MHCS D shall provide BBID with a projected annual report which will make a non-binding estimate of the acreage within MHCS D and within BBID boundaries which will be in agricultural production, will be in domestic, industrial or municipal use or for construction or other developmental purposes. This obligation shall cease upon full development within MHCS D to domestic, municipal and industrial uses.

13.0. RECORDS.

BBID shall provide MHCS D with monthly bills for water services including water availability and/or standby charges which shall reflect water use reports for all lands within MHCS D.

14.0. WINTER WATER RIGHTS.

The parties acknowledge that they believe BBID maintains the right to divert, convey and distribute water pursuant to pre-1914 water rights previously acquired to MHCS D on an annual basis for either and/or all water uses including, but not limited to, agricultural, municipal, industrial and domestic. In order to supplement BBID'S right to divert water from a period determined to be October to March each year, BBID agrees to pursue an application for post-1914 appropriative water rights for supplemental water from the state of California Department of Water Resources, to coordinate and cooperate with MHCS D and the State of California to effectuate an exchange agreement and to assist MHCS D in all reasonable efforts to secure supplemental winter water or confirm BBID'S existing right to serve pre-1914 water during the period of October through March annually. MHCS D and BBID shall mutually determine whether or not any actions are required to be brought by the District or desired in Superior Court or before the State Water Resources Control Board in order to confirm any change or expansion in use of the water supplies made available to MHCS D pursuant to the terms and provisions of this agreement. MHCS D shall bear all costs of proceeding with any such actions.

15.0. WATER QUALITY.

The parties acknowledge that the water to be supplied MHCS D by BBID pursuant to the terms and provisions of this agreement, then

current District rules and regulations and applicable provisions of the California Water Code is non-potable. MHCS D assumes all responsibility for producing a water supply sufficient for municipal, industrial and/or domestic use and for compliance with all local, state and federal requirements for the provision of potable water. BBID does not guarantee in any respect or assume any responsibility for the chemical, bacterial or other quality of the raw water made available to MHCS D or its compatibility for water treatment.

16.0. ASSESSMENTS.

MHCS D recognizes that property within the Mountain House Project Area and the boundaries of BBID will remain subject to existing BBID ad valorem taxes and assessments. MHCS D recognizes and agrees that future assessments against properties within the Mountain House Project Area and within the boundaries of BBID will and do incur, both direct and indirect, benefits from the existence and supplies of raw water by BBID and those lands will continue to incur future ad valorem taxes and assessments. MHCS D agrees to make payment directly to BBID for all assessment of properties within its boundaries.

17.0. MUNICIPAL, INDUSTRIAL AND DOMESTIC WATER SUPPLY.

MHCS D shall comply in all respects with local, state and federal requirements for provision of a domestic, municipal and/or industrial water supply including, but not limited to, water treatment, storage and availability. MHCS D shall indemnify and hold harmless BBID, its directors, officers, officials, employees, agents and independent contractors from any and all liability to any third party, arising directly or indirectly from any act or omission or alleged act or omission arising from the performance or failure to perform any duty or obligation arising out of or in connection with the provision of domestic, municipal and/or industrial water supply including water treatment, storage and availability which indemnification includes but is not limited to all expenses, attorney fees and other costs.

18.0. VALIDATION PROVISIONS.

The parties acknowledge that this agreement and/or any of its provisions including, but not limited to, the right to store water, the inclusion and extension of BBID's pre-1914 water rights to areas of land within the Mountain House Project Area, but not within BBID, and the provisions of municipal, industrial, and domestic water supplies within the boundaries of BBID, may be subject to a validation action to be brought by the District. MHCS D agrees to bear all costs associated with such validation action if it is mutually determined to pursue such an action.

19.0. RESPONSIBILITY OF CONVEYING, TRANSMITTING AND DISTRIBUTING WATER.

BBID shall be responsible for the conveyance, transmission and distribution of water to the MHCS D treatment plant as described in paragraphs 6.0 through 6.2 set forth herein.

20.0. INDEMNIFICATION.

BBID and MHCS D each agree to indemnify the other and save the other free and harmless of and from any and all liability, damage, loss, cost, or expense incurred or suffered by the other, by reason of damage to the property of the other or injury to any other person or property arising out of its own conduct, acts, omissions, or faults, in connection with any matter related to this agreement except as otherwise set forth herein.

21.0. RELATIONSHIP OF PARTIES.

Nothing contained in this agreement shall be deemed or construed by the parties or by any third party to create the relationship of principal and agent, a partnership, joint venture, or of any other association between the parties.

22.0. NO RIGHT IN THIRD PARTIES.

Nothing in this agreement, express or implied, is intended to confer any rights or remedies under or by reason of this agreement on any third party, nor is anything in this agreement intended to relieve or discharge the obligation or liability of any third party to any party in this agreement, nor shall any provision in this agreement give any third party any right of subrogation or action over or against any party to this agreement.

23.0. SPECIFIC PERFORMANCE.

By reason of the specialized nature of the water service to be rendered, and for the further reason that the extent of any damage caused to any party by reason of any breach of this agreement may be extremely difficult to determine, it is agreed by the parties hereto that an action for damages is an inadequate remedy for any breach, and that specific performance, without precluding any other remedy available in equity or at law, will be necessary to furnish any party hereto with an adequate remedy for the breach by any other party hereto of any covenant or obligation for the benefit of the aggrieved party.

24.0. ASSIGNMENT. The terms and provisions of this agreement taken independently or within the entirety of the agreement shall not be assigned or transferred by MHCS D without first receiving the written consent of BBID provided that BBID shall not unreasonably withhold such consent.

25.0. SEVERABILITY.

If any term, provision, covenant, or condition of this agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be effected, impaired or invalidated.

26.0. ENTIRE AGREEMENT.

This agreement is full and entire and may not be altered except by a writing executed by the parties hereto. The parties agree that there are no warranties, either express or implied, no covenants or promises or expectations other than those contained within as set forth in writing in this agreement, and that this agreement is full and entire.

27.0. AMENDMENT.

This agreement may be amended only by a written instrument duly executed by the parties.

28.0. WAIVER.

The waiver or failure to declare a breach as a result of the violation of any term of this agreement shall not constitute a waiver of that term or condition and shall not provide the basis for a claim of estoppel.

29.0. ADDITIONAL DOCUMENTS.

Each party agrees to make, execute, and deliver any and all documents and to join in any application or action reasonably required to implement this agreement.

30.0. NOTICES.

Any notice, demand, or request provided for in this agreement shall be in writing, and shall be deemed properly served, given, or made if delivered in person or if sent by registered or certified mail, postage prepaid, to the person specified below:

BBID: Byron-Bethany Irrigation District
3944 Main Street
P.O. Box 273
Byron, CA 94514

MHCS: Mountain House Community Services District

31.0. TERM.

This agreement shall become effective on the date first above written and shall remain in effect in perpetuity.

32.0. ARBITRATION.

In the event of a dispute between the parties as to any right, alleged right, obligation or alleged obligation under this agreement, the parties shall make a good faith effort to resolve the dispute. In the event that a resolution of the dispute cannot be reached despite these efforts, either party may declare an impasse and its intent to submit the matter to arbitration as provided in this section. Notice of such impasse shall be given in writing to the other and shall include a description of the disputed issue or issues, a description of the possible solutions or resolutions to the dispute and the course of action or solution advocated by the party declaring the impasse.

32.1. Impasse Notice: The party receiving the notice of impasse described in paragraph 32.0 shall respond in writing within twenty-one (21) days. Said response shall contain that party's response to the issues raised and the responding party's proposed resolution to the impasse. The parties shall then meet within ten (10) days and attempt to resolve the impasse.

32.2. Arbitrator Selection: In the event that the impasse is not resolved, the parties shall jointly appoint a mutually agreeable arbitrator who is a licensed civil engineer with experience and expertise in the area in dispute. The arbitrator shall be selected within thirty (30) days and in the event that the parties cannot do so, application may be made, by either or both parties, to the Contra Costa County Superior Court to appoint an arbitrator meeting these qualifications.

32.3. Powers of Arbitrator: The arbitrator appointed pursuant to paragraph 32.2 shall set a date within thirty (30) days of his appointment to meet with the parties and review all aspects of the issue in contention. The arbitrator shall receive and consider any documents or other written evidence submitted by the parties together with any oral presentation of information by either or both of the parties. The arbitrator shall be entitled to conduct his own inquiry into the facts of the dispute or require further information of either or both of the parties. The arbitrator shall render his decision in writing within ten (10) days of receipt of all information he deems necessary to his decision.

32.4. Determination: The arbitrator's determination may provide for mechanisms of enforcement and terms of compliance. The arbitrator may direct the preparation, execution, and recordation of any agreement, or conveyance resulting from his

determination. The arbitrator may determine issues involving adjustment of contractual obligations based on changed circumstances and appropriate limits of insurance coverage. The arbitrator may award to the prevailing party attorney fees, expert and consultant fees and costs reasonably incurred in pursuing the arbitration or may divide such fees and costs between the parties. Unless appealed, as set forth in paragraph 32.5 below, the arbitrator's decision shall be binding and enforceable against the parties.

32.5. Contest of Award: If either party to the arbitration wishes to contest the decision of the arbitrator, that party may do so, only under the following conditions:

a. The notice of intent to appeal the arbitration decision must be made within thirty (30) days of receipt of that decision.

b. The party seeking to appeal the decision shall pay for all costs of the appeal including any experts, consultants or other expenses deemed necessary by the appellate panel.

c. The party seeking the appeal shall abide by the original arbitration decision including all payments required thereunder, unless doing so would create an irrevocable situation or condition making further arbitration moot. In this case, the party seeking appeal shall pay any money awarded by the arbitrator and abide by as much of the decision as possible without creating an irrevocable condition.

32.6. Appeal: The appeal of an arbitration decision shall be made to a panel consisting of three (3) arbitrators. Each arbitrator shall be a civil engineer licensed in California. The arbitrator who made the decision being appealed shall not be a member of the panel. Each party to the dispute shall appoint one (1) arbitrator to the panel who shall then appoint a third arbitrator mutually agreeable to them. Each party shall appoint its arbitrator within thirty (30) days of initiation of the notice of appeal. The two (2) arbitrators shall then make their appointment of the third arbitrator within twenty (20) days of the date on which the last arbitrator was appointed by a party. If the two (2) members of the arbitration panel are unable to agree on the selection of the third member, the parties may apply to the Superior Court of Contra Costa County to appoint that arbitrator.

32.7. Powers of Arbitration Panel: The arbitration panel shall have the right to consult with the original arbitrator, conduct its own inquiry into the facts of the dispute or require further information of either or both of the parties. The panel shall have the right to employ consultants or other experts to assist in rendering its determination. The panel shall render its decision in writing within ten (10) days of receipt of all

information it deems necessary to its decision.

32.8. Final Decision: The decision of the arbitration panel shall be final and binding upon the parties and shall be implemented in accordance with any provisions contained in the arbitration determination. The parties waive the right to commence any court proceeding involving any issue which is subject to arbitration, except as may be necessary to enforce any final decision of arbitration. In the event court proceedings are necessary to enforce any decision of the arbitrator, the court may award reasonable attorney fees and costs incurred in connection with said action upon a finding that said action was reasonably necessary to enforce or accomplish the arbitration determination.

"BBID"
BYRON-BETHANY IRRIGATION DISTRICT

Authorized and approved
for signature on August 31,
1993:

Dated: Sept 7, 1993 By: Jerry Tennant
JERRY TENNANT, Director and
Acting President

Authorized and approved
for signature on August 31,
1993:

Dated: 9-7-93 By: Betty Compilli
BETTY COMPILLI Secretary

"MHCSO"
MOUNTAIN HOUSE COMMUNITY SERVICES
DISTRICT

Authorized and approved
for signature on

Dated: _____ By: _____
President

Authorized and approved
for signature on

Dated: _____ By: _____
Secretary

BYRON-BETHANY IRRIGATION DISTRICT

3944 MAIN STREET (415) 634-3534
P.O. BOX 273, BYRON, CALIFORNIA 94514

OFFICERS
JOHN J. CARVALHO - PRESIDENT
LOIS STORNETTA
SECRETARY/COLLECTOR/TREASURER
LORETTA BORGES - ASSESSOR
FRED K. SPECHT - MANAGER
MINASIAN, MINASIAN, MINASIAN
SPRUANCE, BABER, MEITH & SOARES
ATTORNEYS
CH₂M HILL - ENGINEERS



JOHN J. CARVALHO
DIRECTOR DIVISION NO. 1
GERALD E. TENNANT
DIRECTOR DIVISION NO. 2
RUTH SANTOS
DIRECTOR DIVISION NO. 3
CHARLES M. UZNAVY
DIRECTOR DIVISION NO. 4
WILLIAM G. RAYHER
DIRECTOR DIVISION NO. 5

REGULAR MEETING HELD ON SECOND TUESDAY OF EACH MONTH

August 18, 1989

Mr. William W. Johnson
Managing Partner
TRIMARK COMMUNITIES
3120 Tracy Blvd., Suite C
Tracy, California 95376



Dear Mr. Johnson:

We are pleased that you have contacted our district regarding water service for your prospective planned community development consisting of approximately 6,240 acres, with approximately 5,000 acres now residing within District boundaries. Our irrigation district was formed in the early 1900's and is a non-profit governmental agency, operating under and by virtue of Division 11 of the California Water Code. It is operated for the full benefit of the lands and people within its boundaries. At present, we do not deliver water for domestic use, although we do have this power pursuant to Sections 22075 and 22076 of Division 11 of the California Water Code.

Our district contains approximately 12,000 to 15,000 irrigable acres, with approximately 17,500 total acres within its boundaries, including approximately 5,000 acres of the Mountain House Community Project, which we understand is proposed for development by Trimark Communities. We are willing to cooperate with you in the development of a water supply for your Mountain House Community Project, subject to the district's rules and regulations which are in effect and as may be amended by the board of directors from time to time. The rules and regulations are adopted pursuant to Water Code Section 22257 and currently govern the operation, maintenance, repair and replacement of our existing district distribution facilities.

To the extent land within the district boundaries is taken out of agricultural use due to this urban development plan by Trimark Communities, the district shall in accordance with California law, make every effort to put water previously designated for agricultural use to municipal, domestic, or industrial use in accordance with current district rules and regulations. To the extent that approximately 1,240 acres within Trimark lie outside of district boundaries, we would propose that at some future time consistent with Trimark's development and this district's water service to those portions of Trimark's project within our boundaries, that such acreage be considered for annexation to the district. We

Mr. William W. Johnson
Trimark Communities

Page 2

August 18, 1989

also plan to continue fully developing the beneficial use of the district's source of supply and explore additional sources of water to the extent practical for Mountain House and all customers within the district, regardless of the nature of their water use, pursuant to Los Vaqueros project, or some other local storage project. It is our present belief that through these means, it will be possible to meet the needs of the Trimark/Mountain House Project for future water service as well as our remaining district water users.

Our willingness to cooperate in providing water for domestic, municipal and/or industrial use would be subject to the following principles:

1. That sufficient water is available to the district to meet the need of the Mountain House Project without interfering in any way with a full supply of water for all remaining agricultural water uses within the district, including but not limited to, full compliance with the provisions of our enabling legislation contained within Division 11 of the California Water Code.
2. That all of the costs in providing water for Mountain House Project, including but not limited to, planning, obtaining approvals by other public entities, construction and delivery, be born by the Mountain House Project and not by the district or by remaining district taxpayers and water users.
3. That continued agricultural water service to portions of land within district boundaries which are not developed for urban, municipal or industrial use, will remain physically and economically viable.
4. That all necessary written contracts shall be prepared and entered into with Trimark Communities, Mountain House Development, or such other entity which is proper to provide the necessary services.

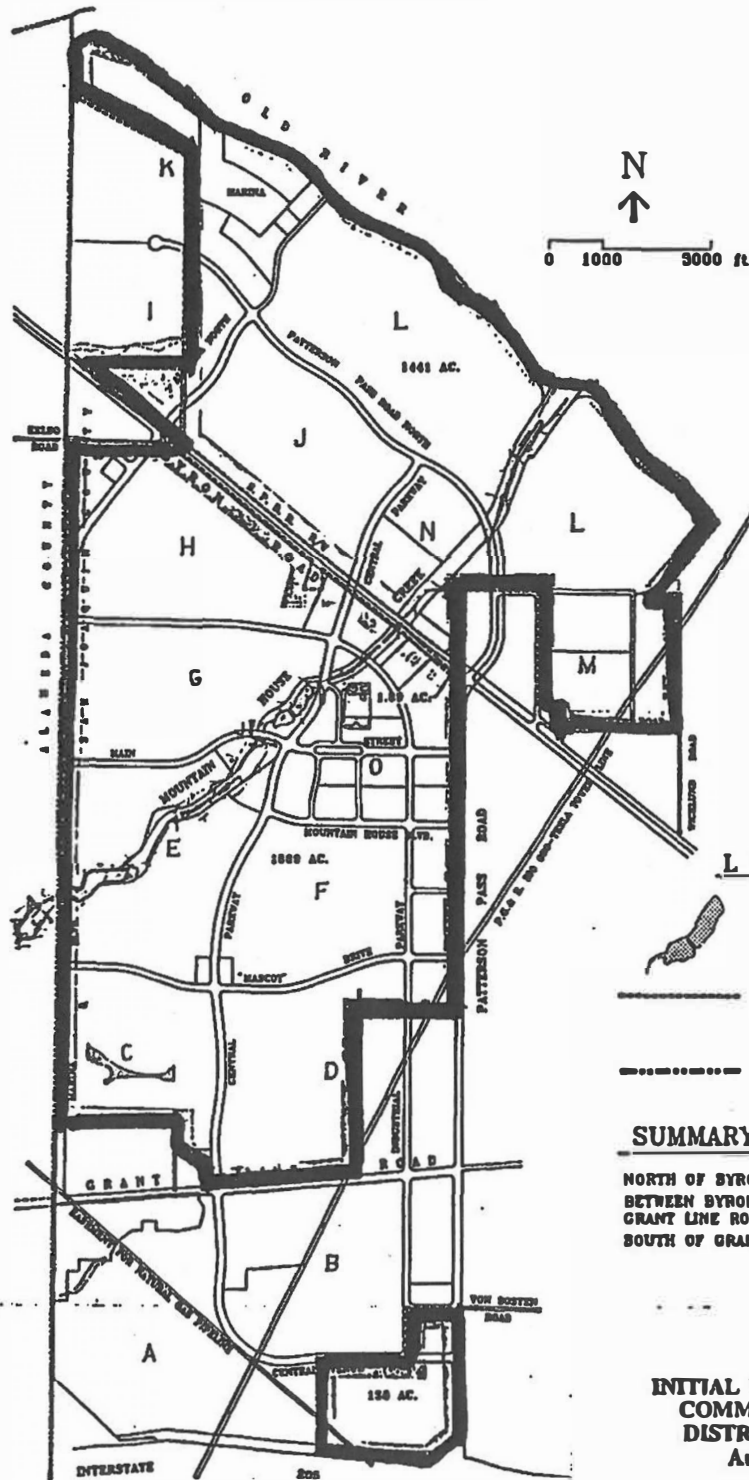
We look forward to working with you.

Very truly yours,


BYRON-BETHANY IRRIGATION DISTRICT

By: 
JOHN J. CARVALHO, President

cc: William H. Baber III
Jeanne M. Zolezzi
William Barden
Polly Boissevain
Neil Cline



LEGEND

-  EXISTING WETLANDS
-  COMMUNITY SERVICES DISTRICT BOUNDARY
-  COUNTY BOUNDARY LINE

SUMMARY OF LAND AREA

NORTH OF SYRON ROAD	1441 AC.
BETWEEN BYRON ROAD AND GRANT LINE ROAD	1871 AC.
SOUTH OF GRANT LINE ROAD	138 AC.
TOTAL	3450 AC.

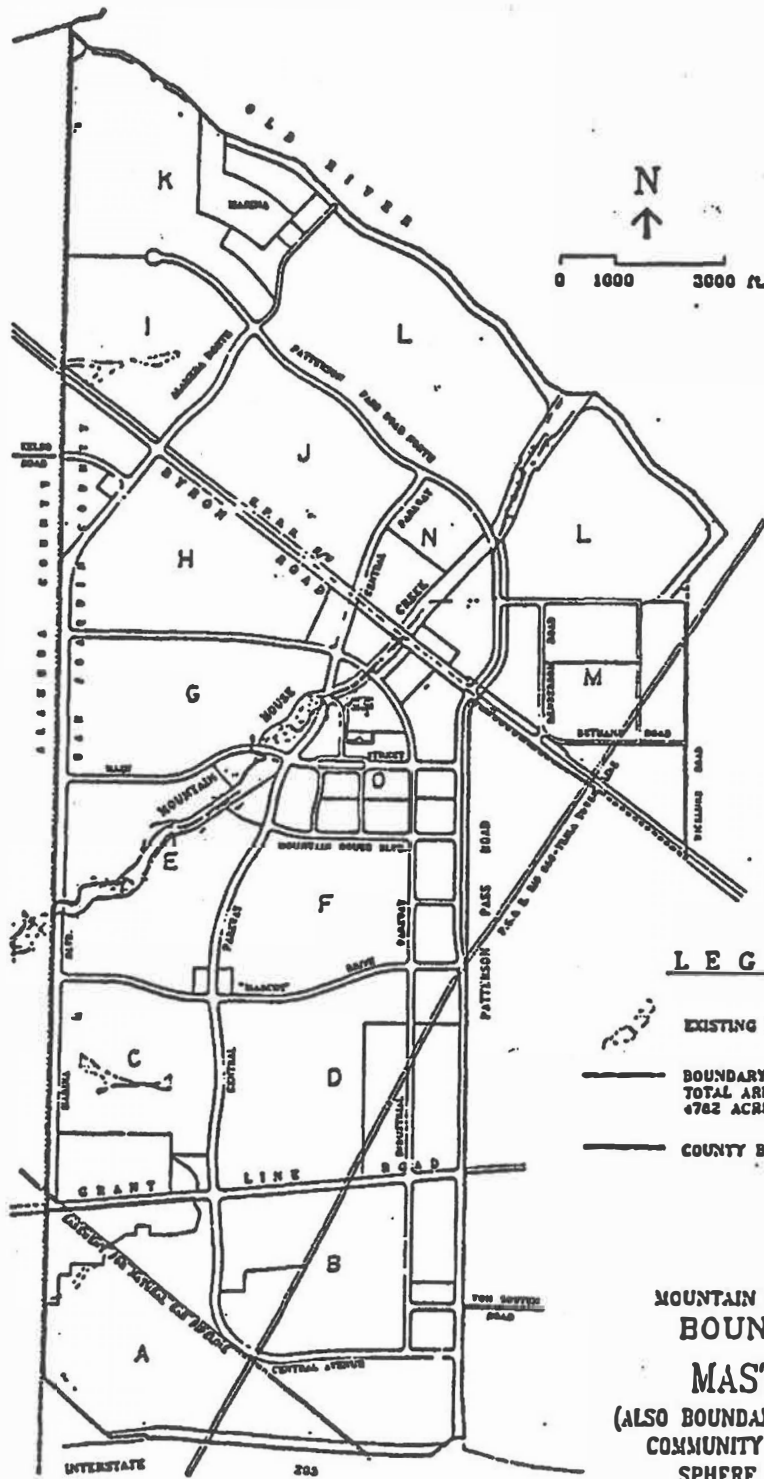
**INITIAL MOUNTAIN HOUSE
COMMUNITY SERVICE
DISTRICT BOUNDARY
August 31, 1993**

**EXHIBIT D
PAGE 2**

PREPARED BY: SIEGFRIED ENGINEERING, INC.
6648 CORONADO AVENUE
STOCKTON, CALIFORNIA 95204

6-4417

1-12702.070 7/2000-01



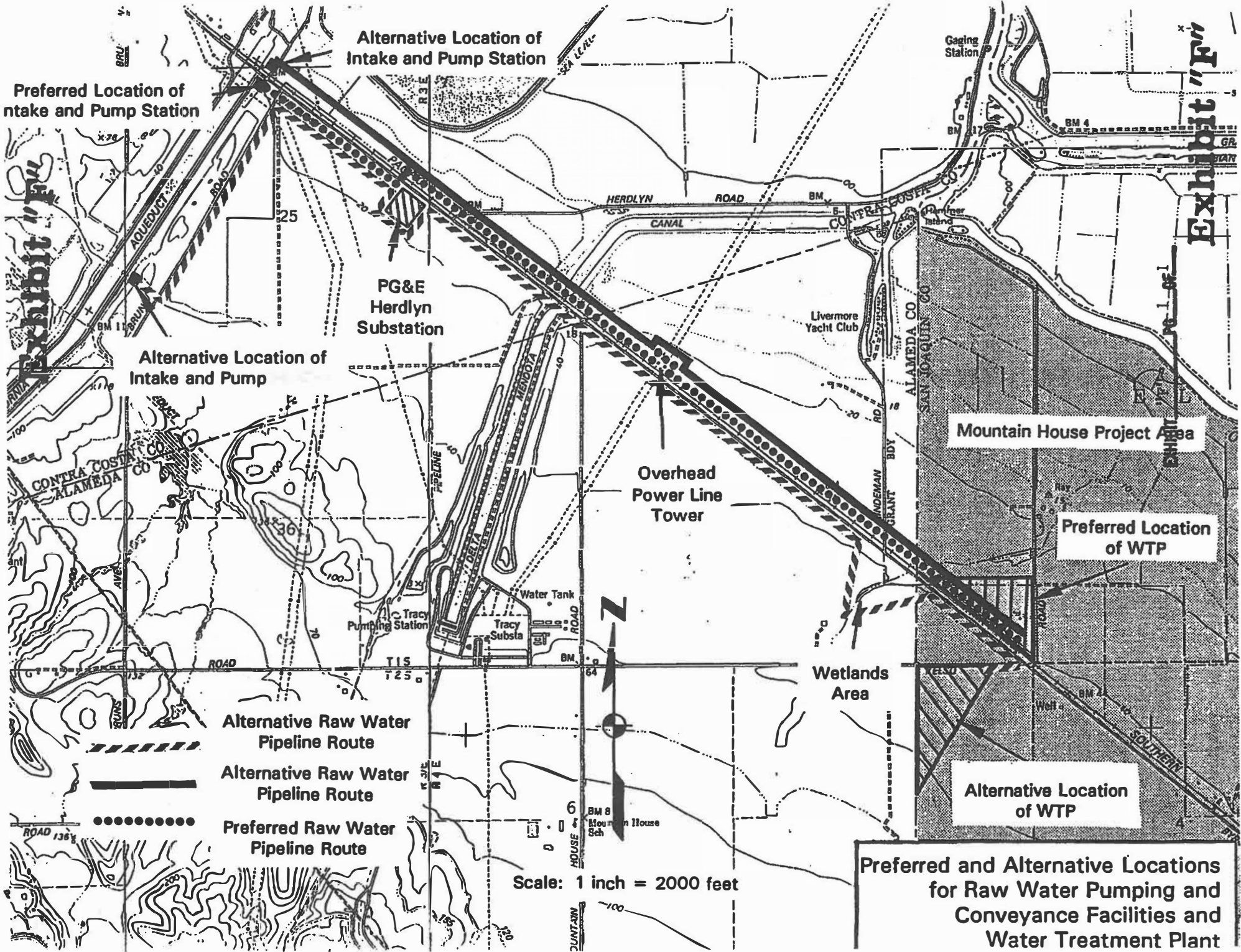
LEGEND

- EXISTING WETLANDS
- BOUNDARY OF MASTER PLAN
TOTAL AREA WITHIN BOUNDARY
4782 ACRES
- COUNTY BOUNDARY LINE

**MOUNTAIN HOUSE COMMUNITY
BOUNDARY MAP
OF
MASTER PLAN**
(ALSO BOUNDARY MAP OF PROPOSED
COMMUNITY SERVICE DISTRICT
SPHERE OF INFLUENCE)

MAY 3, 1993

PREPARED BY: SIEGFRIED ENGINEERING, INC.
1843 CORONADO AVENUE
STOCKTON, CALIFORNIA 95206



Preferred Location of Intake and Pump Station

Alternative Location of Intake and Pump Station

PG&E Herdlyn Substation

Alternative Location of Intake and Pump

Overhead Power Line Tower

Wetlands Area

Mountain House Project Area

Preferred Location of WTP

Alternative Location of WTP

Alternative Raw Water Pipeline Route

Alternative Raw Water Pipeline Route

Preferred Raw Water Pipeline Route

Scale: 1 inch = 2000 feet

Preferred and Alternative Locations for Raw Water Pumping and Conveyance Facilities and Water Treatment Plant

Exhibit "F"

Exhibit "F"

Exhibit "F"



Balancing Community and Commerce

44 N. SAN JOAQUIN STREET SUITE 374 STOCKTON, CA 95202 209-468-3198

September 14, 2023

PROJECT: DISSOLUTION OF INACTIVE SPECIAL DISTRICT:
California Irrigation District

PROPOSAL: Dissolution of special district found to be inactive

APPLICANT: LAFCo

LOCATION: Southeast corner of Interstate 5 and Louise Avenue within the City of Lathrop.

PURPOSE: To comply with the State Controller's Office to take appropriate action to dissolve inactive special districts.

RECOMMENDATION

It is recommended that the Commission approve Resolution No. 23-1527 approving the dissolution of California Irrigation District.

BACKGROUND

The California Irrigation District was formed in 1997, under the name Crossroads Irrigation District, to provide electrical and irrigation services to provide irrigation and electrical to existing and new industries within their boundaries, encompassing 370 acres.

State law defines a special district as "any agency of the state for the local performance of governmental or proprietary functions within limited boundaries." An independent special district is a separate local government with its own board of directors that deliver limited public services to a geographically limited area. Special districts must submit annual financial reports to the State Controller and must follow state laws regarding public meetings, record keeping, and elections.

In 2017, SB 448, was enacted requiring the State Controller's Office to create a list of inactive special districts based on financial reports required from special districts. Special districts that did not file the required financial report in fiscal year 2016-2017 were deemed to be inactive. The State requires LAFCo to initiate dissolution of inactive special districts unless LAFCo determines that the district does not meet the following criteria:

- (a) It is a special district as defined in Section 56036
- (b) The district has had no financial transactions in the previous fiscal year
- (c) The district has no assets and liabilities
- (d) The district has no outstanding debts, judgments, litigation, contracts, liens, or claims

LAFCo was unable to identify any current board of directors, attorney, or contact person for the district. In June 2023, a letter was mailed to the 146 property owners inquiring three questions:

- 1) If they receive any services from the district
- 2) If they have paid any service charges or assessments to the district
- 3) If they are a Board Member or have voted in an election to elect Board Members

LAFCo Offices received five response to the questionnaire and they all indicated that the California Irrigation District is inactive. The County Auditor's Final FY 2021-2022 and FY 2022-2023 reports indicated that the District has had no financial transactions or has the district received any property taxes or assessments.

ENVIRONMENTAL

Dissolution of an inactive special district is categorically exempt under CEQA Section 15301 (h) as the action to dissolve will have no significant impact on the environment.

DISCUSSION

Senate Bill 448 requires LAFCo to dissolve inactive districts after holding one public hearing. Public hearing notices were posted, published and mailed to all property owners within the district. Dissolution is not subject to protest proceedings nor can an inactive district object to a dissolution proceeding.

After thorough research, Staff determined that The California Irrigation meets the criteria of an inactive district and recommends dissolution.

Attachments: Resolution No. 23-1527
Exhibit A - Vicinity Map of California Irrigation District

RESOLUTION NO. 23-1527

**BEFORE THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION
APPROVING THE DISSOLUTION OF THE CALIFORNIA IRRIGATION DISTRICT
(LAFC 20-23)**

WHEREAS, San Joaquin LAFCo was notified that the above entitled district was deemed to be inactive and based on financial reports required from special districts and the district did not file the required financial report in fiscal year 2021-2022 and fiscal year 2022-2023;

WHEREAS, LAFCo is required upon notification to initiate dissolution of inactive special districts unless LAFCo determines that the district does not meet certain criteria; and

WHEREAS, the Commission held a public hearing on the proposed dissolution of the California Irrigation District on September 14, 2023 in the Board of Supervisors Chambers, 44 North San Joaquin Street, 6th Floor, Stockton, CA pursuant to notice of hearing which was published and posted in accordance with State law; and

WHEREAS, at said hearing the Commission heard and received evidence, both oral and written regarding the proposal, and all persons present were given an opportunity to be heard; and

NOW THEREFORE, the San Joaquin Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

- Section 1. Certifies that the project is categorically exempt under CEQA Section 5301 (h) as the action to dissolve will have no significant impact on the environment.
- Section 2. The California Irrigation District is a special district as defined by Government Code Section 56036
- Section 3. The California Irrigation District has not provided any authorized services.
- Section 4. Finds that the District has had no financial transactions in the previous two fiscal years; has no assets and liabilities; and, has no outstanding debts, judgements, litigation, contracts, liens, or claims.
- Section 5. Approves the dissolution of the California Irrigation District with the map of the boundaries attached hereto as Exhibit A.

PASSED AND ADOPTED this 14th day of September 2023 by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

TOM PATTI, CHAIRPERSON
SAN JOAQUIN LOCAL AGENCY
FORMATION COMMISSION

ATTEST:

MITZI STITES, COMMISSION CLERK
SAN JOAQUIN LOCAL AGENCY
FORMATION COMMISSION

