



LOCAL AGENCY FORMATION COMMISSION

Dave Braun, Executive Officer

200 W. 4th Street, Suite 3100, Madera, CA 93637
www.maderacounty.com/government/madera-lafco
(559) 675-7821

AGENDA

Madera County Government Center
200 West 4th Street, Suite 3100
Madera, CA 93637

LAFCo Meeting
Wednesday, January 22, 2020
6:00 p.m.

Commissioner J. Carol Graham, Chair (Public)
Commissioner Andrew Medellin, Chair Pro Tem (City)

Commissioner Waseem Ahmed (City)
Commissioner Tom Wheeler (County)
Commissioner Max Rodriguez (County)

Commissioner Steve Montes (City Alternate)
Commissioner Laura Young (Public Alternate)
Commissioner Brett Frazier (County Alternate)

Dave Braun, Executive Officer
Candie Fleming, Clerk

Doug Nelson, Legal Counsel

1. Call to Order and Roll Call
2. Pledge of Allegiance
3. Selection of Chair and Vice Chair
4. Public Comments

Any person wishing to address the Commission on a subject within the jurisdiction of the Madera LAFCo, but not appearing on the agenda may do so at this time (State your name, address and please keep your comments to three minutes).

CONSENT AGENDA

All consent agenda items are considered routine in nature and will be enacted by one motion; there will be no individual discussion of these items unless requested (pulled) by a member of the Commission or the public. Any item pulled from the consent agenda for discussion will be set aside until after approval of the consent agenda. Prior to taking any action the public will be given the opportunity to comment on any consent item.

5. Review and approve minutes of the December 11, 2019 meeting.

Recommendation: Approve Minutes

PUBLIC HEARING

- 6. Gravelly Ford Water District Annexation (2018-002)
 - A. Consider the Final Municipal Service Review (MSR) for the Gravelly Ford Water District.
 - B. Proposed Revision to the Gravelly Ford Water District's Sphere of Influence (SOI) to **add** approximately 1,028 acres generally located on the north side of the San Joaquin River, east of the Road 21 alignment and to **remove** this property from within the Madera Irrigation District's Sphere of Influence.
 - C. Proposed Annexation of 388 acres within the area described above to the Gravelly Ford Water District.

Recommendation: Adopt Municipal Service Review, Findings, and Determinations; Revise the Spheres of Influence for the Gravelly Ford Water District and Madera Irrigation District; and Approve Annexation to the Gravelly Ford Water District.

DISCUSSION ITEMS

- 7. Commissioners Reports
- 8. Executive Officer Reports
 - Bass Lake/North Fork MSR
 - LAFCo Fee Schedule
- 9. Adjournment

(The next meeting is proposed to be held February 26, 2020)

The Political Reform Act prohibits a person appointed to the Local Agency Formation Commission from accepting gifts of more than \$390.00 within the preceding 12 months from parties, participants, or their agents while a proceeding is pending before LAFCO and for three months following the decision. LAFCO commissioners who receive such contributions are required to disqualify themselves from participating in the proceedings. Both commissioners and contributors who are parties to the proceeding are required to disclose the contributions received or made. Persons with disabilities may receive aid, modifications, or accommodations for participating in the proceeding of the Madera Local Agency Formation Commission by contacting the Madera LAFCO Clerk or the Executive Officer at (559) 675-7821. Please provide advance notification so that specific arrangements can be made.

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Date: January 22, 2020 **ITEM #3**

To: LAFCO Commission

From: *DB*
Dave Braun, Executive Officer

Subject: Selection of Chair and Chair Pro Tem for 2020

SUMMARY

The Commission Policies, Guidelines and Procedures Manual states that the Commission shall select the Chair and Chair Pro Tem in January or the first meeting of the year on a rotating basis (i.e. County, City, At Large, County, City). Based on this rotation, the Chairman should be a City member and the Chairman Pro Tem should be a County member. It is also the intention of the Commission from year to year that the Chair Pro Tem of the previous year should be selected as Chair. Based on this rotation, the Chairman should be Commissioner Medellin and Commissioner Rodriguez should be selected as the Chairman Pro Tem.

RECOMMENDATION

It is recommended that the Commission select the Chair and Chair Pro Tem in accordance with the Policies, Guidelines and Procedures Manual.

ATTACHMENT

EXHIBIT A Policies, Procedures and Guidelines Manual

EXHIBIT A

Policies, Procedures and Guidelines Manual

Section 1.23.1 of the Commission Policies, Guidelines and Procedures Manual states that on an annual basis the duly appointed members of the Commission Shall select a Chair and a Chair Pro Tem in accordance with the guideline outlined below:

- a) The position of chair shall be appointed in January of each year on a rotating basis, e.g., County, City, At Large, County, City. It is the intention of the Commission from year to year that the Chair Pro Tem of the previous year should be selected as Chair. In the event that the Chair Pro Tem declines the selection or is unable to serve, a member of the Chair Pro Tem's same category, e.g. City or County, shall be selected in order to maintain the rotation schedule. In the event that special districts become members of LAFCO their representatives shall be inserted into the rotation.
- b) The position of Chair Pro Tem shall be appointed in January of each year rotating basis in accordance with a projection of the following year's appointment to Chair.
- c) A Chair must have served as a member of the Commission for 12 months prior to their appointment.
- d) Preference shall be given, when appointing the Chair Pro-tem, to a member of the respective category e.g. City or County, who has not previously served as Chair of the Commission. In the case where every member of a respective category, e.g. City or County, has previously served as Chair of this Commission, preference should be given to the member for whom the greatest amount of time has elapsed since their previous selection as Chair.

DB:cf



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ITEM #5

DRAFT MINUTES

Madera County Government Center
205 West 4th Street
Madera, CA 93637

Regular LAFCO Meeting
Wednesday, December 11, 2019
3:00 p.m.

Commissioners Present: J. Carol Graham, Chairman, Public Member
Andrew Medellin, Chair Pro Tem, City Member
Max Rodriguez, County Member

Commissioners Absent: Tom Wheeler, County Member
Waseem Ahmed, City Member

Others Present: Dave Braun, Executive Officer
Doug Nelson, Legal Counsel
Candie Fleming, Clerk to the Commission

1. Call to Order
2. Pledge of Allegiance
3. Public Comments

There were no comments from the public.

CONSENT AGENDA

4. A. Minutes – Review and Approval of the August 28, 2019 Meeting
B. Proposed 2020 Meeting Schedule (pulled for discussion)
 - A. Minutes – Review and Approval of the August 28, 2019 Meeting:
Commissioner Medellin moved to approve the August 28, 2019, Minutes as presented and Commissioner Rodriguez seconded the motion. The motion carried with a vote of 3-0 with Commissioners Wheeler and Ahmed being absent.

B. Proposed 2020 Meeting Schedule

Executive Officer Braun reported that the Commission recently changed the start time for their meetings from 6:00 p.m. to 3:00 p.m. but staff is finding that some of the Commissioners have a conflict with the 4th Wednesday of the month at 3:00 p.m. Braun said the Commission could either change the meeting time back to 6:00 p.m. or look at other options.

Commissioner Medellin said the City of Madera has meetings scheduled for the first three Wednesdays of the month at 3:00 p.m. and sometimes the 4th Wednesday of the month at 3:00 p.m. and felt there were too many conflicts for LAFCo to hold its meetings at 3:00 p.m. Taking into account the numerous conflicts, Commissioner Medellin said he would support the Commission holding the meetings at 6:00 p.m. on the 4th Wednesday of the month, as in the past. Commissioner Medellin said it would also make it easier for the public to attend, if they wished and Commissioner Graham agreed.

Commissioner Medellin made a motion to keep the Commission's meetings on the 4th Wednesday of the month but change the time back to 6:00 p.m. Commissioner Rodriguez seconded the motion that carried on a vote of 3-0 with Commissioners Wheeler and Ahmed being absent.

ACTION ITEM

5. Consideration for Appointment of Alternate Public Member

Executive Officer Braun reported that the alternate public member's term expired in June of this year. Braun said that Laura Young has requested to remain on the Commission for another term; however, the Commission would need to reappoint her or direct staff to open the position to the public. Braun said the CKH says the public member cannot vote on either the public member or alternate public member. Braun asked LAFCo Counsel, Doug Nelson, if the two Commissioners present was sufficient to reappoint the alternate public member and Counsel Nelson said that it was.

Commissioner Medellin said that Alternate Commissioner Young has attended numerous meetings as well as a couple of workshops and felt she has done an amazing job and is well prepared to step in when needed. Commissioner Medellin made a motion to reappoint Laura Young as the Alternate Public Member for another four years. Commissioner Rodriguez seconded the motion which carried with Commissioner Graham abstaining and Commissioners Wheeler and Ahmed being absent.

PUBLIC HEARING

6. Workshop: Schedule of Fees and Charges

Executive Officer Braun reported that this workshop was in response to the Commission's earlier request to do a study regarding the Commission's fees to see if they are appropriate. Braun said the CKH allows the Commission to charge fees to help offset the cities' and counties' cost to support LAFCOs. Braun said the last fee study was performed prior to 2004 or 2005 and since that time, the Commission has only increased their fees based on the Consumer Price Index (CPI). Braun said he surveyed other LAFCOs and did an estimate of what it would cost to process a standard annexation application. Braun said he found that coastal LAFCOs' fees were generally higher and mountain LAFCOs' fees were generally lower than Madera's fees. Braun said in looking at five valley LAFCOs' fees, he found that Fresno County's fees were much higher while Kern County's fees were much lower. Braun said that Kern County may have decided to just have their cities and county pay for most of their budget. Braun said that Madera's fees were in line with Tulare, Merced and Stanislaus Counties' fees and didn't feel Madera's fees were much out of line with the time spent on processing applications. However, Braun said that a couple of Madera's fees such as formations and incorporations were pretty low.

Commissioner Rodriguez asked Braun if he felt the Commission should keep the fees the way they are and Braun replied he felt they were about right except for those few exceptions. Braun explained that since Madera LAFCo's staff are only part-time without paid benefits, our costs are lower than most LAFCOs' fees with permanent staff.

Commissioner Medellin asked why the fees were such an odd amount and Braun said the fees were established several years ago and have increased every year based on the CPI. Commissioner Medellin recommended staff look at raising the fees for applications where LAFCo's costs are higher than its fees and bring a report back to the Commission in January, when all of the Commissioners were present. Staff was then directed to bring its recommendation for fee increases to the January meeting.

7. Commissioners' Reports

There were no reports from the Commission.

8. Executive Officer Report

- Bass Lake/North Fork MSR

Commissioner Graham asked if there were any mailings that need to go out prior to hearing the MSR. Braun said once the MSR is complete, staff will mail out individual notices to all the property owners in the area, which is what Commissioner Wheeler had wanted in the past. Braun asked the Commission where a good place to hold the meeting would be. The Commission felt more people would attend the meeting if it were held in Bass Lake.

Braun said that staff should be able to send out notices in January and have a meeting in February or March.

9. Adjournment

Commissioner Medellin moved to adjourn the meeting and the motion was seconded by Commissioner Rodriguez. The motion carried on a vote of 3-0 with Commissioners Wheeler and Ahmed being absent. The meeting adjourned at 3:28 p.m.



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DATE: January 22, 2020 **ITEM #6**

TO: LAFCO Commission

FROM: *DB* Dave Braun, Executive Officer

RE: Gravelly Ford Water District Annexation (2018-002)

I. PROPOSAL

The Gravelly Ford Water District (GFWD) has submitted an application for a Sphere of Influence (SOI) amendment and annexation. The Application more specifically requests the following:

1. A Revision to the GFWD's Sphere of Influence (SOI) to **add** approximately 1,028 acres generally located on the north side of the San Joaquin River, east of the Road 21 alignment and **removal** of this property from the Madera Irrigation District's SOI.
2. Annexation of 388 acres within the area as described above to the GFWD.

A Municipal Service Review has been prepared to address the proposed project.

II. BACKGROUND

Parcel Information (No additional acreage was added to the annexation for the road right-of-way purposes)

APN	OWNER	ACREAGE	VALUATION
040-200-015	Manning Family Trust	95.54	\$236,606
040-200-016	Manning Family Trust	99.57	\$307,879
040-200-011	Steven and Pauline Emmert, Trust	39.08	\$286,939
040-200-014	Gravelly Ford Family Farm, LLC	153.55	\$417,462
	TOTAL	387.74	\$1,248,886

Land Uses

APN	COUNTY GP	COUNTY ZONING	WILLIAMSON ACT	LAND USE
040-200-015	AE	ARE-40	No	Agriculture
040-200-016	AE	ARE-40	No	Agriculture
040-200-011	AE	ARE-40	Yes	Agriculture
040-200-014	AE	ARE-40	No	Agriculture

Zoning Designation

ARE-40 = Agricultural, Rural, Exclusive 40-Acre

General Plan Designation

AE = Agricultural Exclusive

Consistency

No comments were received pertaining to General Plan consistency. The parcels proposed for annexation are all zoned Agriculture Rural Exclusive 40-acres and planned for Agriculture Exclusive land uses. The proposed zoning is consistent with the General Plan designation.

Contiguity

The areas proposed for annexation are contiguous, at a point, to the existing boundary of the GFWD.

Infrastructure

The existing canal and pipeline system of the GFWD is directly adjacent to the areas proposed for annexation and can serve those areas.

Environmental Review

The GFWD prepared a Notice of Exemption for the annexation dated November 20, 2017. The Notice of Exemption cited Section 15319 of CEQA (Annexation of existing Development).

In addition, Sections 15307/15308 (Class 7/Class 8) Exemptions consist of actions taken by regulatory agencies as authorized by State law or local ordinance to assure the maintenance, restoration, or enhancement of a natural resource/environment where the regulatory process involves procedures for protection of the environment. The annexation of the 388 acres would provide the GFWD with additional land to utilize the District's surface water allocations from the San Joaquin River and Cottonwood Creek for recharge, which would aid in the protection, restoration, and enhancement of groundwater resources (Class 7/8 Exemption).

The Sphere of Influence boundary amendments do not involve, authorize or permit the siting or construction of any facilities. CEQA Regulation Section 15061(b)(3) states, "The activity is covered by the general rule that CEQA applies only to projects which have the

potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." A Sphere of Influence is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality...." A SOI is generally considered a 20-year, long-range planning tool and has no legal binding effect to authorize annexation or future improvements. CEQA Regulation Section 15262 includes an exemption for projects involving only planning studies for possible future actions.

Municipal Service Review

A Municipal Service Review (MSR) has been conducted for the GFWD as related to this SOI amendment and annexation and is attached to this staff report. Below are the determinations in the MSR:

Growth and Population Projection

The territory within the GFWD is not urbanized and consists of few dwellings. There is an estimated 50 to 75 people within the District. The area of annexation contains one residence and two registered voters. There is no anticipated population growth for the area.

Disadvantaged Unincorporated Communities (DUC)

There are no DUCs located within or contiguous to the District's proposed service boundary and sphere of influence boundary.

Present and Planned Capacity of Public Facilities

The District's infrastructure consists of 15 miles of open canals, five miles of pipeline and three pump stations that provide water to district canals and pipelines. The District also has a 20-acre percolation pond.

The GFWD canal and pipeline system is directly adjacent to the properties proposed for annexation and can serve those properties.

Financial Ability to Provide Services

The District's existing facilities are adequate to convey the District's water supplies to existing District lands, as well as the properties proposed for annexation. The lands to be annexed are required to pay a "buy-in" fee to offset their fair share of the costs for the existing facilities. The owners of properties proposed for annexation will also be required to pay for the installation of any and all facilities necessary to provide for conveyance and measurement of water from the existing District facilities to the annexed properties. The annexation of additional lands will not adversely affect the District's ability to provide service. The District maintains an approximately one million dollar reserve balance.

Opportunities for Shared Facilities

The District does not currently share facilities with any other jurisdiction. The District is able to receive water from/through the Madera Irrigation District (MID) system and has the ability to convey water back to MID. Consolidation with an adjacent district (MID or Aliso Water District) is not feasible due to excessive costs.

Governance

The Board of the District is composed of the District's landowners. There are currently five board members. The Board meets at regularly scheduled noticed public meetings. Upon annexation, landowners within the annexed properties would be eligible to run for an open Board seat and vote in elections conducted by the District.

III. HISTORY

The Gravelly Ford Water District had its beginnings in the late 1940's in Madera County. Landowners in the area were interested in receiving a water supply from the Bureau of Reclamation. As the Bureau could not sell water to an individual, it was necessary to form an alliance. The association took form as a "stock company" with shares being sold. These shares entitled each landowner to purchase water. The water was received from the San Joaquin River through the old Miller & Lux Canal now called the Gravelly Ford Canal.

This method of water delivery continued for some years until the Bureau of Reclamation gave notice that the Association needed to have a contract for Central Valley Project Water. This required the formation of a water district and negotiations with the Bureau for the water supply contract.

The landowners proceeded to form the GFWD pursuant to Division 13 of the California Water Code. The District was officially formed by action of the Madera County Board of Supervisors on August 21, 1961. The District is a landowner-voter district that was formed to:

- Provide water to the landowners of the District
- Enable contracting with the Bureau of Reclamation for delivery of Central Valley Project Water from the San Joaquin River either directly or indirectly
- Obtain water from Cottonwood Creek

The original District contained 10,550 acres more or less and is generally located north of the San Joaquin River between Road 22 and Road 17 and Avenue 9 on the north. The east boundary is irregular along Roads 20 and 21 from Avenue 4 to Avenue 9. The west boundary is irregular among Roads 16 and 18 from Avenue 4 to Avenue 9.

In 1981, the 388 acres now proposed for annexation were detached from the District and in 1988, 1,910 acres were detached leaving approximately 8,300 acres in the current District.

The District infrastructure consists of 15 miles of open canal, 5 miles of pipeline, along with 3 separate pump stations (each with 2 pumps providing an operational pump and a backup pump at each location). The District also has a 20-acre pond which is used for regulation as well as recharge. The District has adequate facilities to meet the needs of the existing District as well as all the lands within the amended Sphere of Influence addition. On June 26, 1981, the Bureau of Reclamation approved a contract with the GFWD for up to 14,000 acre feet of Class 2 water from Millerton Lake for agricultural use.

GFWD also has a Water Right Permit which allows diversion of up to 5,000 acre feet to be collected for storage and for irrigation on 10,000 acres on an annual basis. (The 10,000 acres for the water rights diversion includes the 1910 ± acres that was detached in 1981 but remains as part of the Water Rights Permit.) The 5,000 AF from the Water Rights Permit is separate and additional to the District's Class 2 contract supply from the Bureau of Reclamation contract. Both the 5,000 AF and the 14,000 AF supplies are a function of availability from water flows in Cottonwood Creek and Millerton Lake respectively. The water supply from both sources is variable and can be anywhere from zero to the contract amounts.

IV. PROJECT

The GFWD is proposing annexation of 388 acres which are adjacent to the San Joaquin River. This property contains four parcels and all property owners have consented to the annexation. This land was detached from the District in 1981 before the District had a water supply contract. The annexation of this property will provide the District with additional lands to place contracted surface water which will help to achieve the groundwater balance required by the Sustainable Groundwater Management Act (SGMA). These lands also have their own surface water supply which will aid the District in meeting SGMA requirements.

The proposal also includes a Sphere of Influence expansion to the GFWD of approximately 1,028 acres which includes the proposed 388 acres to be annexed to the District. The additional properties proposed to be included within the SOI of the GFWD are directly north of the properties proposed for annexation. The proposal would also remove this property from the Madera Irrigation District's SOI. The properties within the proposed SOI expansion area can be served by existing GFWD infrastructure.

Pursuant to Section 99 of the California Revenue and Taxation Code, the District must have a tax sharing agreement in order to allow for annexations. GFWD currently does not receive any of the property tax collected by the County. However, a "non" tax sharing agreement declining an allotment of the collected taxes with the County is still needed pursuant to State Law. This will be placed as a condition of approval of the annexation.

The annexation is consistent with Madera LAFCO Policy 2.10.1 which states that LAFCO's legislative responsibility is to "maximize the retention of prime agricultural land while facilitating logical and orderly expansion of an urban area." The annexation proposal would help prevent the loss of agriculture activities by further ensuring the deliverance of ground water via recharge on the 388 acres proposed for annexation.

Pursuant to Government Code Section 56668, staff has reviewed the specific factors listed in State law and has analyzed these points. Other than issues previously addressed in this report, no issues of significance were identified for the annexation of this area (Exhibit D).

V. RECOMMENDATION

Staff recommends:

1. The Commission utilize the Notice of Exemption issued by the GFWD dated November 20, 2017, and determine the 388 acres proposed for annexation to be Categorically Exempt pursuant to CEQA Section 15307 and 15308 (Class 7/8 Exemption).
2. Approve the Determinations in the Municipal Service Review for the GFWD dated December, 2019.
3. Approve the amendments to the sphere of influence of the GFWD and Madera Irrigation District as proposed.
4. Approve the annexation to the GFWD as proposed, subject to the following conditions and findings:

VI. CONDITIONS AND FINDING

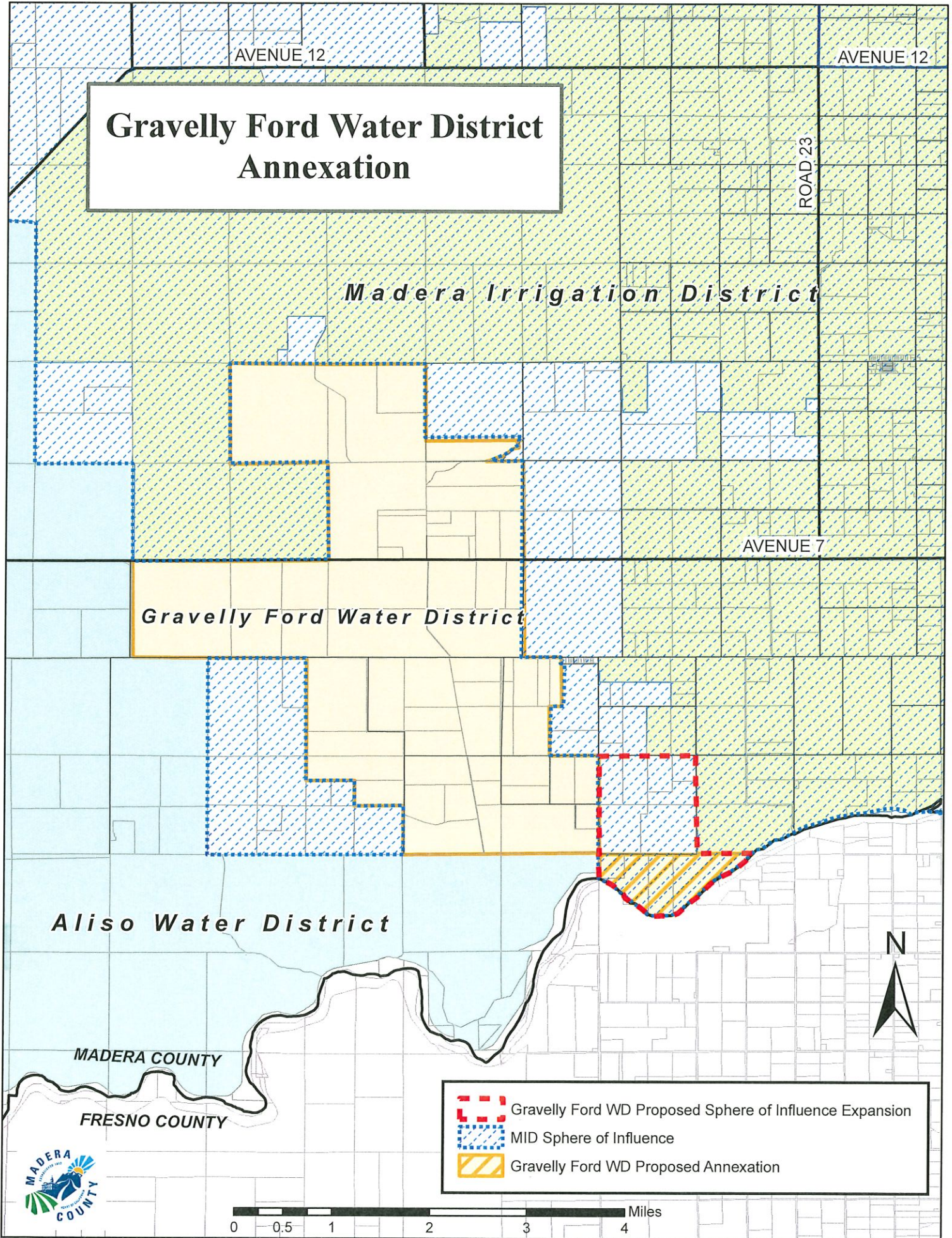
1. The annexation to the GFWD shall consist of four parcels covering approximately 388 acres as shown on Exhibit A.
2. The applicant shall cause to be prepared, to the satisfaction of the Madera LAFCO Executive Officer, such documents and legal descriptions as are deemed necessary for filing a statement of boundary change with the State Board of Equalization. Any necessary fees or costs for processing and documentation shall be paid by the applicant.
3. Prior to the Reorganization being recorded, the GFWD shall enter into a Tax-Sharing Agreement with Madera County pursuant to Tax and Revenue Code Section 99.
4. The short-term designation shall be "Gravelly Ford Water District Annexation" – (2018-002).
5. The annexation is uninhabited as defined by Government Code Section 56046.
6. It is the intent of the Commission to waive subsequent protest and election proceedings unless written opposition to such waiver of subsequent protest and election proceedings is received prior to the conclusion of the Commission meeting. Written opposition to the Commission's intent to waive subsequent protest and election proceedings may be filed with the Madera LAFCo Executive Officer. If a protest hearing is required, the Commission authorizes the Executive Officer to schedule and conduct such a hearing.

ATTACHMENTS

Exhibit A	Annexation Map
Exhibit B	Aerial Map (SOI)
Exhibit C	Aerial Map (Annexation)
Exhibit D	Analysis of Section 56668 Factors
Exhibit E	GFWD Resolution No. 2016-07
Exhibit F	GFWD Resolution No. 2016-08
Exhibit G	Gravelly Ford Water District Municipal Service Review dated December 2019
Exhibit H	Notice of Exemption
Exhibit I	LAFCO Resolution (SOI)
Exhibit J	LAFCO Resolution (Annexation)

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EXHIBIT A



**Gravelly Ford Water District
Annexation**




Madera Irrigation District

Gravelly Ford Water District

Aliso Water District

MADERA COUNTY

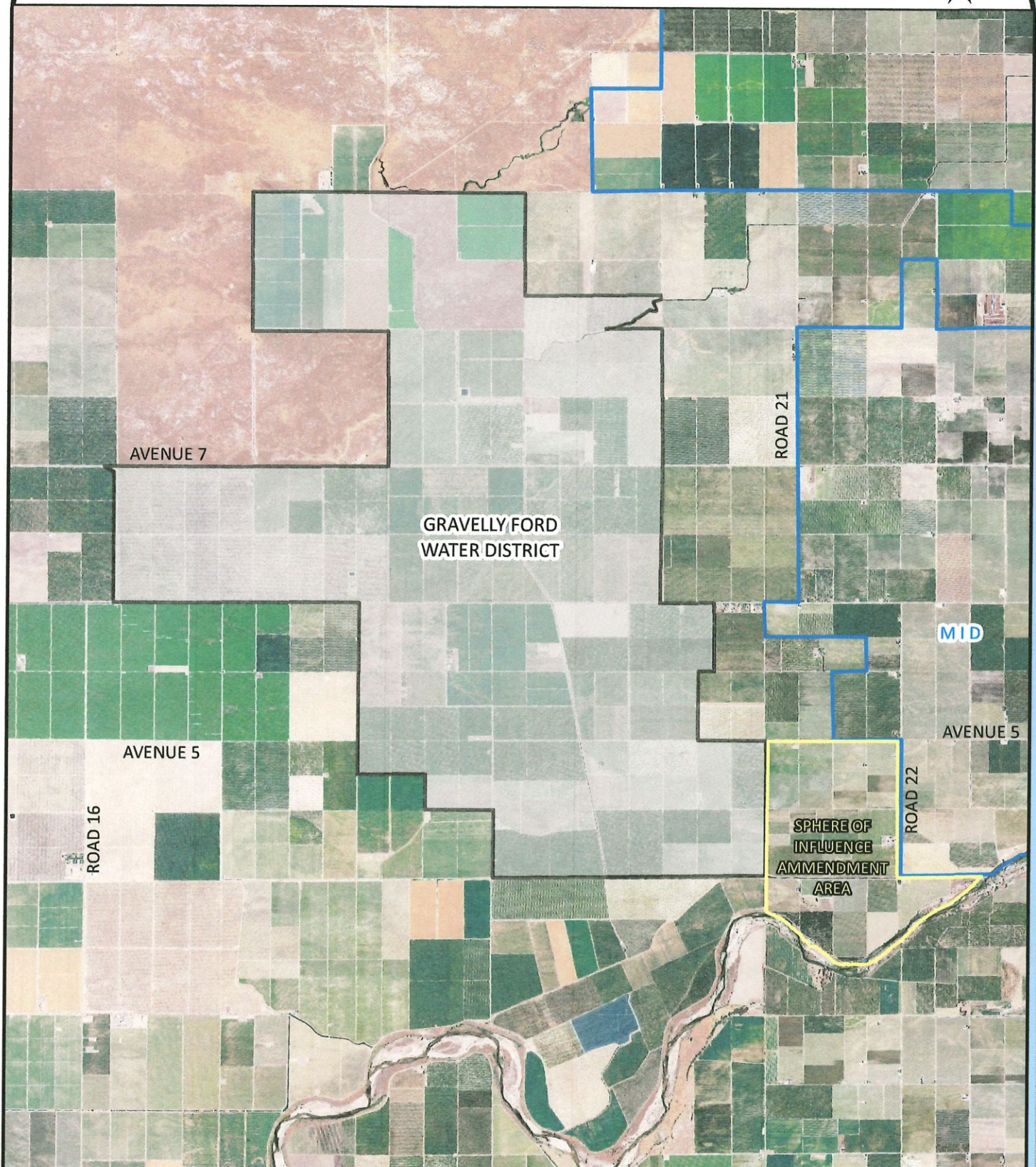
FRESNO COUNTY

-  Gravelly Ford WD Proposed Sphere of Influence Expansion
-  MID Sphere of Influence
-  Gravelly Ford WD Proposed Annexation

0 0.5 1 2 3 4 Miles

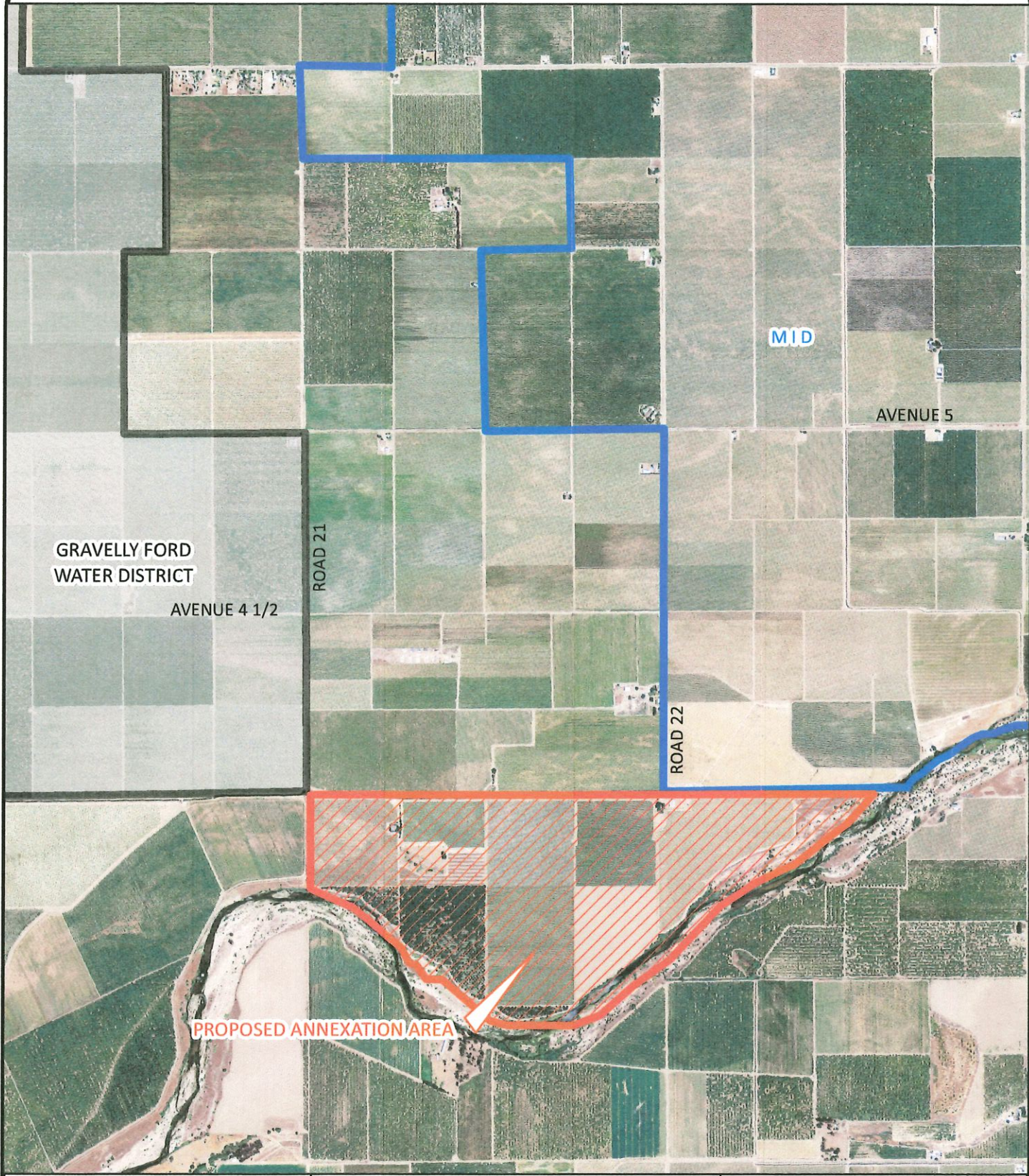


EXHIBIT B



Gravelly Ford Water District
Sphere of Influence

EXHIBIT C



Reorganization Required Analysis

Listed below is an outline analysis of the minimum factors that are required to be considered by LAFCO in a reorganization. The analysis of these factors below pertains to the Gravelly Ford Water District Annexation --(2018-002). Factors that indicate "Some Concern" or "Significant Issue" are discussed at the end of this analysis or are referenced to sections of the corresponding Executive Officer's Report.

Not adverse

Some Concern

Significant Issue

- 56668.** Factors to be considered in the review of a proposal shall include, but not be limited all of the following:
- | | | | |
|-------------------------------------|--------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (a) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Population and population density; |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | land area and land use; |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | per capita assessed valuation; |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | topography, natural boundaries, and drainage basins; |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | proximity to other populated areas; |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years. |

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|-------------------------------------|--------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (b) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Need for organized community services; |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | the present cost and adequacy of governmental services and controls in the area; |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | probable future needs for those services and controls; |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas. "Services," as used in this subdivision, refers to governmental services whether or not the services are services which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services. |

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|-------------------------------------|--------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (c) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county. |

 - | | | | |
|-------------------------------------|--------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (d) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377. |

 - | | | | |
|-------------------------------------|--------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | (e) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016. |

- (f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.
- (g) Consistency with city or county general and specific plans.
- (h) The sphere of influence of any local agency which may be applicable to the proposal being reviewed.
- (i) The comments of any affected local agency.
- (j) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.
- (k) Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.
- (l) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.
- (m) Any information or comments from the landowner or owners.
- (n) Any information relating to existing land use designations.
- (o) The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

Comments on Concerns and Significant Issues:

The property proposed for annexation into the Gravelly Ford Water District is proposed to be removed from within the Sphere of Influence of the Madera Irrigation District and placed within the sphere of influence of the Gravelly Ford Water District.

RESOLUTION NO. 2016-07

**RESOLUTION OF THE BOARD OF DIRECTORS,
GRAVELLY FORD WATER DISTRICT
TO ADOPT CRITERIA FOR ANNEXATION OF ADDITIONAL LANDS INTO
GRAVELLY FORD WATER DISTRICT**

WHEREAS, Gravelly Ford Water District (District) has received inquiries and requests from lands adjacent to the District boundary desiring to annex to the District,

WHEREAS, the requirements of the State Groundwater Management Act (SGMA) are still evolving and incomplete, and

WHEREAS, the Board is concerned about the unknown impacts to the District from the Groundwater Sustainability Agency or Groundwater Sustainability Plan for the Madera County Groundwater Sub-basin, and

WHEREAS, the Board needs to adopt provisions for a uniform policy for possible annexation of additional lands into the District

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Gravelly Ford Water District do order that the following conditions are required before future annexation requests to the District will be considered:

1. Landowners shall be responsible and sign a written application acknowledging responsibility for all costs and fees for:
 - (a) LAFCO's processing including CEQA negative declaration; adopting/changing the District's Sphere of Influence; annexation process;
 - (b) Board of Equalization mapping fees
 - (c) Madera County's municipal service review
 - (d) California Department of Fish and Wildlife
 - (e) Madera County Clerk's environmental posting fee
 - (f) Bureau of Reclamation fees and costs associated with the Annexation process
 - (g) District costs for preparation of negative Declaration
 - (h) Pay a buy-in or post assessment fee of \$75 per acre for existing District infra-structure
2. Applicant to acknowledge in writing and therein agree to comply with District's Rules and Regulations.
3. Applicant to install (at District's design) or pay the District to provide for a water delivery service outlet to the annexed property including turnout, pumps and meters.
4. Applicant to agree in writing to comply with SGMA and CASGEM requirements on providing well logs and making wells available for monitoring and depth measurements.
5. Applicant shall provide payment for each step of the process in advance, or the annexation

5. Applicant shall provide payment for each step of the process in advance, or the annexation application will automatically terminate.

6. Lands to be annexed must have an existing surface water supply.

BE IT FURTHER RESOLVED, lands meeting the foregoing criteria will be eligible for consideration of annexation to Gravelly Ford Water District. Said consideration shall be at the sole and exclusive discretion of the Water District's Board of Directors.

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED by the Gravelly Ford Water District Board of Directors, at a regular meeting of the Board held on the 17th day of October 2016, by the following vote:

AYES: D Kirk, K Basila

NOES: NONE

ABSENT: S Kirk

ABSTAIN: S Emmert, P Stewart



ATTEST:

Handwritten signature of Kenneth Basila in black ink.

Kenneth Basila, Secretary

Handwritten signature of Steven Emmert in black ink.

Steven Emmert, President

CERTIFICATE OF SECRETARY

The undersigned Deputy Secretary of the Board of the Gravelly Ford Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2016-07 adopted October 17, 2016.

Handwritten signature of Don Roberts in black ink.

Don Roberts, Deputy Secretary

RESOLUTION NO. 2016-08

**RESOLUTION OF THE BOARD OF DIRECTORS,
GRAVELLY FORD WATER DISTRICT
FOR ANNEXATION OF ADDITIONAL LANDS INTO GRAVELLY FORD
WATER DISTRICT**

WHEREAS, Gravelly Ford Water District (District) has received a request from Manning, Emmert and Gravelly Ford Family Farms LLC to annex 388 acres of their lands into the District, and

WHEREAS, the lands to be considered for annexation are adjacent to the Gravelly Ford Canal and had previously been a part of the District, and

WHEREAS, the Board of Directors of the District have adopted the "Criteria for Annexation of Additional Lands" by Resolution No. 2016-07, and

WHEREAS, the lands proposed for annexation have a surface water supply.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Gravelly Ford Water District do hereby agree to allow the applicant to proceed with annexation process subject to meeting the Criteria for Annexation as described in GFWD Resolution No. 2016-07.

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED by the Gravelly Ford Water District Board of Directors, at a regular meeting of the Board held on the 21st day of November 2016, by the following vote:


AYES: Seth Kirk, Diane Kirk, Ken Basila, Steven Emmert

NOES: None

ABSENT: None

ABSTAIN: Paul Stewart

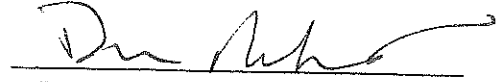
ATTEST:


Kenneth Basila, Secretary


Steven Emmert, President

CERTIFICATE OF SECRETARY

The undersigned Deputy Secretary of the Board of the Gravelly Ford Water District hereby certifies that the foregoing is a full, true and correct copy of Resolution No. 2016-08 adopted November 21, 2016.

A handwritten signature in black ink, appearing to read "Don Roberts", written over a horizontal line.

Don Roberts, Deputy Secretary

EXHIBIT G



GRAVELLY FORD WATER DISTRICT

18811 Road 27 · Madera, CA 93638 (559) 474-1000 Fax: (559) 673-1086
email: donroberts717@gmail.com

Board of Directors

Steven Emmert, Pres.
Seth Kirk, V. Pres.
Kenneth Basila
Diane Kirk
Paul Stewart

Manager

Don Roberts

GRAVELLY FORD WATER DISTRICT

MUNICIPAL SERVICE REVIEW

AUGUST 13, 2018

AMENDED

DECEMBER 31, 2018

AMENDED

February 14, 2019

AMENDED

November 15, 2019

TABLE OF CONTENTS

SECTION 1.0	INTRODUCTION	1
1.1	Municipal Service Review Purpose	1
1.2	Background	2
1.3	The Issue	3
SECTION 2.0	GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA.....	3
SECTION 3.0	DISADVANTAGED UNINCORPORATED COMMUNITIES	3
SECTION 4.0	PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES, SERVICES, AND INFRASTRUCTURE IN ANY DISADVANTAGED UNINCORPORATED COMMUNITIES	4
SECTION 5.0	FINANCIAL ABILITY OF THE DISTRICT TO PROVIDE SERVICES.....	4
SECTION 6.0	STATUS OF AND OPPORTUNITIES FOR SHARED FACILITIES.....	6
SECTION 7.0	ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS.....	6
SECTION 8.0	ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICES.....	7
SECTION 9.0	WRITTEN DETERMINATIONS FOR SPHERE OF INFLUENCE.....	7
9.1	Present and Planned Land Uses.....	7
9.2	Present and Probable Need for Public Facilities and Services.....	7
9.3	Present Capacity of Public Facilities and Adequacy of Services.....	7
9.4	Existence of Social or Economic Communities of Interest.....	8
SECTION 10.0	REVIEW OF AGENCY SPHERE OF INFLUENCE	8
	DISCUSSION AND FINDINGS.....	9
	RECOMMENDATIONS.....	9

MAPS

- Map 1 - Gravelly Ford Water District Boundaries - prior to annexation - confirmed
- Map 2 - Gravelly Ford Water District - Existing Boundary & Sphere of Influence
- Map 3 - Gravelly Ford Water District Boundaries - after annexation
- Map 4 & 5 - Gravelly Ford Water District - Proposed Sphere of Influence Boundaries

- APPENDIX** - Gravelly Ford Water District Financial Constraints and Opportunities
Gravelly ford Water District Basic Financial Statements
Independent Auditor's Report

SECTION 1.0 - INTRODUCTION

1.1 Municipal Service Review Purpose

A Municipal Service Review (MSR) is a comprehensive assessment of the ability of existing local government agencies to effectively and efficiently provide municipal services to residents and users. The form, contents, and requirements of an MSR are specified in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and in the State of California's Local Agency Formation Commission MSR Guidelines, published in August 2003.

The CKH Act requires all Local Agency Formation Commissions (LAFCo), including Madera LAFCo, to prepare an MSR for each of its incorporated cities and its special districts. The fundamental role of LAFCo is to implement the CKH Act, which was adopted into law in order to encourage the logical, efficient, and most appropriate formation of local municipalities, service areas, and special districts. MSRs are to be completed every five years, and must be completed prior to, or in conjunction with, an update of a city or special district Sphere of Influence or before LAFCo initiates any reorganization of the boundaries of a special district.

This MSR is intended to provide Madera Local Agency Formation Commission (Madera LAFCo) with all the relevant information related to the operation and management as well as changes of boundaries and Sphere of Influence of the Gravelly Ford Water District as a result of the proposed annexation of approximately 392 acres bordering the San Joaquin River.

Required Topic Areas of Analysis

This MSR contains analysis and conclusions, referred to in this document by determinations, regarding the seven topic areas set forth in the CKH Act. They focus on the essential operational and management aspects of the service provider and review the provider's ability to meet the demands of the residents and businesses within the analyzed area. The seven topic areas to be evaluated as required by Section 56430 are:

1. Growth and population projections for the affected area(s); There is no projected or anticipated change in the land use or population of the affected area. All the lands within the proposed MSR area are currently in agricultural use.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence; There are no disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence; There are no present or planned public facilities for sewer, municipal and/or industrial water or structural fire protection in the area.
4. Financial ability to provide services; The existing canal distribution system is adequate to provide agricultural water service to the area. Existing District canals and pipelines bisect the expanded land area which is under consideration for the expanded MSR. All costs associated with obtaining water delivery from the District's canal and pipelines to any new water users is required to be borne by the new users. The current District lands will not be obligated to provide any needed infrastructure for new service.
5. Status of, and opportunities for, shared facilities; The District currently contracts with the U.S. Bureau of Reclamation for a CI 2 Water Contract that is restricted to agricultural use. The District had discussed with Madera Irrigation District a possible conveyance use of Gravelly Ford facilities to provide for water delivery to MID's Madera Ranch Groundwater Storage project which has been placed on hold. In the event this project becomes viable in

the future the District would entertain entering into a cooperative agreement for water conveyance.

6. Accountability for community service needs, including governmental structure and operational efficiencies; There are currently no existing communities within or adjacent to the District's MSR area and none are foreseen. Gravelly Ford provides only agricultural water service deliveries.
7. Any other matter related to effective or efficient service delivery, as required by commission policy: The District has the ability to provide agricultural water deliveries to landowners within the MSR area. The District's requirement for new users to bring a surface water supply as well as be responsible for all costs to get service from the District facilities precludes any detriment to existing land owners within the District.

1.2 Background

The present day Gravelly Ford Water District had its beginnings in the late 1940's in Madera County. Landowners in the area were desirous of receiving a water supply from the Bureau of Reclamation. As the Bureau could not sell water to an individual, it was necessary to form an alliance. The association took form as a "stock company" with shares being sold for \$9.00 per share. These shares entitled each landowner to purchase water. The water was received from the San Joaquin River through the old Miller & Lux Canal now called the Gravelly Ford Canal.

This method of water delivery continued for some years until the Bureau of Reclamation gave notice that the Association needed to have a contract for Central Valley Project Water. This required the formation of a water district and negotiations with the Bureau for the water supply contract.

The landowners proceeded to form the Gravelly Ford Water District pursuant to Division 13 of the California Water Code. The District was officially formed by action of the Madera County Board of Supervisors on August 21, 1961. The District is a landowner-voter district that was formed to:

- Provide water to the landowners of the District
- Enable contracting with the Bureau of Reclamation for delivery of Central Valley Project Water from the San Joaquin River either directly or indirectly
- Obtain water from Cottonwood Creek

The original District contained 10,550 acres more or less and is generally located south of the San Joaquin River at Road 22 to Road 17 and Ave 9 on the north. The east boundary is irregular along Roads 20 and 21 from Avenue 4 to Avenue 9. The west boundary is irregular among Roads 16 and 18 from Avenue 4 to Avenue 9.

In 1981, 388 acres were detached and in 1988, 1,910 acres were detached leaving approximately 8,300 acres in the current District.

The District was in negotiations with the Bureau of Reclamation from the time the District was formed until June 21, 1981 when the District Securities Division approved the Water Service Contract. Finally on June 26, 1981, the Bureau of Reclamation provided Gravelly Ford Water District three conformed copies of Contract 1-07-20-W0242. This contract between the United States and GFWD provides for up to 14,000 acre feet of CI 2 water from Millerton Lake for agricultural use. The negotiations between the District and the Bureau took almost 20 years!

The District infrastructure consists of 15 miles of open canal, 5 miles of pipeline, along with 3 separate pump stations (each with 2 pumps providing an operational pump and a backup pump at each location). The District also has a 20 acre pond which is used for regulation as well as recharge. The District has adequate facilities to meet the needs of the existing District as well as all the lands within the amended Sphere of Influence addition.

Gravelly Ford also has a Water Right Permit which allows diversion up to 5,000 acre feet to be collected for storage and for irrigation on 10,000 acres on an annual basis. (The 10,000 acres for the water rights diversion includes the 1910 ± acres that was detached in 1981 but remains as part of the Water Rights Permit.) The 5,000 AF from the Water Rights Permit is separate and additional to the District's CI 2 contract supply from the Bureau of Reclamation contract supply of 14,000 AF. Both the 5,000 AF and the 14,000 AF supplies are a function of availability from water flows in Cottonwood Creek and Millerton Lake respectively. The water supply from both sources is variable and can be anywhere from zero to the total permit and contract amounts.

The District's water supplies are irregular and additional lands that receive surface water will assist the District in meeting requirements of the State Managed Groundwater Plan.

1.3 The Issue

Gravelly Ford Water District is proposing an Annexation of 392 acres which are adjacent to the San Joaquin River. This land was detached from the District in 1981 before the District had a water supply contract. The Annexation of this property will provide the district with additional lands to place its Contract Water and to increase ground water recharge.

The proposal also includes a Sphere of Influence expansion of approximately 1,033 acres which includes the proposed 392 acres to be annexed to the District.

SECTION 2.0. Growth and Population Projections for the Affected Area

Purpose: *To evaluate service needs based on existing and anticipated growth patterns and population projections.*

The existing District territory contains few dwellings, and the area to be annexed has only two dwellings. The remaining area of the Sphere of Influence amendment contains three additional dwellings. All lands within the District are agricultural in nature as are the lands to be annexed and the lands within the of the Sphere of Influence amendment. There is an estimated population of 50 to 75 people in the existing District area.

The District needs to match the limited surface water supply with groundwater use to meet the ongoing needs of the water users without offsetting the water table.

Determination: *The territory within Gravelly Ford Water District is not urbanized and consists of few dwellings. The District is not going to grow in terms of population and the landowners within its boundary are committed to agriculture for the long term.*

SECTION 3.0 Disadvantaged Unincorporated Communities

Purpose: *To evaluate and determine the location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.*

Disadvantaged unincorporated communities (DUCs) are defined as inhabited territory (containing 12 or more registered voters) that constitutes all or a portion of a community with an annual median household income that is less than 80 percent of the statewide annual household income (MHI). The MHI data is derived from the U.S. Census Bureau - American Community Survey 2010-1014. The State MHI for this period was \$61,489. The qualifying income for a DUC is 80% of that figure or \$49,191.

Due to the rural nature of the District and surrounding area, there are not 12 or more registered voters in any inhabited territory within the District. Since there are not 12 or more registered voters living within, or contiguous to, the District service boundary or sphere of influence, there are no disadvantaged unincorporated communities located within, or contiguous to, the District service boundary or sphere of influence.

Determination: There are no disadvantaged unincorporated communities located within, or contiguous to, the Gravelly Ford Water District service boundary or sphere of influence.

SECTION 4.0 Present and Planned Capacity of Public Facilities, Services, and Infrastructure in any Disadvantaged Unincorporated Communities

Purpose: *To determine the present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies in any disadvantaged unincorporated communities within or contiguous to the sphere of influence.*

There are no disadvantaged unincorporated communities located within, or contiguous to, the District service boundary or sphere of influence. District infrastructure consists of 15 miles of open canals, 5 miles of pipeline, and 3 pump stations that provide water to District canals and pipelines. The District infrastructure also includes a 20 acre percolation pond. The District is currently able to make needed repairs to the pipelines, canals and pump stations with the present annual cash flow. The District has maintained a reserve balance of approximately one million dollars. In the event major expenditures are required for replacement of existing facilities, the District would pursue a "bond" election. This method was used to fund the current facilities. The existing crop demand requires approximately 16,000 acre feet of water annually to irrigate the existing crop pattern with the water being a combination of surface water from Cottonwood Creek and/or the Bureau of Reclamation Contract allocation and groundwater from grower wells, equaling an average daily demand of about 44 acre feet per day. Line or pipe distribution systems utilized by the District increase the distribution system flexibility and capacity, and decreases maintenance and reduces seepage. The District's unlined sections are being evaluated as part of the District's Sustainability Groundwater Management Plan to help meet any groundwater overdraft conditions within the service areas. The District has a 20 acre site with a basin used for regulatory operations to reduce spills from the District as well as serving as a recharge facility. The District is exploring additional sites for similar facilities. The District's Contract with the Bureau is for "agricultural use". The District has been participating in and is a member of Madera County Regional Water Management Group and is part of the Madera Subbasin Sustainability Groundwater Management Plan to achieve a safe and balanced groundwater supply for the area. The District has groundwater recharge facilities in place and is pursuing additional areas for recharge.

Determination: There are no disadvantaged unincorporated communities located within, or contiguous to, the Gravelly Ford Water District service boundary or sphere of influence and the District has no present or planned capacity for services.

SECTION 5.0 Financial ability of the District to Provide Services

Purpose: *To determine the financial ability of the District to provide services to lands within the District after the annexation.*

No new District facilities will be required to serve any annexed lands.

The District's costs for current operations are for staff on as needed basis, utility and maintenance costs for pumps, insurance, payments for water, DWR water fees, and accounting costs including annual audits. The Board of Directors receive no payments or benefits. The District has no outstanding debt. Income to offset costs are from Assessments and Water Sales. The District is also contracting with consultants to meet the requirements of the State Mandated Groundwater Sustainability Plan. The incomes received have offset the costs on average. See Financing Constraints and Opportunities, Gravelly Ford Water District Basic Financial Statement and Independent Auditor's Report in Appendix Section 1.

The cost components for contact water from the Bureau include Cost of Services, Restoration Fund Payment, Friant Surcharge, and Trinity PUD Assessment. These costs keep increasing each year. Starting in 2004, the State Water Resources Control Board imposed a "Water Rights Fee" based on the District's contract supply from the Bureau as well as the State permanent water rights from Cottonwood Creek. These fees are based on the maximum amount of diversion regardless of the amount actually obtained. These fees increase annually. The District is also obligated to pay its share of the pumping, operations and maintenance costs of the Exchange Contractors. The latter two costs have been imposed well after the District's annual \$5.00 per acre assessment fee was adopted.

The District has been running a deficient budget even after increasing water charges from \$25 per acre foot to the current charge of \$60 per acre foot. The Board approved a water rate that was competitive with electrical costs of water pumping. Additional increases in water charges could reduce sales revenue. Proposition 218 restricts any increases in taxes or assessments without voter approval by District landowners. Gravelly Ford Water District is a California Water District and landowner voting is based on one vote for each acre owned. Residency within the District is not a criterion for voter eligibility. The Board has considered requesting a change to the assessments, but the initial uncertainty of the surface water supplies with the ongoing implementation of the San Joaquin River Restoration and the earlier consideration by Madera Irrigation District for a water bank, dictated a wait and see approach to determine what would be a "fair and realistic" assessment increase request. The District landowners are not ready to approve additional fee increases at the time of this report and the District had no outstanding debt and approximately \$1,964,999 in net assets.

District funds are invested in secure financial institutions in accordance with the District's Investment Policy. Listed below for the period 2015-2019 inclusive are the January dollar amounts of District liquid funds on deposit for District Operations and Maintenance as needed.

2015	2016	2017	2018	2019
\$965,481	\$1,019,177	\$1,004,603	\$997,009	\$947,788

The new imposition of the SGMA process has further delayed any action for a Prop 218 process until the true costs and needs can be evaluated.

The lands to be annexed are required to pay a "buy-in" fee to offset their fair share of the costs for the existing District facilities. The District's existing facilities are adequate to convey the District's existing water supplies as well as water supplies provided by any proposed lands to be annexed. These lands are also required to pay for the installation of any and all facilities necessary to provide for conveyance and measurement of water from the existing District facilities to the place or places of service on any annexed parcels.

Determination: The Annexation of the additional lands will not affect the District's ability to provide services. The existing Gravelly Ford Canal borders this property on the north making District Service readily attainable.

SECTION 6.0 Status of and Opportunities for Shared Facilities

Purpose: *To identify the status of any shared facilities and any opportunities for jurisdictions to share facilities and resources to create a more efficient service delivery system.*

The District does not currently share any facilities with any other jurisdictions. All of the water conveyance facilities and turnout facilities in terms of having water delivered to and within its boundaries are already in place. The District also has a pipeline connection to Madera Irrigation District which enables the District to purchase water from MID when available. This pipeline as well as Cottonwood Creek allow GFWD to contract with MID for conveyance of GFWD during emergency situations. The District has the ability to convey water to the MID "Water Storage" lands in the event this project is resurrected.

There are two Districts adjacent to Gravelly Ford Water District. Aliso Water District to the west is also an agricultural only District. In the SGMA process, Aliso Water District was within two groundwater basins (Madera Subbasin and Delta Mendota Subbasin) and they opted to join with the Delta Mendota Subbasin. Gravelly Ford is willing to work with Aliso to convey water they purchase from other entities, but because Aliso and Gravelly Ford are in different State designated ground water subbasins joining together would require agreement from the 25 plus Districts within the two groundwater basins. It would also require State Department of Water Resources approval plus new Groundwater Sustainability Plans for the various parties as well as for each subbasin area. Gravelly Ford has also adopted a position that surface or groundwater from the Gravelly Ford SGA cannot be transferred outside the GFWD boundary. Madera Irrigation District is along the GFWD eastern boundary and the two Districts have cooperated in water conveyance that is of mutual benefit to both Districts. Infrastructure is not an issue with MID and GFWD. The SGMA rules would require concurrence with the other entities in the Madera Subbasin. It would also require a major modification of the Groundwater Sustainability Plans for the two Districts as well as the entire Madera Subbasin along with State DWR approval which would be a major obstacle to overcome. Joining the two districts together would obligate the GFWD landowners to take on MID debt for which there is no benefit. MID is paying on bonds issued for their share of Friant Dam and the Madera Canal. Gravelly Ford's financial obligation for these facilities has been satisfied. MID landowners are also obligated for bonds for the Madera Ranch acquisition.

Determination: *The District does not currently share any facilities with any other jurisdictions. The District is able to receive water from/through the Madera Irrigation District system and has the ability to convey water back to MID if contracted. Consolidation with adjacent districts is not feasible due to excessive costs.*

SECTION 7.0 Accountability for Community Service Needs

Purpose: *To determine the District's accountability for community service needs, including governmental structure and operational efficiencies after the annexation of additional property.*

The District is governed by a five person Board of Directors that have staggered four year terms. The Board meets at regularly scheduled public meetings. There is a Notice of the Meeting location and time published in the Madera Tribune in every edition. Additionally the District has a "grower email" notification of meetings, minutes and agendas. The District sends out written information to all landowners at a minimum of once annually and more often for significant proposed actions by the Board. The Board members volunteer their time to study and carry out the objectives of the District, at no cost. The District contracts with Madera County for

collection of assessments on the District's behalf. The proposed annexation would not affect the District's accountability for community service needs. The District currently provides only agricultural water to District landowners. The land to be annexed will be responsible for all costs to connect to the District canal which borders the North boundary of the property to be annexed.

Landowners of all parcels currently within as well as any parcels annexed to the Gravelly Ford Water District are eligible to run for an open Board member position and are eligible to vote in any elections conducted by the District. Landowners within Gravelly Ford are not required to reside within the District to be eligible for the items noted above.

Determination: The District accomplishes its operations with minimal staff, at minimum cost, and is consistently within its planned budget. As stated in Section 5, the District has historically maintained adequate liquid assets to meet annual budget requirements. The annexation of the additional lands to the District would not affect the District's accountability for community service needs.

SECTION 8.0 Any Other Matter Related to Effective of Efficient Services

Purpose: To identify any other matter related to effective or efficient service delivery, as required by commission policy.

No additional issues have been identified.

Determination: No additional issues have been identified.

SECTION 9.0 WRITTEN DETERMINATIONS FOR SPHERE OF INFLUENCE

9.1 Present and Planned Land Uses

The territory within the District is not urbanized and is entirely comprised of, and surrounded by, agricultural farm land. All properties within the District are in agriculture production or agricultural related services. The District land owners and the land owners of the lands proposed for Annexation are all committed to long term agricultural land use. There are currently six properties with residences by landowners and one property with the proposed annexation lands with a landowner residence.

9.2 Present and Probable Need for Public Facilities and Services

The District has no present need for public facilities. The District has no probable need for public facilities, as the District does not foresee a change in its land uses. The District's contract for Water Supply is for agricultural use only and the District's facilities can supply the needs of the lands proposed in the amended Sphere of Influence.

9.3 Present Capacity of Public Facilities and Adequacy of Services

The District has no Public Facilities and there is no projected need for the District to provide any additional facilities to lands within the District. The District is not performing services or operating any facilities that are open to and/or available for "public use".

The District's existing canal and pipeline have more than adequate capacity to serve the proposed lands for annexation as well as the lands being included in the amended Sphere of

Influence. There is an existing canal along the north line of the lands proposed to annexation which also borders the south line of the additional lands being included in the amended Sphere of Influence. There is also a District pipeline that bisects the amended Sphere area. These canals and pipeline have adequate existing capacity to serve the existing District lands as well as all the lands within the Sphere of Influence Amended Area.

9.4 Existence of Social or Economic Communities of Interest

As identified above, the District contains no disadvantaged unincorporated communities within or contiguous to the District service boundary or sphere of influence.

Section 10.0 Review of Agency Sphere of Influence

The primary purpose in reviewing the District's Sphere of Influence (SOI) was to determine the District's boundaries and SOI if the annexation of approximately 391.7 acres of land is approved, and to evaluate whether this ultimate boundary is appropriate and necessary, as well as determining whether the District can feasibly provide well planned efficient services in the territory and if the current location of the SOI (or other location) will be a benefit to residents and those that receive services from the District. The SOI also includes an additional 640 acres directly north of the proposed annexation. These lands would be served by an existing pipeline which bisects the area in an east-west direction or by the Gravelly Ford Canal along the south boundary of this acreage. These lands, if annexed, would be required to bring a water supply plus be responsible for costs associated with any service. The land also borders the District east boundary and these landowners have expressed intent in being able to contract within the District for conveyance of water to offset the Groundwater Sustainability Plan requirement.

The new Sphere of Influence area for Gravelly Ford Water District would take approximately 1,033 acres out of the existing Madera Irrigation District Sphere of Influence. MID is currently not looking to annex additional lands nor do they have any existing facilities to serve this area.

Aliso Water District borders Gravelly Ford on the west. Aliso WD currently has no contactual surface water supply. Also Aliso WD has joined the Delta Mendota Groundwater Sustainability Subbasin and is no longer part of the Madera Groundwater Subbasin.

Madera LAFCo has the statutory authority and obligation to establish and adopt a Sphere Influence for each city and special district within the county (Government Code Section 56425). A sphere of influence is a planning boundary outside of an agency's legal or "service" boundary that designates the agency's probable future boundary and service area. State law also requires LAFCo to review and update, as necessary, the adopted spheres of influence of agencies once Gravelly Ford Water District Municipal Service Review has been approved and needs to be reviewed every five years (Government Code Section 56425(f)). Pursuant to state law, Gravelly Ford Water District sphere of influence was reviewed in conjunction with the service review presented in this report.

Review of the District's SOI involved detailed research, involving the following resources:

- Madera County LAFCo official agency records
- Madera County Recorder / Assessor records
- Correspondence from the District's legal counsel
- SOI maps from the District
- Personal communications with District officials.
- Personal communications with MID on proposed adjustment of SOI.

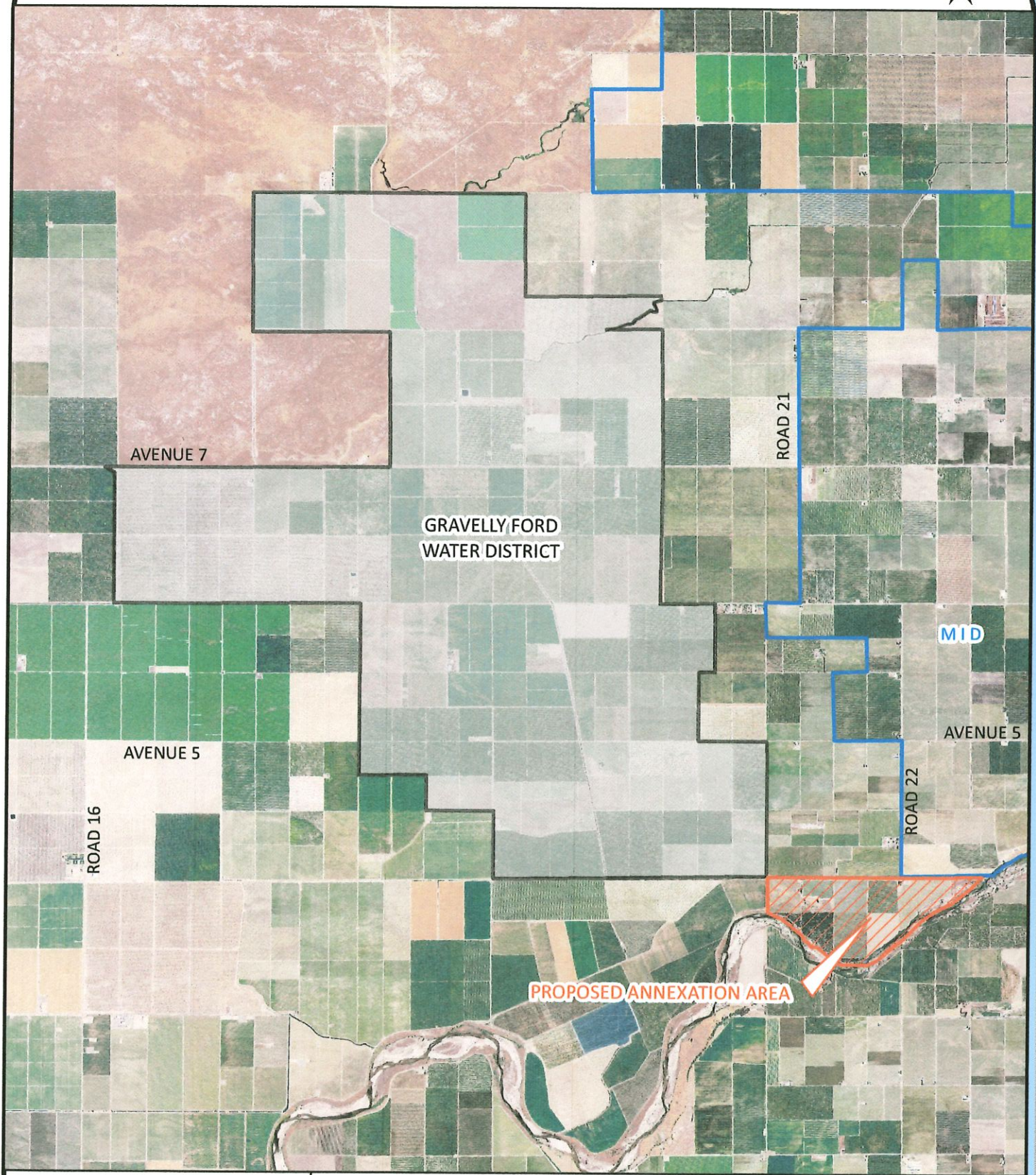
Discussion and Findings

The SOI boundaries for the Gravelly Ford Water District (GFWD) needed to be amended because of the pending annexation of approximately 391.7 acres to the District. The SOI boundaries for the GFWD needed to be amended to include the additional 641 acres north of the Gravelly Ford Canal in the event future water deliveries could be made to these properties either from the GF Canal or from the existing GF pipeline which bisects the acreage. The actual sphere of influence boundaries after the annexation were verified using LAFCo records with confirmation by the District.

Recommendations

1. Adopt the "Written Determinations" for the Gravelly Ford Water District presented in this service review pursuant to California Government Code Section 56430.
2. Find that the District's proposed boundary is appropriate and necessary. Change the GFWD boundaries and adopt the Sphere of Influence to account for the annexation and consolidation of other properties to the District.
3. Approve the annexation of additional properties as requested by taking the following actions:
 - a. Under the California Environmental Quality Act find that Section 1560 (b)(3) of CEQA Guidelines exempts this project from the environmental review by following the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. It has been determined that there is no possibility that this project may have a significant effect on the environment and thus, is not subject to CEQA.
4. Approve the amendments to the GFWD Sphere of Influence as requested by taking the following actions:
 - a. Under the California Environmental Quality Act find that Section 1560 (b)(3) of CEQA Guidelines exempts this project from the environmental review by following the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. It has been determined that there is no possibility that this project may have a significant effect on the environment and thus, is not subject to CEQA.
5. Re-evaluate in five years.

MAPS



AVENUE 7

GRAVELLY FORD
WATER DISTRICT

ROAD 21

MID

AVENUE 5

AVENUE 5

ROAD 16

ROAD 22

PROPOSED ANNEXATION AREA



Gravelly Ford Water District
Proposed Annexation Area

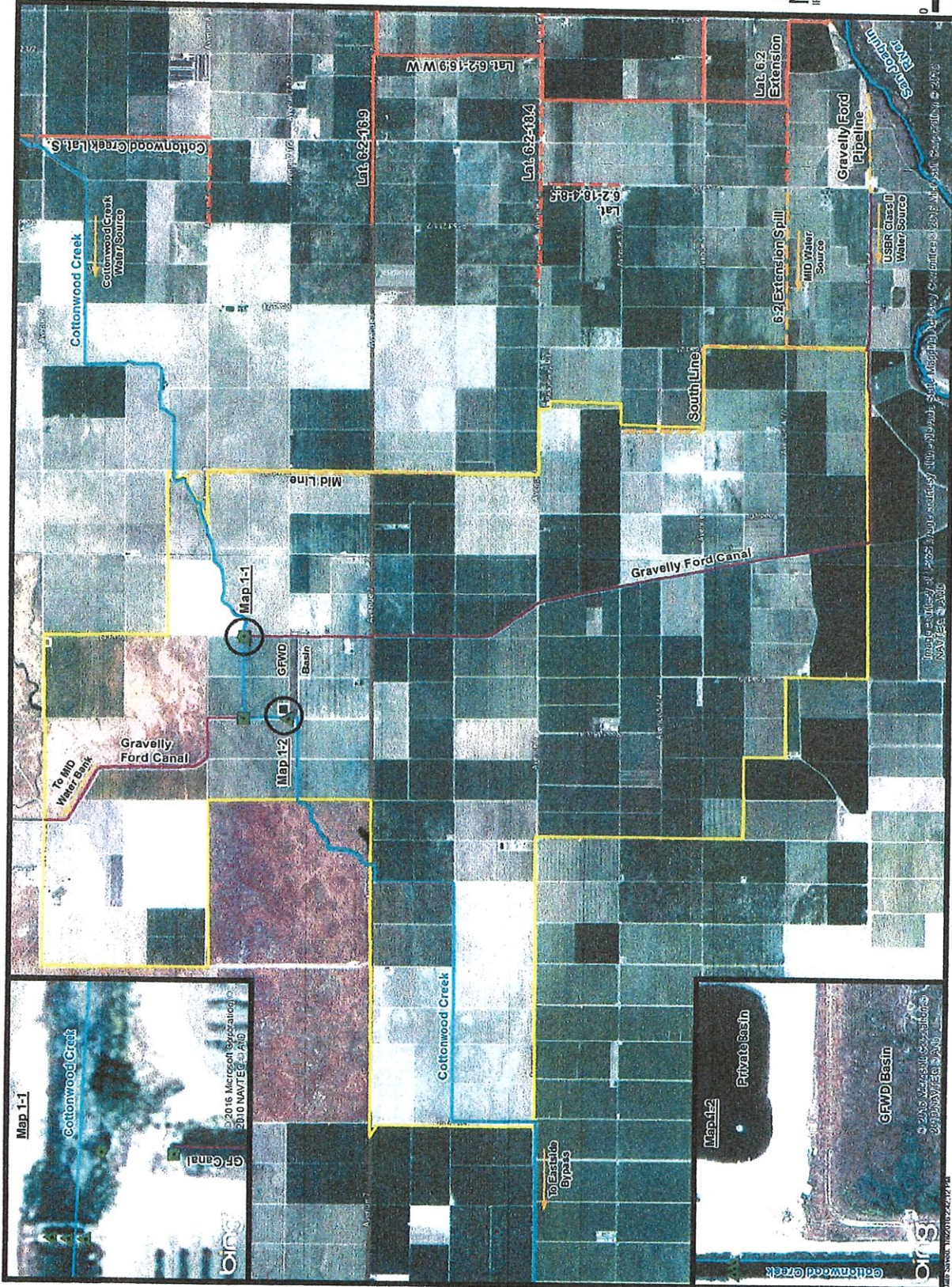
Gravelly Ford Water District SCADA Improvements

- Flow Direction
- Flume Gate
- Flume Meter
- Slip Meter
- GFWD Boundary
- GFWD Canal
- GFWD Pipeline
- MID Canal
- MID Pipe
- Waterway

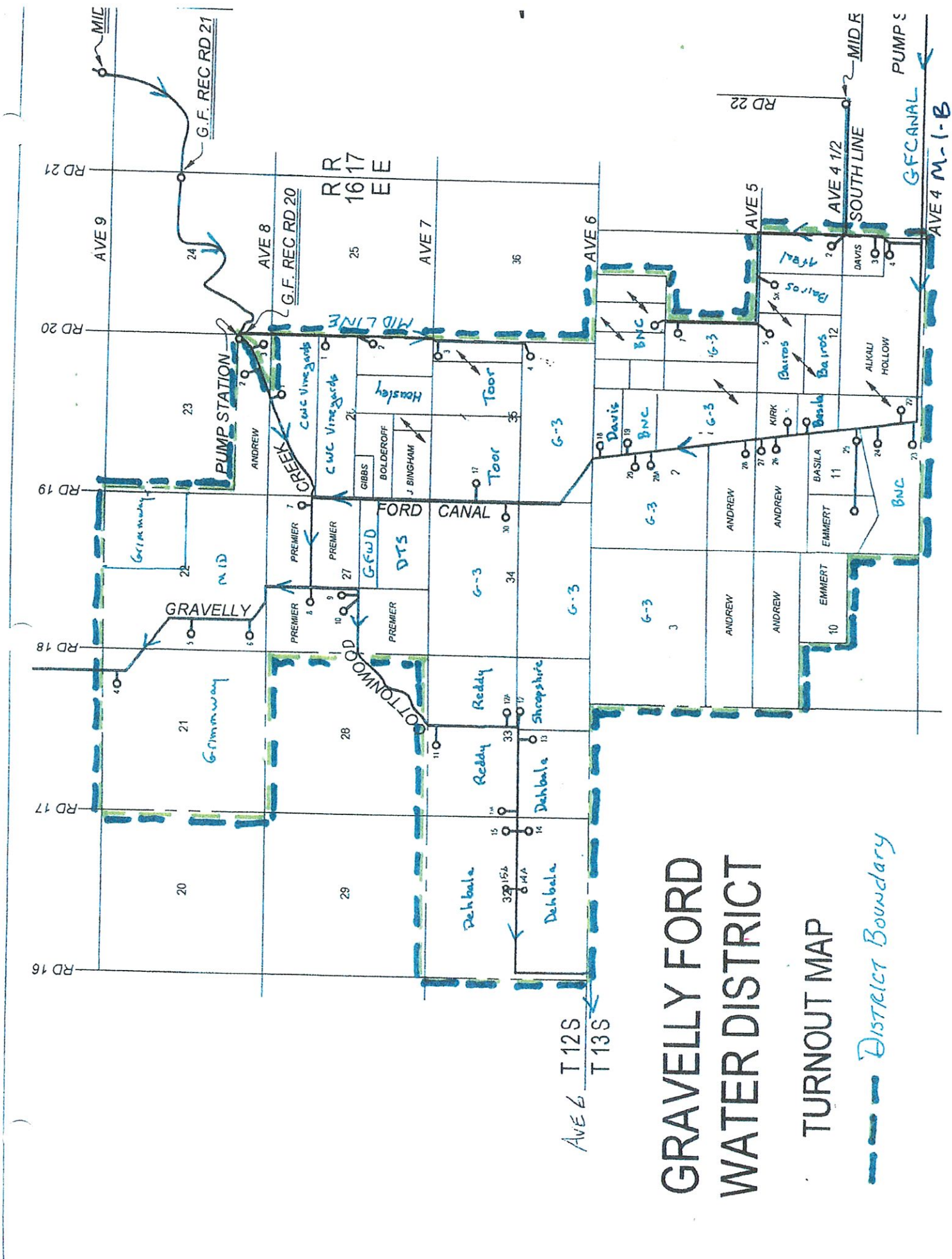


Date: 1/8/2016

Author: Ramon E Mendez



M-1A

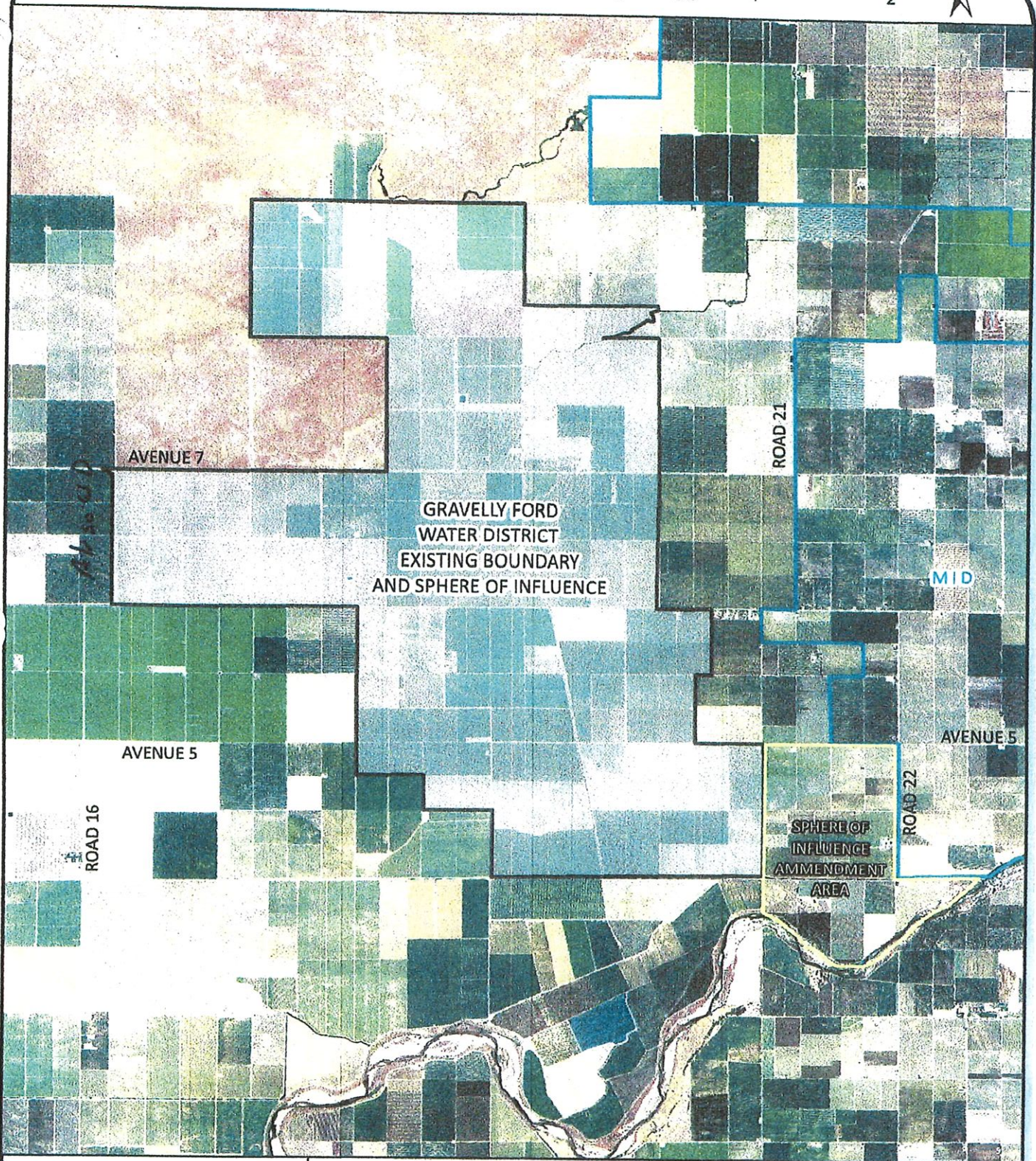


GRAVELLY FORD WATER DISTRICT

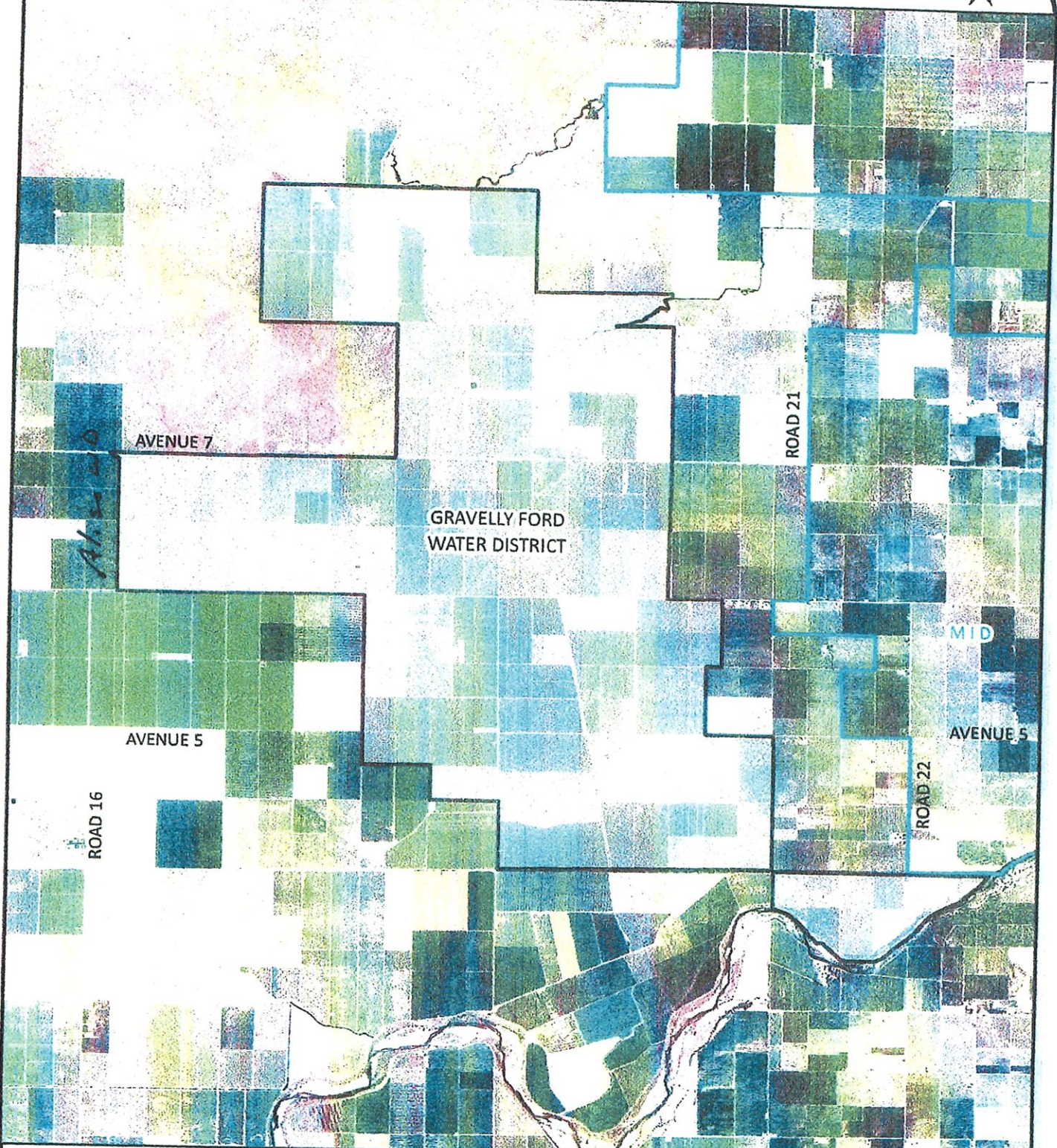
TURNOUT MAP

--- District Boundary

and 11 1 2011



Gravelly Ford Water District
Sphere of Influence
M-2



Gravelly Ford Water District
Boundary Area
M-3

0 1,000 2,000 4,000 Feet



GRAVELLY FORD
WATER DISTRICT
EXISTING SOI
AND BOUNDARY

AVENUE 4 1/2

ROAD 21

SPHERE OF
INFLUENCE
AMMENDMENT
AREA

ROAD 22

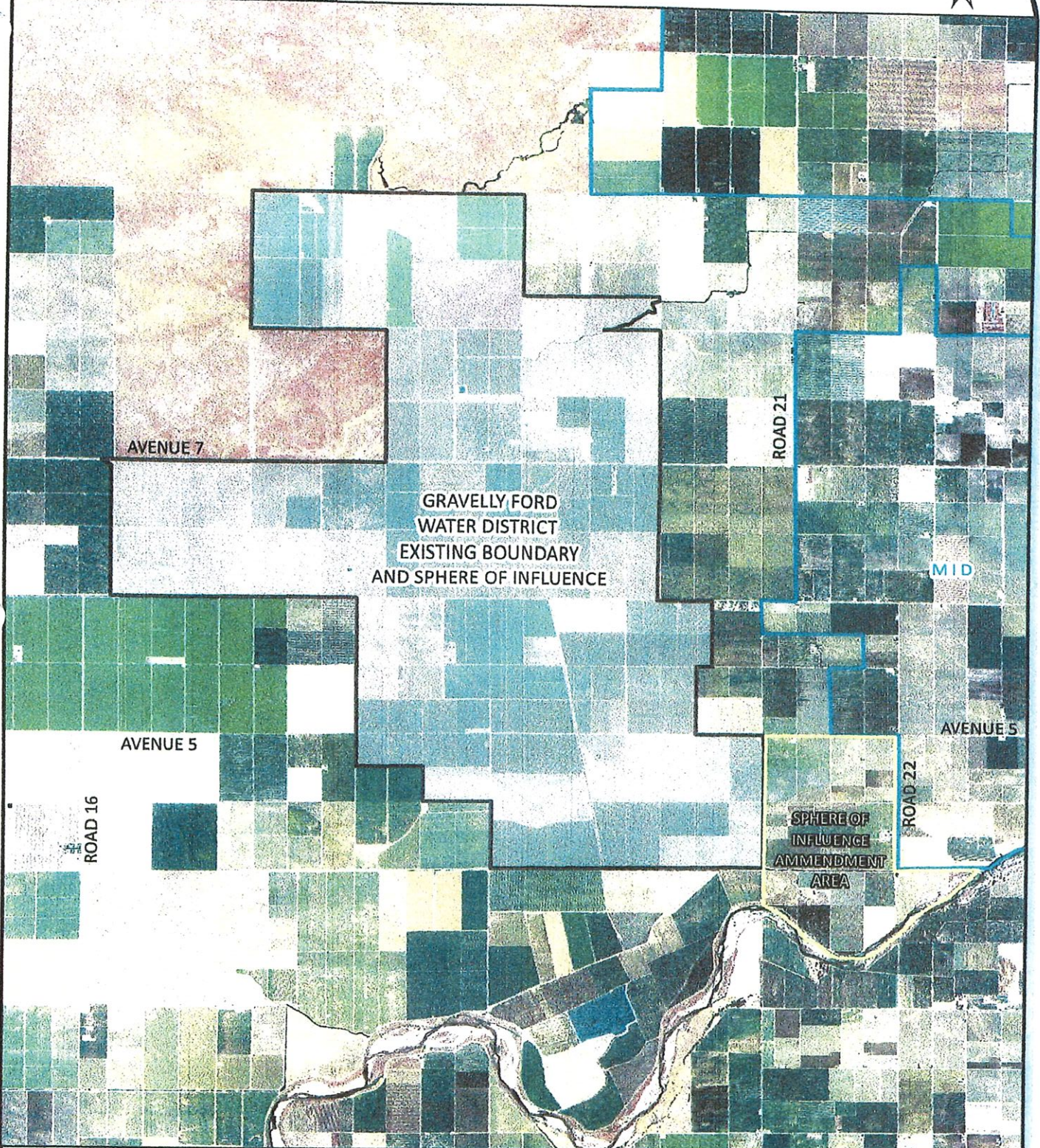
MID

AVENUE 5

PRECISION
ENGINEERING, INC.
Planning • Surveying • Civil Engineering

Gravelly Ford Water District
SOI Ammendment Area

M-4



Gravelly Ford Water District
Sphere of Influence

M-5

APPENDIX

GRAVELLY FORD WATER DISTRICT
BASIC FINANCIAL STATEMENTS
YEARS ENDED
DECEMBER 31, 2017 AND 2016

GRAVELLY FORD WATER DISTRICT
BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
AND
INDEPENDENT AUDITOR'S REPORT

GRAVELLY FORD WATER DISTRICT
BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

Table of Contents

Independent Auditor's Report	1
Financial Statements:	
Statement of Net Assets - Proprietary Fund	2
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund	3
Statement of Cash Flows - Proprietary Fund	4
Notes of the Basic Financial Statements	5

MONTY B. SCHULTZ
CERTIFIED PUBLIC ACCOUNTANT
1915 HOWARD ROAD, SUITE D
MADERA, CALIFORNIA 93637
(559) 662-1588 PHONE
(559) 662-1577 FAX

Independent Auditor's Report

Board of Directors
Gravelly Ford Water District

I have audited the accompanying financial statements of the Gravelly Ford Water District, as of and for the years ended December 31, 2017 and 2016, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Gravelly Ford Water District, as of December 31, 2017 and 2016, and the results of its operations and changes in net assets for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America and the respective budgetary comparison for the General Fund.

The District has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be present to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. My opinion on the financial statements is not affected by the missing information.

Monty B. Schultz

Monty B. Schultz
Certified Public Accountant

May 1, 2018

GRAVELLY FORD WATER DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUND

For The Years Ended December 31, 2017 and 2016

ASSETS

	Year Ended <u>December 31, 2017</u>	Year Ended <u>December 31, 2016</u>
Current Assets:		
Cash and cash equivalents	\$ 987,007	\$ 1,004,603
Standby charges receivable	20,503	20,738
Property tax receivable	74,334	74,285
Other receivables	14,560	10,130
Interest receivable	175	153
Prepaid expense	<u>9,728</u>	<u>9,227</u>
Total Current Assets	<u>1,106,307</u>	<u>1,119,136</u>
Capital Assets:		
Distribution System and Equipment	2,448,728	2,423,945
Less: Accumulated Depreciation	<u>(1,619,232)</u>	<u>(1,569,746)</u>
Net Capital Assets	<u>829,496</u>	<u>854,199</u>
Total Assets	<u>\$ 1,935,803</u>	<u>\$ 1,973,335</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	<u>\$ 21,239</u>	<u>\$ 8,336</u>
Total Current Liabilities	<u>21,239</u>	<u>8,336</u>
Net Assets:		
Invested in Capital Assets	829,496	854,199
Unrestricted New Assets	<u>1,085,068</u>	<u>1,110,800</u>
Total Net Assets	<u>\$ 1,914,564</u>	<u>\$ 1,964,999</u>

The accompanying notes are an integral part of these financial statements.

GRAVELLY FORD WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

For The Years Ended December 31, 2017 and 2016

	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating Revenues		
Taxes-Madera County apportionment	\$ 130,392	\$ 130,946
Taxes-Standby charges	41,502	41,502
Water Sales	<u>114,613</u>	<u>10,073</u>
Total operating revenues	<u>286,507</u>	<u>182,521</u>
Operating Expenses:		
Depreciation	49,486	48,867
Ditch Tending Costs	10,327	14,745
Insurance	5,880	5,321
Accounting	5,200	5,345
Legal	5,461	2,714
Grant Application	7,000	3,402
Ground Water Management		68
Maintenance		14,408
Memberships and Dues	13,698	10,761
Office	5,325	60
Administration-Management	116	42,000
Rents	42,000	80
Utilities	335	42,000
Property Tax Assessment Fee	28,384	338
Water Purchases	3,036	9,647
Water Right Fees	156,186	3,538
Total operating expenses	<u>12,260</u>	<u>79,290</u>
Operating Income (loss)	<u>344,484</u>	<u>252,219</u>
Non-operating Revenues and (Expenses)	<u>(57,977)</u>	<u>(69,698)</u>
Interest		
Other Income:	3,915	3,688
Refunds (various)	<u>3,627</u>	<u>5,253</u>
Total non-operating revenues and (expenses)	<u>7,542</u>	<u>8,921</u>
Changes in Net Assets	<u>(50,435)</u>	<u>(60,777)</u>
Net assets, beginning of year	<u>1,964,999</u>	<u>2,025,776</u>
Net assets, end of year	<u>\$ 1,914,564</u>	<u>\$ 1,964,999</u>

The accompanying notes are an integral part of these financial statements.

GRAVELLY FORD WATER DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For The Years Ended December 31, 2017 and 2016

	Year Ended <u>December 31, 2017</u>	Year Ended <u>December 31, 2016</u>
Cash flows from operating activities		
Cash received from:		
Property tax	\$ 172,080	\$ 169,270
Water Sales	114,613	10,073
Cash paid to:		
Suppliers	(285,717)	(194,248)
Employees	(2,931)	(8,165)
Net cash provided (used) by operating activities	<u>(1,955)</u>	<u>(23,068)</u>
Cash flows from investing activities:		
Purchase of Equipment	(24,783)	
Net cash used for investing activities	<u>(24,783)</u>	
Cash flows from financial activities:		
Interest received	3,894	3,638
Other income (expense) net	5,248	4,856
Net cash provided by investing activities	<u>9,142</u>	<u>8,494</u>
Net increase (decrease) in cash	(17,596)	(14,574)
Cash and cash equivalents - Beginning of year	1,004,603	1,019,177
Cash and cash equivalents - End of year	<u>\$ 987,007</u>	<u>\$ 1,004,603</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:		
Operating Income (loss)	\$ (57,977)	\$ (69,898)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	49,486	48,867
Decrease in standby charges receivable	235	15
(Increase) in property taxes receivable	(49)	(3,193)
(Increase) in other receivables	(6,052)	(284)
(Increase) in prepaid expense	(501)	1,225
Increase in accounts payable	12,903	
Net cash provided (used) by operating activities	<u>\$ (1,955)</u>	<u>\$ (23,068)</u>

The accompanying notes are an integral part of these financial statements.

GRAVELLY FORD WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For The Years Ended December 31, 2017 and 2016

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of the Gravelly Ford Water District (the "District") have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The accompanying financial statements present the financial position, results of operation, and the cash flows of the District. The financial statements are presented as of December 31, 2017 and 2016, and for the years then ended.

A - Reporting Entity

Gravelly Ford Water District was organized under State Water Code and By-Laws were adopted on June 15, 1982 and updated on September 12, 2007. A Class II water contract with the United States Bureau of Reclamation was signed in 1981 giving the District an allotment of 14,000 ac. ft. Water is also purchased from the Madera Irrigation District. Bonds were issued for construction of a distribution system and the first water deliveries were made in 1982. Land was purchased and a percolation pond was constructed in 2004. The District is comprised of 8,317.68 acres.

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The Basic Financial Statements present information on the activities of the reporting entity, including all of the fund types and account groups of the District.

The financial statements of the District consist only of the funds of the District. The District has no oversight responsibility for any other governmental entity, since no other entities are considered to be controlled or dependent on the District. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

B - Basis of Presentation

Fund Financial Statements

The accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures / expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary.

The District has only one fund for the years ended December 31, 2017 and 2016 which is a proprietary fund type, specifically, an enterprise fund.

(Continued)

GRAVELLY FORD WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For The Years Ended December 31, 2017 and 2016
 (Continued)

Note 1 - Summary of Significant Accounting Policies, (continued)

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are also used when the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Enterprise Fund includes the accounts and transactions of providing water to landowners in the District.

C- Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The proprietary fund utilizes an "economic resources" measurement focus. Proprietary fund equity is classified as net assets.

Basis of Accounting

The accrual basis of accounting is followed by the proprietary fund. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted resources first, and then restricted resources as they are needed.

D - Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items

Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the District.

Investments are stated at cost or amortized cost. Statutes authorize the District to invest in U.S. Treasury and registered state warrants, notes, bonds, bills or certificates, commercial paper, repurchase agreements and other similar instruments.

(Continued)

GRAVELLY FORD WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

For The Years Ended December 31, 2017 and 2016
(Continued)

Note 1 - Summary of Significant Accounting Policies, (continued)

D - Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items (continued)

Cash and cash equivalents include money market instruments and other highly liquid investments that are stated at cost which approximates market value. Such investments, which have an ordinary maturity of three months or less, are considered to be cash equivalents for purposes of the statement of cash flows.

Receivables

Trade and property tax receivables are not shown net of an allowance for uncollectible amounts because the amounts estimated by management to be uncollectible are immaterial. The funds include a year-end accrual for services through the end of the fiscal year which have not yet been billed. Property taxes are levied as of January 1 on property values assessed as of the same date. State statutes provide that the property tax rate is limited generally to one percent of assessed value, and can be levied by only the county, and shared by applicable jurisdictions within the county. The County of Madera collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter approved debt. Property taxes are due to the county on November 1 and February 1, and become delinquent after December 10 and April 10. The District recognizes property tax revenues in the year for which they are levied. Intergovernmental receivables include receivables due from other governments for State pass-through grants and other reimbursements.

Standby charges receivable represents amounts due from property owners as a result of the special assessments district formed June 15, 1982 to provide funding for the construction of a distribution system. The Madera County Treasurer forwards capital contributions from the special assessment district to Gravelly Ford Water District as the proceeds are received.

Capital Assets and Depreciation

Capital assets, which include the utility plant, are reported in the business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, Plant and Equipment

Equipment and water distribution system are depreciated using straight-line method over the following estimated useful lives:

Equipment	15 - 40 years
Water Distribution System	40 years

Compensated Absences

There were no unpaid compensated absences at December 31, 2017 and 2016.
(Continued)

GRAVELLY FORD WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For The Years Ended December 31, 2017 and 2016
 (Continued)

Note 1 - Summary of Significant Accounting Policies, (continued)

Net Assets

The business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvements of these assets reduce the balance in this category.

Unrestricted Net Assets - This category represents net assets of the District, not restricted for any project or other purpose.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures / expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

No income tax provision has been included in the financial statements as the District has qualified as tax-exempt with the Internal Revenue Service and the Franchise Tax Board. It is the opinion of management that all income earned has been related to the organization's tax exempt status and there has been no unrelated business income.

Collection Losses

The direct write-off method has been adopted for providing for uncollectible accounts.

Postemployment Healthcare Benefits

Gravelly Ford Water District does not provide postemployment healthcare benefits.

(Continued)

GRAVELLY FORD WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For The Years Ended December 31, 2017 and 2016
 (Continued)

Note 2 - Cash

Cash consists of the following:

	2017	2016
Checking Account/Money Market	\$ 929,855	\$ 732,570
L.A.I.F.	57,352	58,880
Certificate of Deposit		215,173
Total	<u>\$ 987,007</u>	<u>\$ 1,004,603</u>

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. At December 31, 2016, the District deposits (bank balances) were insured by the Federal Deposit Insurance Corporation up to \$250,000 or collateralized as required under California Law.

Gravelly Ford Water District has moneys on deposit with the Local Agency Investment Fund (L.A.I.F.), a special fund of the California State Treasury. The funds may be withdrawn upon one day notice.

The Gravelly Ford Water District's investments in L.A.I.F., are stated at cost which approximates market. GASB 31 requires reporting of certain investments of governmental entities at fair value. Based on information provided by L.A.I.F., the fair value of the District's investments at December 31, 2017 is \$57,352.

Note 3 - Capital Assets

Distribution System and Equipment activity for the years ended December 31, 2017 and 2016 are as follows:

	December 31, 2017			Balance December 31
	Balance January 1	Additions	Retirements	
Water Distribution System	\$ 1,307,061	\$ 24,783	\$ -	\$ 1,331,844
Equipment and Improvements	1,116,884			1,116,884
	<u>\$ 2,423,945</u>	<u>\$ 24,783</u>	<u>\$ -</u>	<u>\$ 2,448,728</u>

(Continued)

GRAVELLY FORD WATER DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For The Years Ended December 31, 2017 and 2016
 (Continued)

Note 3 - Capital Assets (Continued)

	December 31, 2016			Balance December 31
	Balance January 1	Additions	Retirements	
Water Distribution System	\$ 1,307,081			\$ 1,307,081
Equipment and Improvements	1,116,884			1,116,884
	<u>\$ 2,423,945</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,423,945</u>

Depreciation charges to business-type activities on the Statement of Activities during the year is \$49,486 in 2017 and \$48,867 in 2016, respectively.

Note 4 - Commitments and Contingencies

Availability of Water

The availability of water for crop irrigation could be adversely affected by any of several cases in litigation which concern releases from Friant Dam into the San Joaquin River. The financial impact of an unfavorable decision in any of these cases cannot be estimated.

Note 5 - Public Entity Risk Pools

This District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To protect against these risks, the District participates in one joint venture under a joint powers agreement (JPA) with the Association of California Water Agencies, Joint Powers Insurance Authorities (ACWA/JPIA). The relationship between the District and ACWA/JPIA is such that ACWA/JPIA is not a component unit of the District for financial reporting purposes.

EXHIBIT H

GRAVELLY FORD WATER DISTRICT
NOTICE OF EXEMPTION

FILED
MADERA COUNTY
2017 DEC -4 P 1:38

TO: COUNTY CLERK
209 W. YOSEMITE AVE.
MADERA, CA 93637

FROM: REBECCA MARTINEZ
GRAVELLY FORD WATER DISTRICT
18811 Road 27
MADERA, CA 93638

SUBJECT: Filing of Exemption in compliance with Section 21080 of the Public Resources Code or 15300 of the California Code of Regulations

Project Title: Annexation of Additional Lands into Gravelly Ford Water District

Project Location: San Joaquin River North to Avenue 4; Road 21 on the West to Approximately 3,000 feet East of Road 22

Project Description: Reannexation of 388 Acres of Land Which Was Detached From Gravelly Ford Water District in 1981

GRAVELLY FORD WATER DISTRICT

Name of Agency Approving the Project

GRAVELLY FORD WATER DISTRICT

Name of Agency Carrying out the Project

Exempt Status:

- Ministerial (Sec. 21080 (b) (1); 15268);
- Declared Emergency (Sec. 21080 (b) (3); 15269 (a));
- Emergency Project (Sec. 21080 (b) (4); 15269 (b) (c));
- Statutory Exemption - Section: _____
- Categorical Exemption - Section: 15319 existing farmland to be reannexed to District

Reasons why the project is exempt: Lands are under agricultural production and although cropping patterns have changed over time; the lands continue to be farmed. As there is no change to the land operations, there will be no significant impact to fish or wildlife. The San Joaquin River along this property is part of the Bureau's San Joaquin River Restoration. The Bureau's EIR process has deemed no significant impacts from their alterations in the River conditions.

Contact Person: Don Roberts

Telephone: (559) 474-1000


GRAVELLY FORD WATER DISTRICT

COUNTY CLERK, County of Madera

Date: Nov 20, 2017

Date: _____

EXHIBIT I

**BEFORE
THE MADERA LOCAL AGENCY FORMATION COMMISSION
STATE OF CALIFORNIA**

In the Matter of) Resolution No.: 2020-_____
)
GRAVELLY FORD WATER DISTRICT) A RESOLUTION AMENDING THE
ANNEXATION 2018-002) SPHERE OF INFLUENCE OF THE
) GRAVELLY FORD WATER DISTRICT AND
) MADERA IRRIGATION DISTRICT
)
)

WHEREAS, Clayton Water District has filed an application (the “proposal”) for the annexation of property into the Clayton Water District (A California Water District) with the Executive Officer, pursuant to the Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000, as amended, Government Code Sections 56000 et seq. (the “Act”); and

WHEREAS, the Proposal includes an amendment to add approximately 1,028 acres into the Gravelly Ford Water District’s sphere of influence; and

WHEREAS, the Proposal also includes the removal of this property from within the Madera Irrigation District’s sphere of influence; and

WHEREAS, a Municipal Service Review has been prepared for the proposed Sphere of Influence amendment pursuant to Section 56430; and

WHEREAS, this Commission called for and held a public hearing on the Proposal as required by law on January 22, 2020; and

WHEREAS, at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all

persons present were given an opportunity to hear and be heard with respect to this Proposal and the report of the Executive Officer; and

WHEREAS, the Commission certifies that the Executive Officer recommended that the sphere of influence amendment is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15061 (b) (3) for projects not having the potential for a significant effect on the environment and Section 15262 for projects providing only planning studies for future actions.

NOW, THEREFORE, THE MADERA LOCAL AGENCY FORMATION COMMISSION DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

1. The determinations in the Municipal Service Review prepared for the Gravelly Ford Water District dated December, 2019 are hereby approved.
2. The sphere of influence of the Clayton Water District and Madera Irrigation District are amended as shown on attached Exhibit A.

The foregoing Resolution was adopted this 22th day of January 2020, by the following vote:

Chairman Medellin Voted: _____

Commissioner Graham Voted: _____

Commissioner Wheeler Voted: _____

Commissioner Ahmed Voted: _____

Commissioner Rodriguez Voted: _____

Chairman, Madera Local Agency Formation Commission

ATTEST:

Executive Officer, LAFCO

Approved as to Legal Form:

LAFCo Counsel

EXHIBIT J

BEFORE
THE MADERA LOCAL AGENCY FORMATION COMMISSION
STATE OF CALIFORNIA

In the Matter of) Resolution No.: 2020 - _____
)
GRAVELLY FORD WATER DISTRICT) A RESOLUTION MAKING
ANNEXATION) DETERMINATIONS AND APPROVING
) THE APPLICATION OF THE GRAVELLY
) FORD WATER DISTRICT – GRAVELLY
) FORD WATER DISTRICT ANNEXATION
) (2018-002)

WHEREAS, Gravelly Ford Water District, applicant, has filed an application (the “Proposal”) for annexation of property into the Gravelly Ford Water District with the Executive Officer, pursuant to the Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000, as amended, Government Code Sections 56000 et seq. (the “Act”); and

WHEREAS, the Proposal includes the annexation of 4 parcels on approximately 388 acres into the Gravelly Ford Water District; and

WHEREAS, proceedings with regard to the Proposal have been conducted in accordance with the CKH Act; and

WHEREAS, this Commission called for and held a public hearing on the Proposal as required by law on January 22, 2020; and

WHEREAS, at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this Proposal and the report of the Executive Officer; and

WHEREAS, the Commission certifies that the Executive Officer recommended that the annexation is exempt from the California Environmental Quality Act (CEQA)

pursuant to Sections 15307, 15308 (actions for the protection, restoration or enhancement of a natural resource/environment) and pursuant to the Notice of Exemption filed by the Gravelly Ford Water District dated November 20, 2017.

**NOW, THEREFORE, THE MADERA LOCAL AGENCY FORMATION
COMMISSION DOES HEREBY RESOLVE, DETERMINE AND ORDER AS
FOLLOWS:**

1. The annexation to the Gravelly Ford Water District shall consist of four parcels covering approximately 388 acres as shown on Exhibit A.
2. The applicant shall cause to be prepared, to the satisfaction of the Madera LAFCO Executive Officer, such documents and legal descriptions as are deemed necessary for filing a statement of boundary change with the State Board of Equalization. Any necessary fees or costs for processing and documentation shall be paid by the applicant.
3. Prior to the Reorganization being recorded, the Gravelly Ford Water District shall enter into a Tax Sharing Agreement with Madera County pursuant to Tax and Revenue Code Section 99.
4. The short-term designation shall be "Gravelly Ford Water District Annexation" – (2018-002).
5. The annexation is uninhabited as defined by Government Code Section 56046.
6. It is the intent of the Commission to waive subsequent protest and election proceedings unless written opposition to such waiver of subsequent protest and election proceedings is received prior to the conclusion of the Commission meeting. Written opposition to the Commission's intent to waive subsequent protest and election proceedings may be filed with the Madera LAFCO Executive Officer. If a protest hearing is required, the Commission authorizes the Executive Officer to schedule and conduct such a hearing.

The foregoing Resolution was adopted this 22nd day of January 2020, by the following vote:

Chairman Medellin Voted: _____

Commissioner Graham Voted: _____

Commissioner Wheeler Voted: _____

Commissioner Ahmed Voted: _____

Commissioner Rodriguez Voted: _____

Chairman, Madera Local Agency Formation Commission

ATTEST:

Executive Officer, LAFCO

Approved as to Legal Form:

LAFCO Counsel