Public Review Draft Report

Merced County Resource Conservation Districts

Municipal Service Review and Sphere of Influence Update

The Economics of Land Use

Prepared for:
Merced County Local Agency Formation Commission

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January 2026

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1. Introduction

State law requires that Local Agency Formation Commissions (LAFCOs) conduct a regional analysis of municipal services (Municipal Service Reviews, or MSRs) every 5 years or "as necessary" to support reviews of city,s district, and jurisdictional spheres of influence (SOIs).[1] The Commission may assess options for improving effective infrastructure and service delivery within and contiguous to the agencies' SOIs including, but not limited to, the consolidation or dissolution of agencies.

MSRs provide a tool for LAFCOs to evaluate the adequacy of public services and providers, and to improve the organization and provision of services. MSRs support LAFCOs' mission to plan and shape "the logical and orderly development and coordination of local governmental agencies."[2] Merced County LAFCO retained Economic & Planning Systems, Inc. (EPS) to conduct the second round Resource Conservation District MSR for the five districts for which Merced County is considered the "principal county" as defined in section 56066 of the Government Code. The Poso, Panoche, and San Benito Resource Conservation Districts extend into Merced County but are addressed in MSRs prepared by Fresno or San Benito LAFCOs.

Legal Context and LAFCO Policies

Merced County LAFCO is required to prepare this MSR and SOI update pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000, et seq.), which took effect on January 1, 2001. Pursuant to this legislation, Merced County LAFCO is required to conduct a comprehensive review of municipal service delivery and update the SOIs of all agencies under LAFCO's jurisdiction. The MSR reviews services provided by public agencies—cities and special districts—whose boundaries and governance are subject to Merced LAFCO. As indicated earlier, a special district is subject to the LAFCO of the "principal county" where it is located. According to the definition in section 56066 of the Government Code, the principal county "…means the county having the greater portion of the entire assessed value, as shown on the last equalized assessment roll of the county or counties, of all taxable property within a district or districts…" Therefore, for territory within the Poso and Panoche

[1] Government Code Section 56425 directs LAFCOs to review and update agencies' SOIs, as necessary, every 5 years, and Section 56430 requires MSRs to be conducted before or in conjunction with the sphere updates.

[2] Government Code Section 56425.

Resource Conservation Districts, refer to the MSRs prepared by Fresno LAFCO, and similarly, for the San Benito Resource Conservation District, refer to the MSR prepared by San Benito LAFCO. It should also be noted that in the previous MSR prepared by Merced LAFCO, the Gustine-Romero RCD was left out under the misunderstanding that Stanislaus was the principal county – however, a vast majority of this district is actually located in Merced County and, although it is inactive, the Gustine-Romero RCD is included within this MSR.

LAFCO Overview

LAFCO regulates - through approval, denial, conditions, and modifications - boundary changes proposed by public agencies or individuals. It also regulates the extension of public services by cities and special districts outside their boundaries. LAFCO is empowered to initiate updates to the SOIs and proposals involving the dissolution or consolidation of special districts, mergers, establishment of subsidiary districts, formation of a new district or districts, the incorporation of new cities, and any reorganization including such actions. Other LAFCO actions, such as annexations and detachments, must originate by petitions or resolutions from affected registered voters, landowners, or local agencies (i.e., counties, cities, or districts).

Merced County LAFCO was formed by the State legislature as a countywide agency to discourage urban sprawl, encourage the orderly formation and development of local government agencies, and promote the conservation of agricultural and open space resources. Merced County LAFCO consists of five regular members and three alternates: two members from the Merced County Board of Supervisors with one alternate, two City Council members appointed by the city selection committee with one alternate, and one member (with an alternate) representing the general public appointed by other members of the commission. All Commissioners are appointed to four-year terms. Current Commission members are shown in **Table 1**.

Table 1 Merced County LAFCO Commissioners

Member Name	Title	Jurisdictional Representation	Term Commencement	Term Expiration
Robert Bertao	Chairman	Public Member	2013	2029
Scott Silveira	Vice Chairman	County Member	2019	2029
Brian Raymond	Commissioner	City Member	2024	2028
Katy Reed	Commissioner	City Member	2025	2026
Daron McDaniel	Commissioner	County Member	2015	2027
Josh Pedrozo	Alternate	County Member	2025	2027
Scott Hunter	Alternate	Public Member	2015	2027
Michael Amabile	Alternate	City Member	2025	2026

Source: Merced County LAFCO, as of January 2026

MSR Methodology

Contact with each district was attempted and follow-up information and data were requested if district was responsive. EPS evaluated the data and assembled the information into a Public Review Draft MSR with MSR determinations for each district. In addition to a service review of each district, this report also evaluates each district's SOI. **Map 1** at the end of this chapter shows the current boundaries for the five resource conservation districts addressed in this report.

The Public Review Draft was publicly posted in January 2026 and was considered by the LAFCO Board in February 2026. The Final Draft MSR will reflect comments received in response to the Public Review Draft and February 2026 public hearing. A final MSR will be prepared following final LAFCO public hearings and direction.

Note on Population and Growth Projections

The current population of Merced County is based on 2025 data, which are updated annually by the California Department of Finance. The Department of Finance also prepares Countywide growth projections and estimates for 2040 and 2060 are provided. Overall, population growth of 0.85 percent per year between 2023 and 2040 is anticipated, dropping to an estimated 0.14 percent per year between 2040 and 2060. As with all growth projections, it should be noted that these estimates are based on the best-known information at the time.

Summary of Municipal Service Review Determinations

The MSR analysis provides the basis for making determinations about the adequacy of facilities and services, governance structures and efficiencies, and opportunities for greater coordination and cooperation between providers. The MSR determinations are prerequisites to SOI determinations and may lead to subsequent LAFCO and agency actions. Below is a general summary of the required MSR determinations. Specific determinations for each district are provided in the district-specific chapter.

1. ***Growth and Population Projections***
   This determination evaluates future growth and demand and whether agencies can adequately serve increased populations.

2. ***The Location and Characteristics of any Disadvantaged Communities (DUCs or DACs) in or Contiguous to the Sphere of Influence***
   Identifying disadvantaged communities allows public agencies, cities, and counties to address municipal service and infrastructure deficiencies that are known to exist in some disadvantaged communities. DUCs are inhabited communities containing 12 or more registered voters that constitutes all or a portion of a "disadvantaged community." A disadvantaged community is

defined as a community in which the median household income is 80% or less than the statewide median household income.[3] This determination assesses the prospect of including neighboring DUC(s) when an agency's SOI is updated or expanded. In 2011, SB 244 began requiring cities and counties to address the infrastructure needs of unincorporated disadvantaged communities in city and county general plans, MSRs, and annexation decisions.

There are forty disadvantaged unincorporated communities (DUCs) in Merced County, fourteen of which are within RCD boundaries.[4] Each of these fourteen disadvantaged communities are served by Resource Conservation Districts.

3. ***Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies***
   This determination refers to the adequacy of existing and planned public facilities in relation to how public services are, and will be, provided to residents. Infrastructure can be evaluated in terms of capacity, condition, availability, quality, and plans for future improvement and/or expansion.

4. ***Financial Ability of Agencies to Provide Services***
   This determination evaluates whether the agency has the financial ability to provide adequate services now and in the future. Grants and property taxes are the primary revenue sources for East Merced RCD, while the other districts either count interest income as their sole revenue source or have no reported revenue. Only EMRCD appears to have the financial resources to provide services.

5. ***Status of, and Opportunities for, Shared Facilities***
   This determination reviews current sharing arrangements with other agencies, if any, and whether opportunities exist to improve the efficiency and effectiveness of services through sharing, collaboration, or functional consolidation.

6. ***Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies***
   This determination reviews whether an agency follows "best practices" to a) facilitate cost effective and efficient delivery of services; and b) enable review and input by residents, LAFCO and other agencies and stakeholders, including

[3] Government Code Section 56033.5 defines a "disadvantaged unincorporated community" as inhabited territory, as defined by Section 56046, or as determined by commission policy, which constitutes all or a portion of a "disadvantaged community" as defined by Section 79505.5 of the Water Code.

[4] County of Merced Disadvantaged Unincorporated Communities SB244 Analysis County of Merced; March 28, 2024.

adequate and transparent reporting documents, and website access. This determination can also consider governance options (e.g., consolidation) to improve efficiency and accountability. Only East Merced and Grassland RCD follow best practices for transparency and accounting and financial reporting, while Gustine-Romero, Los Banos, and San Luis RCD do not maintain websites or actively make reporting documents publicly available.

7. ***Any Other Matter Related to Efficient Service Delivery, as Required by Commission Policy***
   This determination is an opportunity to highlight other concerns that may be relevant.

Sphere of Influence Recommendations

An SOI is a LAFCO-approved area that designates an agency's probable future boundary and service area. The SOI essentially defines where and what types of government reorganizations, such as annexation, detachment, dissolution, or consolidation, may be initiated. The governing bodies of local agencies, landowners, and voters may initiate reorganizations so long as they are consistent with the SOIs. An SOI change neither initiates nor approves a boundary change or government reorganization. If and when a boundary change or government reorganization is initiated, there are procedural steps required by law, which may include a protest hearing and/or election, by which voters may choose to approve or disapprove the boundary change or reorganization.

Consistent with Government Code Section 56425, in determining the SOI of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

This report identifies options and preliminary recommendations for LAFCO to consider as it reviews and updates the SOIs of the five districts. The previous Merced County RCD MSR, completed in 2009, recommended investigating the opportunity to consolidate the agriculture-oriented RCDs in the western portion of the County (Los Banos and San Luis RCDs), similar to the way those in East Merced County have been consolidated. Since 2009, no RCD consolidation has

occurred in the county, and with the exception of the Grasslands RCD, the other RCDs in western Merced County are either inactive or marginally operational.

Best Practices

Achieving transparency and public accountability standards dictates that districts provide easily accessible and clear documentation of their activities, including planning and financial information. The Government Finance Officers Association (GFOA) publishes a list of best practices and lists key documents that public agencies should be publishing regularly (see https://www.gfoa.org/best-practices).

Transparency

- **Web sites** - State law requires all agencies have a Web site (unless the agency makes findings of financial inability).[5] Web sites are increasingly the first place to go to find information about an agency or a district. Web sites should provide information about the governance structure including the names and terms of Board members or commissioners, services provided, staff, and contact information. Web sites should provide meeting schedules, agendas, and minutes.[6] Copies of current and past budgets, financial statements and supplemental reports, and audits should be available as well.

Accounting and Financial Reporting

- **Annual Budget** – Budgets should provide a comprehensive and detailed view of the budget, including comparisons to recent years. Budget documents should include a "Fiscal Health Report" with an explanation of trends and conclusions regarding fiscal health.

- **Financial Policies –** Budgets should summarize policies for the establishment, maintenance and use of various General Fund and Capital Improvement Program (CIP) reserves.

- **Annual Audited Financial Statements** – Financial statements should be prepared in a timely manner and provide a clear and comprehensive picture of

[5] On September 14, 2018, the Governor signed SB 929 which added Government Code Section 6270.6 and 53087.8 which required that every independent special district in California maintain a website by January 1, 2020. Exceptions can be made by districts facing hardship, as adopted by majority vote of those districts' governing boards. The intent of the bill is to provide the public easily accessible and accurate information about the district.

[6] AB 2257, approved on September 9, 2016, requires district and governmental websites to include Board meeting agendas for all meetings occurring on or after January 1, 2019.

agency financials consistent with Generally Accepted Accounting Principles (GAAP).

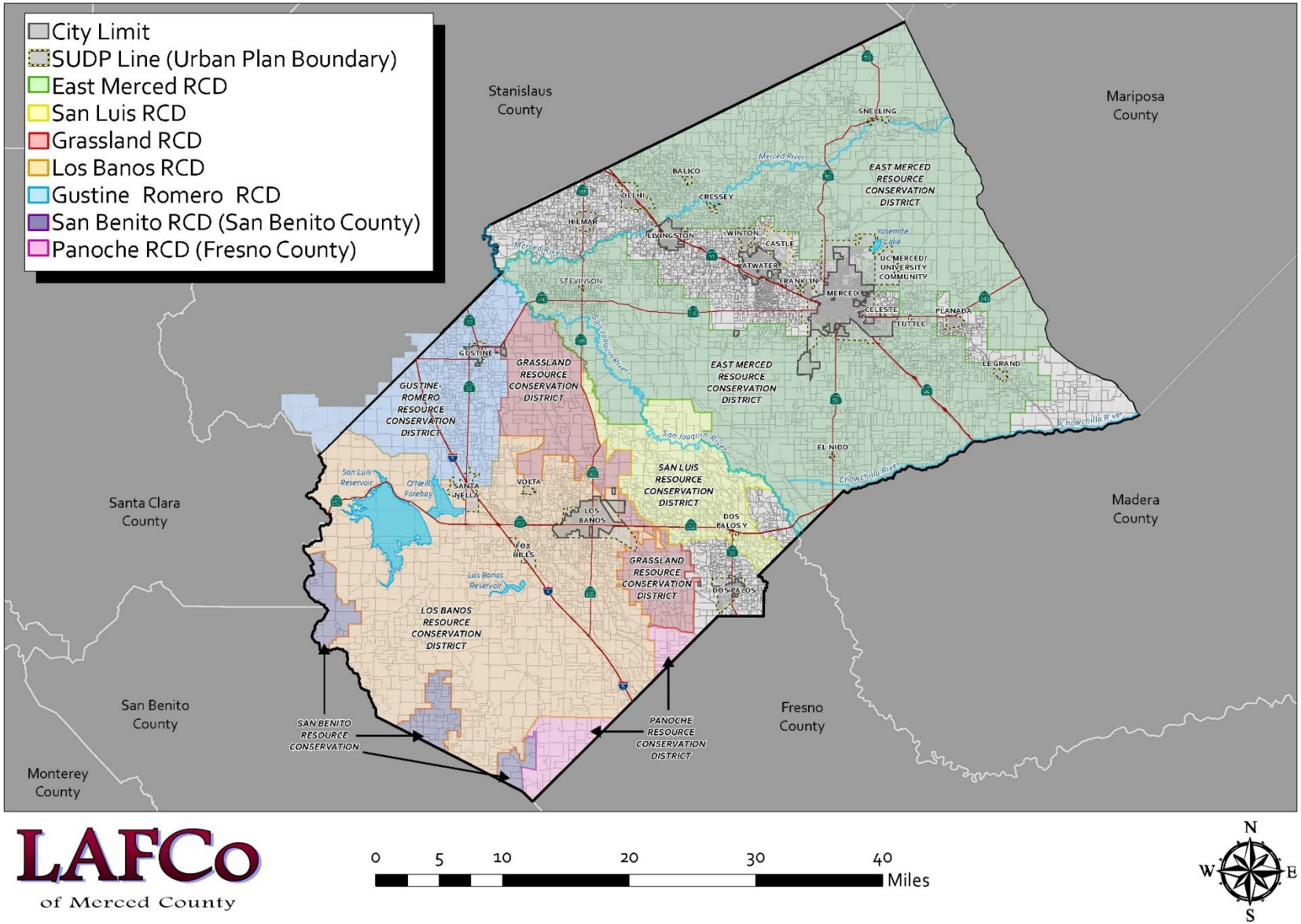
- **Capital Improvement Program** – A CIP with identified improvements, costs, and timeframe should be prepared, with some discussion of funding sources and funding priorities. The CIP can be a stand-alone report, or it can be included in the budget documents.
- **Cost of Service/Rate Studies** – Fees and charges for service should be reviewed regularly and adjusted as needed.

Organization of the MSR

This Introduction lays out the basic MSR framework, methodology, required MSR findings, and report structure. To promote improved agency efficiency, service efficacy, and operational transparency, this chapter contains a discussion of "best practices," which, for the most part, are adhered to by both EMRCD and GRCD, but not the other three districts. Following **Map 2** on the following page, which displays the RCD boundaries in Merced County, **Chapter 2** provides general information on the County and Resource Conservation metrics, and **Chapters 3** through **7** focus on each of the Resource Conservation Districts in the County and presents the determinations for each district.

Appendix A provides a history of LAFCO and MSRs. **Appendix B** provides a list of the key acronyms and a glossary of terms used in this report.

Map 1 Map of Resource Conservation Districts in Merced County



LAFCo of Merced County

2. Resource Conservation Districts

This chapter provides a general overview of resource conservation information pertaining to Merced County overall, followed by a detailed look at resource conservation services provided by the East Merced and Grassland Resource Conservation Districts. While this MSR includes information for the Gustine-Romero, Los Banos, and San Luis Resource Conservation Districts, the information provided is much more limited as these districts are either inactive or marginally operational. This MSR identifies what services are provided, and whether there are any changes to the services provided since the 1st Round MSR prepared in 2009. In addition, this chapter evaluates the District's facility needs, service adequacy (or lack of services), and financial position. Growth and population projections are identified as well.

General Countywide Overview

Merced County is located in northern San Joaquin Valley in California's Central Valley, south of Stanislaus County and north of Madera and Fresno counties. The majority of Merced County's land is zoned for agriculture, and it contains six cities and 18 Census Designated Places (CDPs), which are unincorporated communities, typically with smaller populations than cities. The largest city in Merced County is the City of Merced, followed by Los Banos and Atwater. As of 2025, the total county population is about 293,000 as shown in **Table 2**. Also shown are the California Department of Finance (DOF) projections for county population in 2040 and 2060, which estimates less than a one-half percent annual growth rate through 2060.

Table 2 Merced County Population Projections

Item	Year		
	2025	2040	2060
Merced County			
Resident Population	293,080	329,168	338,247
Since 2025			
Absolute Change	-	36,088	45,167
Annual Growth Rate	-	0.78%	0.41%

Source: California Department of Finance (Report E-5 1/1/2025 internet version and Report P-1A); Economic & Planning Systems, Inc.

Merced County's land use and hydrology varies between the Diablo Range on the west side of the Central Valley to the Sierra Nevada foothills to the east. These foothill areas are characterized by native pasture, grasslands with moderate to steep slopes, and the "valley floor" located in between. The valley floor contains vast areas of cultivated and irrigated agriculture – trees, vines and various row crops – as well as the six incorporated cities and numerous unincorporated communities.

Flowing from south to north in the center of the County is the San Joaquin River, which is fed from snowmelt and watersheds of the Sierra Nevada Mountains to the east. There are numerous rivers, streams and creeks which supply water that is diverted for agricultural irrigation, and which also replenishes the region's groundwater. On the west side of the San Joaquin River, most irrigation water comes from the California Aqueduct and Delta Mendota Canals which transport water from northern California and the Sacramento-San Joaquin Delta throughout the Central Valley and beyond.

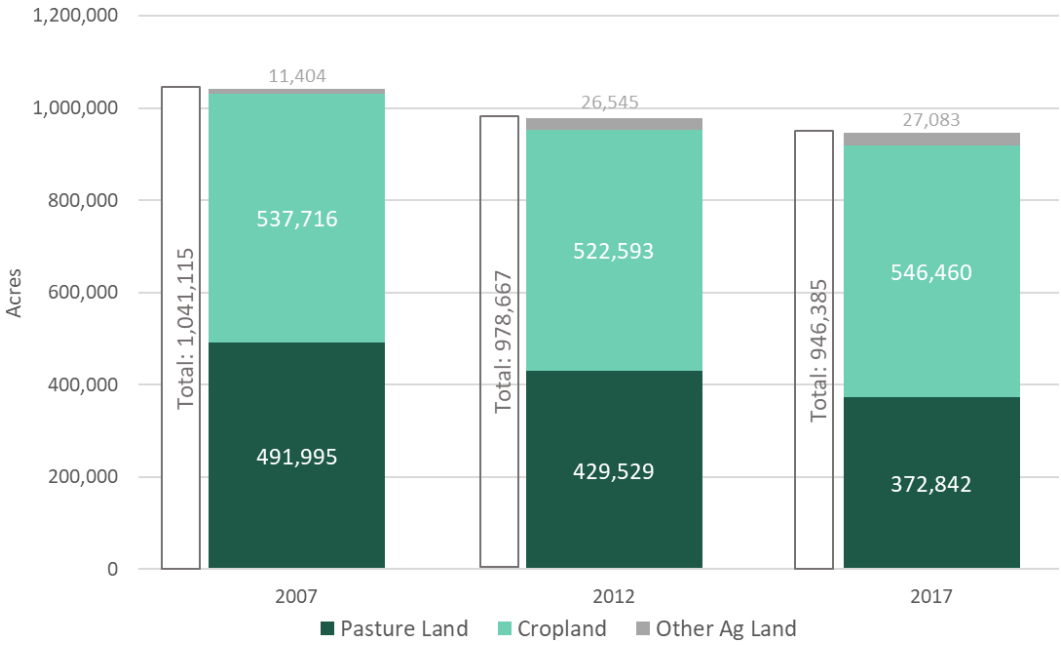
In addition, vast areas of wetlands surround the Valley floor in the proximity of the San Joaquin River (much of which is within the Grasslands Resource Conservation District's boundary). While used for seasonal cattle grazing, the area supports a concentration of private duck clubs and protected Federal and State Wildlife Areas.

Farming activities are an indicator of the demand for resource conservation services. As the amount of farming activity increases so does the demand for resource conservation services, to ensure that sustainable farming practices are being used. As of 2017, of the 1.2 million acres of land in Merced County, over 75 percent was farmland.[7]

According to the U.S. Department of Agriculture, since 2007 the amount of Merced County farmland has been slowly declining. From 2007 to 2012, the total acreage of Merced County land in farms decreased by six percent, then decreased by another three percent between 2012 and 2017 as shown in **Figure 1**. Over the same time period in California as a whole, total land in farms decreased by less than one percent from 2007 to 2012 and decreased by four percent from 2012 to 2017.

[7] 2012 and 2017 Census of Agriculture, United States Department of Agriculture, National Agricultural Statistics Services.

Figure 1 Merced County Farmland Composition, 2007-2017



Source: 2012 and 2017 Census of Agriculture, United States Department of Agriculture, National Agricultural Statistics Service.

There are five Resource Conservation Districts (RCDs) included in this report, with general information on each presented in **Table 3**. While the boundaries of some RCDs extend beyond Merced County lines, the majority of those districts' service areas are within Merced County, thus warranting inclusion in this MSR. Of the five Districts, only two are currently active (East Merced and Grassland). East Merced RCD is the most active district in the County, boasting over $320,000 in revenues in fiscal year 2023 and providing the widest array of services, including public outreach, resource conservation, education, and technical assistance. Grassland RCD covers a much smaller service area and is focused almost entirely on conservation practices, with the most recently reported fiscal year revenues (from 2016) totaling $2,600. The three other districts in the County are all inactive, provide no services, but annually report small amounts of revenues (from an unidentified source) which precludes Merced LAFCO from initiating dissolution under AB or SB 448. However, the San Luis RCD is closely linked to the San Luis Canal Company which provides agricultural irrigation water to a similar boundary

as the RCD. Current staff have indicated support for being a part of future consolidation or dissolution/annexation efforts.[8]

Table 3 Merced County Resource Conservation Districts General Overview

Item	East Merced	Grassland	Gustine-Romero	Los Banos	San Luis
District Size (Acres)	522,625	74,625	86,545	312,588	62,805
Status	Active	Active	Inactive	Inactive	Inactive
Most Recent Annual Reported Revenue					
Amount	$321,429	$2,629	$155	$243	$12
Fiscal Year	2023	2016	2022	2022	2022
Total Board Seats	6	5	N / A	N / A	N / A
Filled Board Seats	5	5	N / A	N / A	N / A
Types of Services Provided	-Outreach -Conservation -Education -Technical Assistance	-Conservation	N / A	N / A	N / A

Source: California State Controller's Office; Merced County; East Merced RCD; Economic & Planning Systems

Merced County is a heavily agricultural county, with the vast majority of its land consisting of agricultural and open space resources with only a couple dozen population centers. As such, the RCDs in the county are focused primarily on land stewardship, and the few active services that are provided center around educational outreach. The following sections describe these and other aspects of each RCD in Merced County.

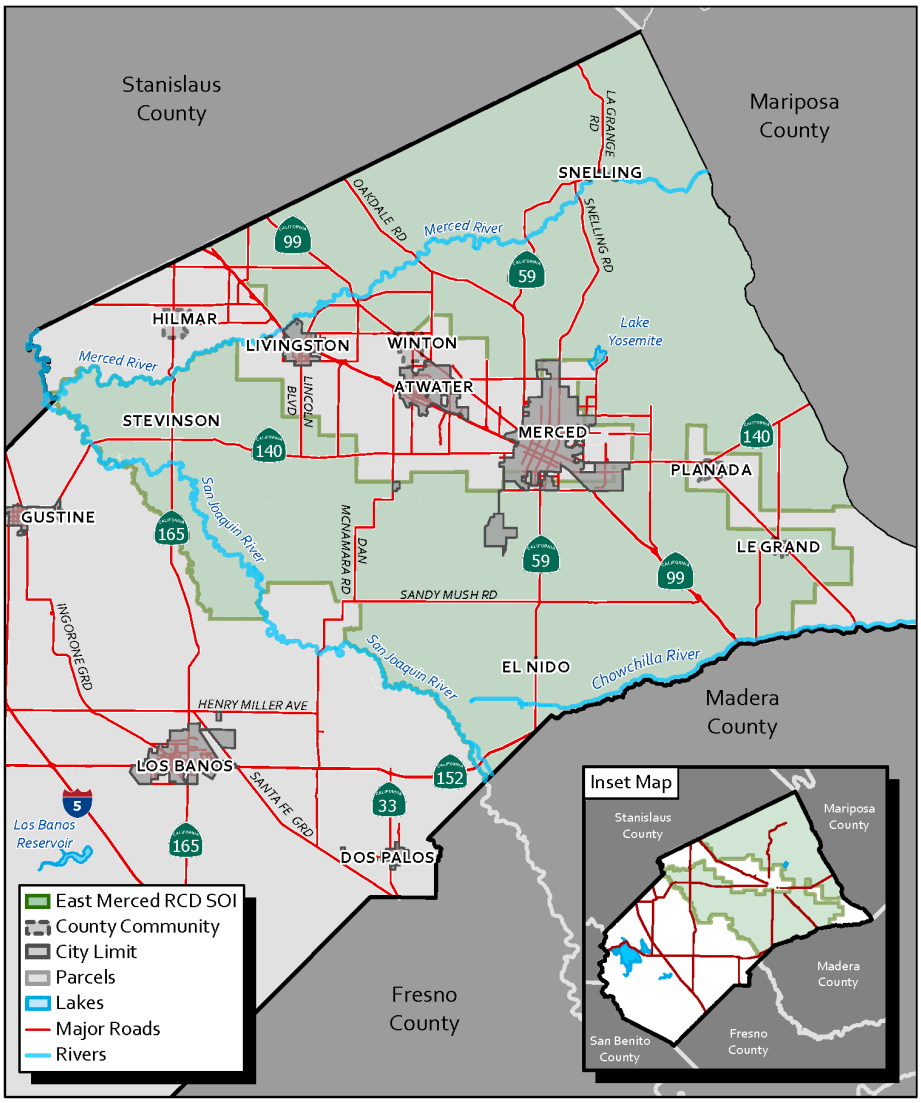
[8] Per communications between Executive Officer Nicholson and Cannon Michael, District Board Member, on numerous occasions during preparation of this MSR.

3. East Merced Resource Conservation District

Agency Boundary

East Merced Resource Conservation District's (EMRCD) service area includes 522,625 acres in Merced County primarily east of the San Joaquin River. **Map 2** shows the boundaries of EMRCD.

Map 2 East Merced Resource Conservation District Service Area



Governance and Operations

EMRCD was formed in 1997 through the consolidation of five smaller districts: La Paloma RCD, Ballico RCD, El Nido RCD, Stevinson RCD, and Lone Tree RCD. It was established to improve riparian habitats, reduce soil erosion and sedimentation, conserve irrigation water, improve water and air quality, and provide Merced County residents with information about their natural resources.[9] Within the district's primary service area (shown in **Map 2**), EMRCD has identified three main land use regions which are considered vital to the health and functioning of local watersheds. These include the Lower Merced River Corridor, the intensive agriculture areas between Highway 59 and the San Joaquin River, and the rangelands and vernal pools in eastern Merced County.[10]

As of the previous 2009 MSR, EMRCD did not employ any staff members, but hired personnel on a contract basis to fulfill the work associated with grants awarded. In 2009 the District reported future staffing needs of an administrative assistant, grant writer, and an executive director. Since then, EMRCD has hired two full-time staff, one part-time staff member, and also hires summer interns. EMRCD indicates that positions are mostly grant funded, and that some additional personnel are hired on a contract basis to fulfill work associated with grants awarded. Most of EMRCD's services provide voluntary conservation practices on working lands using grant funding. This includes improvement to soil health, water use efficiency, Co2 retention, reduced air pollution, habitat restoration, and the technical assistance affiliated with that work. EMRCD also provides some education to the public and in classrooms, but indicates that more funding is needed to do additional outreach.[11]

EMRCD is governed by a six-member Board of Directors, as shown in **Table 4**.[12] Board meetings are held on the third Wednesday of each month.[13]

[9] East Merced Resource Conservation District Long Range Strategic Plan, 2020-2025.
[10] East Merced Resource Conservation District Website.
[11] Per communication from EMRCD Director, Zachary Wells, 4 Dec. 2023.
[12] Currently, there are four board members and two vacancies. Source: East Merced Resource Conservation District Website.
[13] East Merced Resource Conservation District Website.

Table 4 EMRCD Governance and Contact Information

Item	Information
District Governance	
Board of Directors	Position/Title
Reyn Akiona	President
Joy Baccei	Vice President
Vacant	Secretary
Vacant	Treasurer
Lynn Sullivan	Director
Catie Mong	Director
District Board	
Manner of Selection	Appointed by Board of Supervisors
Length of Term	Four years
Meetings	Third Wednesday of the month at 3PM
Agenda Distribution	Door of Office Building, Website, email lists
Minutes Distribution	Paper copy in office, Website
Contact Email	manager@eastmercedrcd.org
Mailing Address	2926 G Street, Suite 102 Merced, CA 95340
Website	https://www.eastmercedrcd.org
General District Information	
Year Formed	1997
Total Acres Served	522,669

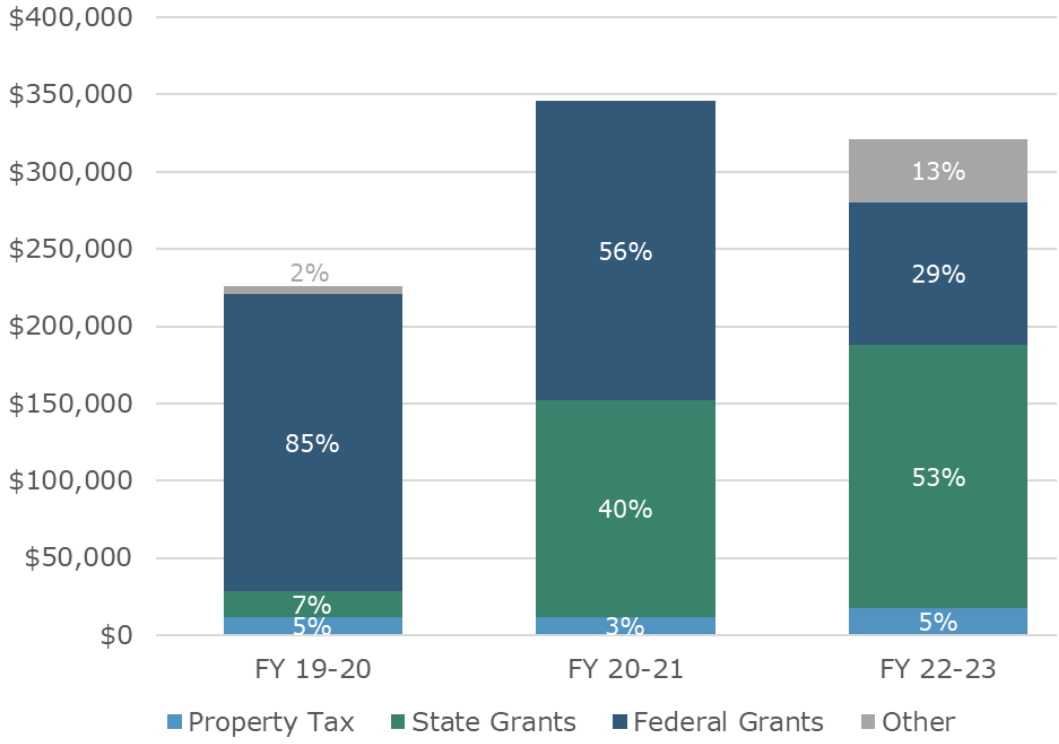
Source: EMRCD

The District's budgeted expenditures for Fiscal Year (FY) 2022-2023 (the most recently available year for which data are available) are $271,503. The single largest expenditure is for "Special Department Expense – Other", which accounts for nearly $170,000. This expenditure represents grant funds that were spent on executing grants through supplies, mileage, and subcontractors.[14] Revenues for this fiscal year total $321,429. The District is almost entirely funded by grants, with approximately $17,500 (or about five percent) of their fiscal year 2022-2023 revenues coming from property taxes, with the remaining 95 percent representing grant funding. The two largest grant sources are WCB (Wildlife Conservation Board) and the EPA (Environmental Protection Agency). **Figure 2** shows the

[14] Per communication from EMRCD District Manager, Ursula Stock, 8 Jan. 2024.

composition of EMRCD's annual revenues for FY2019-2020, 20-21, and 22-23 (FY21-22 data was not available).

Figure 2 EMRCD Revenue Sources FY20, FY21, and FY23



EMRCD's annual revenues are, as shown above, largely dependent upon grants received. In the past few years, property tax revenues have increased from $12,000 to about $17,000, but this funding source represents only a small portion of total District revenues. The amount of State grants received increased during the past few years, and the "Other" revenue item, which comprised 13 percent of FY22-23 revenue, primarily consists of a $40,000 interest-free loan from the California Association of Resource Conservation Districts (CARCD) which was being offered during the COVID-19 pandemic.

Infrastructure, Facilities, and Services

EMRCD's purpose is to "improve riparian habitats, reduce soil erosion and sedimentation, conserve irrigation water, improve water and air quality, and provide Merced County residents with information about their natural

resources."[15] In service of these goals, EMRCD acts "as a focal point for landowners and growers to access information on technical assistance, cost-sharing and administrative assistance on individual and community natural resource conservation concerns." [16]

EMRCD does not have its own facilities but rather is housed in the NRCS offices at no cost. The District has indicated that this space would be limiting as the District builds capacity and hires additional staff in the future. Beyond this, the District did not indicate that there were any infrastructure needs or deficiencies.

The District has been involved with a number of efforts regarding water management and ecology. Through an EPA and WCB grant, the District is surveying and classifying Vernal Pools that are globally rare but prevalent in Eastern Merced County and the Modoc plains. Anticipating completion in early 2024, the deliverable of this effort is a scientific field guide to California's Vernal Pools, including the species that inhabit them and their ecology, a classification of the many types of pools, and how they are impacted by geology, microclimates, and evolution. To improve water and energy efficiency, EMRCD offers three free irrigation evaluations that include a full report, according to NRCS standards, to local producers. Funded through a California Department of Food and Agriculture (CDFA) Water Efficiency Technical Assistance (WETA) grant, 2024 will be EMRCD's last season offering this service. EMRCD has also purchased a water trailer through a California Department of Water Resources (DWR) and Merced Irrigation District (MID) grant to maintain a habitat restoration site on the Merced River. The District indicates that future habitat restoration projects will be able to rent the trailer from EMRCD when needed.

The District is involved in a number of conservation activities through grant funding. EMRCD provides habitat restoration and carbon farm plan implementation for survival of pollinizers through a WCB-CARCD grant. In partnership with NRCS, EMRCD finds qualified local San Joaquin Valley applicants to award funding through an American Farmland Trust (AFT)-Regional Conservation Partnership Program (RCPP) Grant, and works with applicants to develop conservation plans that fit within eligible conservation practice areas. EMRCD has set a goal to have conservation plans implemented through this grant that cover at least 6,177 acres of land in their SOI. Additionally, EMRCD has funding as a subcontractor to East Stanislaus RCD (ESRCD) to write up to twelve pollinator habitat conservation plans through a CDFA grant. ESRCD has developed a template which EMRCD will utilize to produce these plans, and EMRCD receives $5,500 per plan and estimates each plan requires 80 hours of staff time to write.

[15] East Merced Resource Conservation District Long Range Strategic Plan, 2020-2025.
[16] East Merced Resource Conservation District Long Range Strategic Plan, 2020-2025.

These plans will be presented to land owners who can use them to request funding to implement the pollinator habitat plans.[17]

EMRCD's outreach activities include outreach to schools, the community, and land owners through a $181,000-grant from the Department of Water Resources as part of a larger effort with the Merced Irrigation District, Merced County, and University of California Merced. EMRCD has also received funding from the California Association of RCDs and the Wildlife Conservation Board to develop monarch butterfly and pollinator habitat, wherein the RCD will perform outreach to local growers and community members to continue informing the public about the benefits of these conservation priorities. Additionally, EMRCD received a DWR-MID Integrated Regional Water Management (IRWM) grant which provides funding for educational outreach to adults regarding conservation practices, including the Regional Conservation Partnership Program RCPP and four climate smart workshops and the preparation of up to ten groundwater conservation plans. Finally, EMRCD will be participating with both Multibenefit Land Repurposing Program (MLRP) block grants for Turlock and Merced. The District's role is not yet clearly defined in this effort but it is expected to include outreach and potentially technical assistance.

The District has many existing partnerships with other agencies. The District states that "virtually all program work completed through EMRCD is completed through partnership with key partners."[18] Beyond EMRCD's current usage of NRCS offices for District work space, the District also works with NRCS on conservation planning. Other EMRCD regional partnerships include CARCD, University of California (UC) Cooperative Extension, East Stanislaus RCD, and Madera Chowchilla RCD.

[17] Per communication from EMRCD District Manager, Ursula Stock, 8 Jan. 2024.
[18] Per communication from EMRCD Director, Zachary Wells, 4 Dec. 2023.

Demand and Capacity

Critical natural resource issues include agricultural land conversion, population growth, air, water, and soil quality concerns, as well as the loss of habitat land. Critical geographic areas include watersheds and the conversion of farmland due to development around urban centers, the University of California, Merced area and in unincorporated areas of the County. Though resource conservation issues are exacerbated by growth, an increase in growth does not necessarily directly correspond to an increase in service provision. District staff indicated that finances are tight but did not indicate whether current financing was adequate to meet current needs.

The District did not directly indicate the existence of capacity shortfalls in its service provision but noted that the hiring of a full time executive director helped the District in its capacity building efforts. EMRCD representatives stated that the office space it currently inhabits in the NRCS office will become limited as the District continues to build capacity and adds additional staff members.

Determinations

Growth and Population Projections

EMRCD indicated that there have been discussions regarding annexing or consolidating with another RCD, which could increase service demand for the District. However, the District also indicated that such a consolidation would foster increased access to funding programs and improved administrative efficiencies. It is anticipated that the service demand increase stemming from such a consolidation would be within the means of EMRCD to adequately serve. Other chapters in this MSR identify inactive or marginally active RCDs which may warrant consolidation with EMRCD, or even possibly dissolution.

The Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

There are nine Disadvantaged Unincorporated Communities within EMRCD's existing SOI (Ballico, Cressey, LeGrand, Plainsburg, Snelling, Stevinson, The Grove, Tuttle, and Unincorporated Community No. 1). The District has indicated that, through a combination of grant programs that directly focus on disadvantaged communities, these communities not only receive the same level of service as the other areas within their boundaries but are considered key stakeholders for the District. However, as most of these disadvantaged communities are urban in character, the typical natural and agricultural resource oriented grant efforts do not directly involve these communities.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

The EMRCD prepares studies and performs educational and policy programs, it does not provide or own any infrastructure public facilities. However, with respect to their own administrative facilities, EMRCD has indicated that its current office space, which is provided free of cost by NRCS, will not provide adequate space as the District builds capacity and hires additional staff in the future. Beyond this future potential administrative deficiency, no other deficiencies or needs have been identified.

Financial Ability of Agencies to Provide Services

With the hiring of a full time Executive Director, EMRCD indicates finances are currently constrained but anticipates this will be alleviated. The District appears to obtain sufficient grant funding to provide its current level of programs and services, but additional revenue streams could be fostered to bolster funding, such as charging rental fees for its recently purchased water trailer to be used in habitat restoration projects.

The District also indicated that because its financial accounts are administered through the county, EMRCD is unable to apply for and manage a block grant, as that would require the county to be responsible for paying out funds prior to receiving funds from the block grantor, which it is unwilling to do. Because of this, EMRCD is only able to utilize smaller grants of a million dollars or less. The District indicated that an influx of $100,000 to its general fund would allow the District to get involved in larger grant opportunities.

Status of, and Opportunities for, Shared Facilities

No opportunities for shared facilities have been identified beyond the existing shared office space with NRCS.

Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

No opportunities to improve local accountability, government structure, or operational efficiency have been identified. However, the Executive Director and District Board have expressed strong interest in consolidating with or annexing territory of inactive RCDs located in western Merced County.

Any Other Matter Related to Effective Service Delivery, as Required by Commission Policy

No additional matters related to effective service provision have been identified beyond the potential to consolidate with or annex territory of inactive RCDs within the County.

Sphere of Influence Review

According to district communication, EMRCD is evaluating the prospective annexation of local geographies either not already represented by an RCD or represented by an RCD that is resource-constrained and unable to provide all services. Should these actions be beneficial to the populous and the resource interests of the County, the District may eventually encompass the bulk of the land east of the San Joaquin River plus a small area west of the Merced River. If deemed feasible and beneficial, the prospective benefits to the region may, according to EMRCD, include 1) increased access to funding state, federal, and ancillary funding programs for local stakeholders, 2) improved engagement with communities in unrepresented or non-functional locales, and 3) improved administrative efficiencies through consolidation of overhead and RCD oversight.

EMRCD reports that, in the past, there has been resistance to District expansion due to the interest of land development for housing, particularly in regions situated near urban centers (i.e., un-annexed areas near cities, particularly along the State Highway 99 corridor containing the Cities of Livingston, Atwater, and Merced), wherein planning efforts would favor increased urban development. However, as a result of the MSR determinations regarding the inactive status of the Los Banos and Gustine-Romero RCDs, the recommendation for the Merced LAFCO Commission to consider is initiation of a possible consolidation of these inactive RCDs, possibly along with the San Luis RCD, into the East Merced RCD. As an alternative, East Merced can retain the existing boundary and LAFCO could initiate the dissolution of the Los Banos and Gustine-Romero RCDs if there is no possibility they can become active again.

Sphere of Influence Determinations

Consistent with Government Code Section 56425, in determining the SOI of each local agency, the commission shall consider and prepare a written statement of its determinations. It is recommended that the Commission approve the following determinations and reaffirm EMRCD's existing Sphere of Influence.

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

   Present land uses consist of almost entirely agricultural land, with a band of Foothill Pasture and grazing land along the eastern side of the district and several unincorporated urban communities. There are no land use changes planned at present.

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

   Given the expectation that land uses in the area will remain unchanged, there is subsequently no change anticipated to the level of services needed from

EMRCD in the area. Future grant opportunities will determine what additional types and levels of services will be provided.

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

The District has indicated that current office facilities will become limited as the District continues to build professional capacity and add staff members, although office facilities shared with the National Resource Conservation Service in Merced are adequate at present. Service capacity in the form of studies, surveys, resource protection efforts, and educational programs could potentially be improved with the annexation of territory not already represented by an RCD or through consolidation with the inactive RCDs. Any expansion of the RCD boundaries would require a parallel expansion of EMRCD's SOI. Such annexations or consolidations will be based upon the ability of the District to address resource conservation issues through grants or greater funding through EMRCD expansion into a larger geographical area.

4. *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

There are nine Disadvantaged Unincorporated Communities within EMRCD's existing SOI (Ballico, Cressey, LeGrand, Plainsburg, Snelling, Stevinson, The Grove, Tuttle, and Unincorporated Community No. 1). The District has indicated that, through a combination of grant programs that directly focus on disadvantaged communities, these communities not only receive the same level of service as the other areas within their boundaries but are considered key stakeholders for the District.

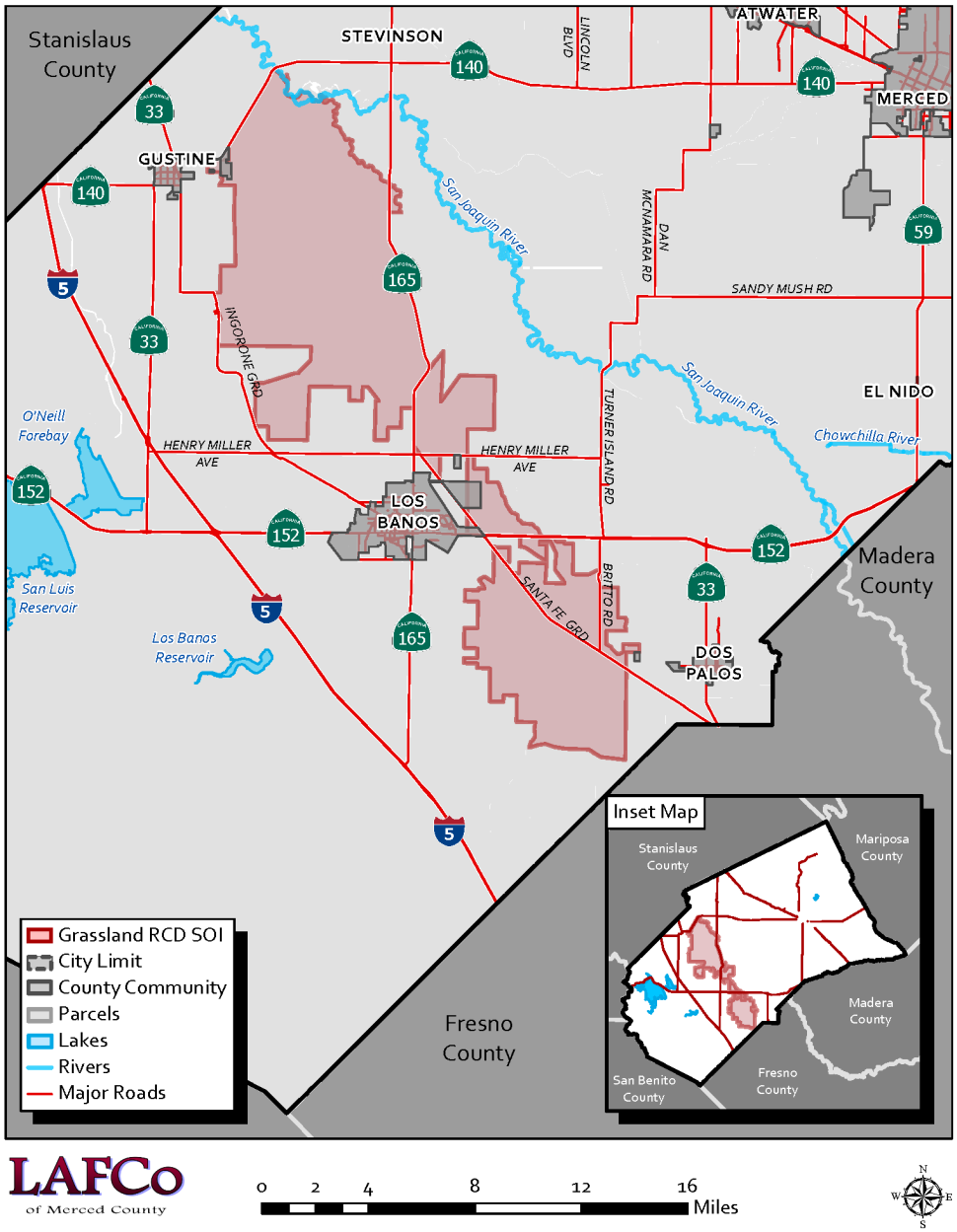
However, as most of these disadvantaged communities are urban in character, the typical natural and agricultural resource oriented grant efforts do not directly involve these communities.

4. Grassland Resource Conservation District

Agency Boundary

Grassland Resource Conservation District's (GRCD) service area includes 74,625 acres in Merced County primarily west of the San Joaquin River and east of the City of Los Banos. **Map 3** shows the boundaries of GRCD.

Map 3 Grassland Resource Conservation District Service Area



Governance and Operations

The Grassland Resource Conservation District (GRCD) was formed under Division 9 of the Public Resources Agency. The District officially adopted its current name in January 1972. Before that, GRCD was known as the Grassland Soil Conservation District, which was formed in 1959 by order of the Board of Supervisors of Merced County. The District contains approximately 75,000 acres and is composed of private hunting clubs and wildlife beneficial agriculture, as well as several state areas including Volta Wildlife Area (WA), Los Banos WA, and the Mud Slough, Gadwall, and Salt Slough Units of the North Grasslands Wildlife Management Area. Portions of a few federal wildlife refuges are also located within the GRCD, including the Freitas, Kesterson, and Blue Goose units of the San Luis National Wildlife Refuge. Its original boundary was created by the United States Fish and Wildlife Service for the purposes of purchasing conservation easements. The District's boundaries are shown in **Map 3**. It overlaps with the majority of the 51,530 acres that make up the Grassland Water District (GWD). GRCD is also entirely contained within the 179,000-acre Grassland Ecological Area, a Ramsar Wetland of International Importance that contains designated national wildlife refuges, California State Parkland, and state wildlife areas.[19]

The District's area is part of the largest contiguous block of wetlands remaining in California's Central Valley and is a major wintering ground for migratory waterfowl and shorebirds along the Pacific Flyway. The habitat provided by the Grassland RCD is ranked as the most important complex of wetlands in the San Joaquin Valley by the U.S. Fish & Wildlife Service.[20]

GRCD does not employ any staff members. The GRCD shares the GWD's management, and the GWD pays some of its staff members to carry out tasks that fall under the responsibility of the GRCD. It is governed by a five-member Board of Directors made up of representatives from local duck clubs. Board meetings are held on the fourth Tuesday of each month.[21] According to the District's website, GRCD appointed Dan Whitehead and Mark Erreca as Directors of the GRCD during the November 9th, 2022 Meeting of the Boards of Directors of GWD, GRCD, and the Grassland Groundwater Sustainability Agency (GGSA).[22] The District's website appears to keep up-to-date board meeting minutes and agendas, as the most recent items posted as of January 2026 are for the minutes of the October 2025 session and the December 2025 agenda. The links to these items lead to active webpages.

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[19] Grassland Resource Conservation District Website.
[20] Grassland Resource Conservation District Website.
[21] Grassland Resource Conservation District Website.
[22] Grassland Resource Conservation District Website.

According to the California State Controller's Office Special Districts Data, GRCD's expenditures for FY 2021-2022 are $1,200, all of which is categorized as "General Services and Supplies". This website also reports no revenue information for GRCD since 2016, wherein the District's revenues were reported to be $2,629. The District has not responded to data requests and has no budgetary information provided on its website to offer any additional financial detail for the District.

Infrastructure, Facilities, and Services

The most significant environmental issue facing GRCD is the habitat that is threatened by expanding cities such as Los Banos. Urban encroachment intensifies agricultural conversion, air pollution, and water pollution. GRCD works with partners on the United States Department of Agriculture Farm Bill to advocate a strict limit on urban expansion. In addition, the District promotes the preservation of farmland, which serves as a buffer between urban uses and habitat land.

As reported in the previous 2009 MSR, GRCD works closely with the GWD on issues such as urban encroachment, which are of interest to both parties. GRCD derives its resources from GWD and does not maintain any of its own facilities. The District did not respond to requests for comment on whether or not the above statements are still accurate. However, according to the minutes of the October 14, 2025 session on the GRCD website, a new "floodwater capture" project was approved and funded in the amount of $1 million from the Department of Water Resources to divert stormwater from the City of Los Banos into the Grasslands Water District (GWD) which will support wetland habitat.

The GRCD's privately owned wetlands comprise approximately 160 hunting and duck clubs. Perpetual wetland conservation easements have been purchased by the Fish and Wildlife Service to help preserve waterfowl habitat on approximately 90 percent of the area serviced by the GRCD. These easements authorize the Service to restrict land uses and activities that would diminish or harm wetland habitats. Lands within the RCD are intensively managed to produce high value standing crops for waterfowl and shorebirds; land uses include seasonally flooded wetlands, permanent wetlands, and irrigated pasture.[23]

GRCD, in partnership with the GWD, established the Grassland Environmental Education Center (GEECe) in 1995 as a free field trip facility for students to discover local wetlands and participate in activities focusing on the ecology of the

[23] Grassland Resource Conservation District Website.

San Joaquin Valley.[24] No other active services provided by the GRCD have been identified.

Demand and Capacity

There is no indication of anticipated growth or expansion of the GRCD, nor any current plans for annexations. District staff did not indicate whether current levels of funding are adequate to continue service provision.

Determinations

Growth and Population Projections

The most significant environmental issue facing GRCD is the habitat that is threatened by expanding cities such as Los Banos. The urban encroachment intensifies agriculture, air pollution, and water pollution, however, perpetual easements have been purchased on over 90 percent of GRCD's area, so the majority of GRCD's SOI is protected from urban encroachment.

There is no anticipation of growth or expansion of the District's boundaries, and there are currently no plans for annexations.

The Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

There are no disadvantaged communities identified within GRCD's SOI.

Infrastructure Needs and Deficiencies

No infrastructure needs or deficiencies have been identified. GRCD derives its resources from GWD and does not maintain any of its own facilities, nor has it indicated the desire to. In terms of facilities, in partnership with the Grassland Water District (GWD), the GRCD established the Grassland Environmental Education Center (GEECe) in 1995 which is oriented to educating school children about the values of wetland resources. This facility is located at 18110 Henry Miller Road and more information about activities and events can be found on the District's website.

[24] "The Grassland Environmental Education Center connects youth to wildlife and wetlands"; California Association of Resource Conservation Districts.

Financing Constraints and Opportunities

No financing constraints or opportunities have been identified.

Opportunities for Shared Facilities

All office and educational facilities, and all staff of the GRCD are shared with the Grasslands Water District. However, the governing board for the GRCD is distinct from the Grasslands Water District.

Evaluation of Local Accountability, Government Structure, and Operational Efficiencies

GRCD could improve its web presence with a more clearly defined, updated, and functioning webpage, although it does appear to be consistently posting board meeting agendas and minutes. No other opportunities to improve local accountability, government structure, or operational efficiency have been identified. While other RCDs in the county have been identified for possible consolidation or a combination of dissolution of inactive RCDs and annexation into active ones, the Grasslands RCD is not engaged in these discussions due to its unique nature and close ties to the wetland support functions of the Grasslands Water District.

Other Matters Related to Effective Service Provision as Required by Commission Policy

No additional matters related to effective service provision have been identified.

Sphere of Influence Review

GRCD's SOI stretches along a relatively narrow span extending outward to the north and south along the eastern edge of the cities of Los Banos and Gustine in west-central Merced County. GRCD is positioned in approximately the center of the county such that it shares borders with each of the county's other four RCDs. Due to the unique nature of the GRCD for preservation, management, and education regarding wetland/grassland habitat, the district is not a potential candidate for consolidation with the other RCDs in the county, which have more of an agricultural orientation. In addition, the GRCD is closely linked to and dependent upon the GWD for staff and resources and therefore may not have the independent capacity or the desire to annex other, inactive western Merced County RCDs, or be willing to cede control over their SOI by being annexed into a larger, consolidated western Merced County RCD. Information requests to the District for this effort indicated the District's stance against potential consolidations with other RCDs.

Sphere of Influence Determinations

Consistent with Government Code Section 56425, in determining the SOI of each local agency, the commission shall consider and prepare a written statement of its determinations. It is recommended that the Commission approve the following determinations and reaffirm GRCD's existing Sphere of Influence.

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

   Present land uses consist of seasonally flooded wetlands, permanent wetland, and irrigated pasture, all of which is designated agricultural land by the Merced County General Plan Land Use Map. There are no land use changes planned or anticipated.

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

   Given the expectation that habitat and wetland uses in the area will remain unchanged, there is subsequently no change anticipated to the level of services needed from GRCD.

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

   While a consolidated western Merced County RCD may be better able to provide more comprehensive resource conservation services throughout the entire western portion of the county, GRCD appears to be sufficiently able to continue providing its current wetland habitat-oriented services without consolidation. The District is primarily concerned with habitat preservation, the facilitation of which does not require extensive and ongoing day-to-day activities from the District, which share office space and staff with the Grasslands Water District.

4. ***The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.***

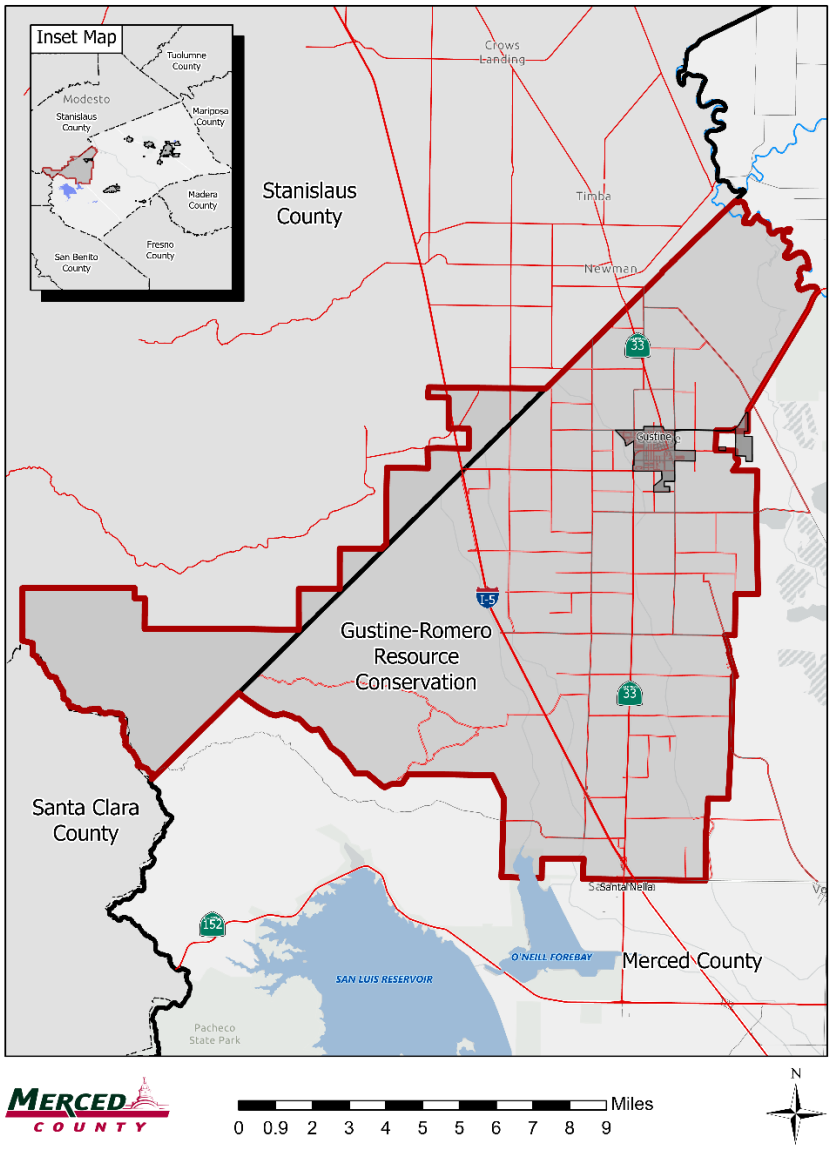
   There are no disadvantaged communities identified within GRCD's SOI.

5. Gustine-Romero Resource Conservation District

Agency Boundary

Gustine-Romero Resource Conservation District's (GRRCD) service area includes 86,545 acres in northwest Merced County and a small portion of Stanislaus County, north of Santa Nella and west of the San Joaquin River. **Map 4** shows the boundaries of GRRCD.

Map 4 Gustine-Romero Resource Conservation District Service Area



Governance and Operations

The Gustine-Romero Resource Conservation District (GRRCD) has been inactive for an unknown number of years. There is limited information on its background or operations. The District was formed on June 28, 1955 based on historic Merced LAFCO records. GRRCD was not reported on within the previous Merced County LAFCO RCD MSR in 2009, and no District representative was identified or available to respond to information requests. The District's current governance structure is unknown, however, in 2008 the Merced County Board of Supervisors published an agenda item to appoint three members to the District's Board of Directors. This agenda item indicated that, as of 2008, the District had been inactive for many years, and the appointment of a board of directors stemmed from the need to resolve "some unfinished business."[25] The nature of this unfinished business was not disclosed, and two members, Joe Borrelli and Frank Cardoza, were appointed through November 2012 while one member, George Griset, was appointed until November 2010. There is no indication that the District has been active in any way since this appointment occurred.

The District does not employ any staff or provide any services.

Infrastructure, Facilities, and Services

GRRCD appears to be inactive and does not maintain any infrastructure, own any facilities, or provide any services. Under SB 448, Section 56879 was added to the California Government Code, directing the State Controller's Office to annually review the financial reports of special districts to identify "inactive districts" as defined in Government Code section 56042. To qualify as "inactive" the district must have no revenue, financial transactions, no assets or liabilities, and no outstanding debts or judgements. The Board of Equalization is to notify the respective LAFCOs of their identification of inactive districts, and the LAFCO is to initiate dissolution of such districts within 90 days.

While there are no services performed and no representative of the district could be identified, the Board of Equalization continually identifies a small amount of revenue collected by the district from an unidentified source which precludes Merced LAFCO from initiating a dissolution of the district under SB 448. In 2010 the State identified $268 dollars in revenue and expenditures, and the most recent amounts identified were only $155 in 2022. Therefore, a recommendation in this MSR is to either seek a consolidation with other willing RCDs such as the Los Banos, San Luis, and East Merced RCDs, or to initiate dissolution of the RCD

[25] Merced County Board of Supervisors Board Agenda Item, November 2008.

based on the determinations in this MSR and pursue annexation of the territory into an adjoining RCD.

Demand and Capacity

While the California DOF estimates that the overall Merced County population is anticipated to grow by 15 percent by 2040, this growth is not anticipated to affect services typical of RCDs. There is no indication of current plans for annexations to the District. As the District is inactive, it currently has no capacity to provide any services.

Determinations

Growth and Population Projections

While Merced County is anticipated to experience 15 percent population growth by 2040, and it is possible that a portion of that growth will occur in the City of Gustine (the only urban area within GRRCD), population growth is not anticipated to affect services typical of RCDs. GRRCD is inactive and there are no plans for any population growth or annexations to this inactive District.

The Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

There are no disadvantaged communities identified within GRRCD's SOI.

Infrastructure Needs and Deficiencies

The District was not reported on and no determinations were made within the previous 2009 MSR, no representative was identified for this current effort, and the District appears to be inactive.

Financing Constraints and Opportunities

The District was not reported on and no determinations were made within the previous 2009 MSR, no representative was identified for this current effort, and the District appears to be inactive. While the District was not identified on the State Board of Equalization list of "inactive districts" in compliance with SB 448, only $268 in revenue was identified in 2022, and the District is functionally inactive.

Opportunities for Shared Facilities

The District was not reported on and no determinations were made within the previous 2009 MSR, no representative was identified for this current effort, and the District appears to be inactive. As with the San Luis and Los Banos RCDs in western Merced County, the GRRCD could be considered for consolidation into a larger regional RCD, possibly including the East Merced RCD, to acquire funding and become active again. Otherwise, LAFCO should pursue the dissolution of this District following completion of this MSR.

Evaluation of Local Accountability, Government Structure, and Operational Efficiencies

The District was not reported on and no determinations were made within the previous 2009 MSR, no representative was identified for this current effort, and the District appears to be inactive.

Other Matters Related to Effective Service Provision as Required by Commission Policy

The District is inactive and unless the District can be consolidated with or dissolved and annexed into other active RCDs in Merced County, Merced LAFCO should pursue dissolution of this District following completion of this MSR.

Sphere of Influence Review

GRRCD's SOI is located in the northwestern edge of Merced County, extending into Stanislaus County. It shares a large section of its southern border with LBRCD, a smaller section to the southeast with GRCD, and a small section with EMRCD across the San Joaquin River. It is a possible candidate for consolidation, as it does not appear to have been active for over a decade and could be subsumed within a larger RCD to encompass a broader area of western and possibly eastern Merced County. The EMRCD and SLRCD have shown interest and this may be identified following completion and adoption of this MSR. Therefore, it is recommended the Commission establish a "zero" sphere of influence for this district due to its historic inactive status.

Sphere of Influence Determinations

Consistent with Government Code Section 56425, in determining the SOI of each local agency, the commission shall consider and prepare a written statement of its determinations. It is recommended that the Commission approve the following determinations and consider the consolidation of GRRCD into a neighboring RCD.

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

   Present land uses, as designated by the Merced County General Plan Designation Map, include primarily agricultural land with a swath of foothill pasture in the western corner, and primarily non cultivated wetlands in the northeastern corner. There are no land use changes planned at present.

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

   It is unclear what services GRRCD's area requires, as the District does not currently provide any. While the wetland and habitat conservation activities of the GRCD could apply to a small portion on the eastern edge of the GRRCD, most of the balance of the district consists of cultivated agricultural or foothill pasture lands which is more similar in character to the inactive Los Banos RCD territory. A consolidation with other RCDs including EMRCD, LBRCD, and SLRCD would promote an opportunity to provide resource conservation services within the GRRCD territory again.

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

   GRRCD has no staff nor resources and therefore no capacity at present. A consolidation with the active adjacent EMRCD and/or with the SLRCD and the presently inactive Los Banos RCD could be one option if the combined RCDs could establish an active Board of Directors and identify funding for activities. The Commission should establish a zero sphere of influence for this district and pursue a consolidation with an interested adjoining RCD or initiate a dissolution.

4. ***The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.***

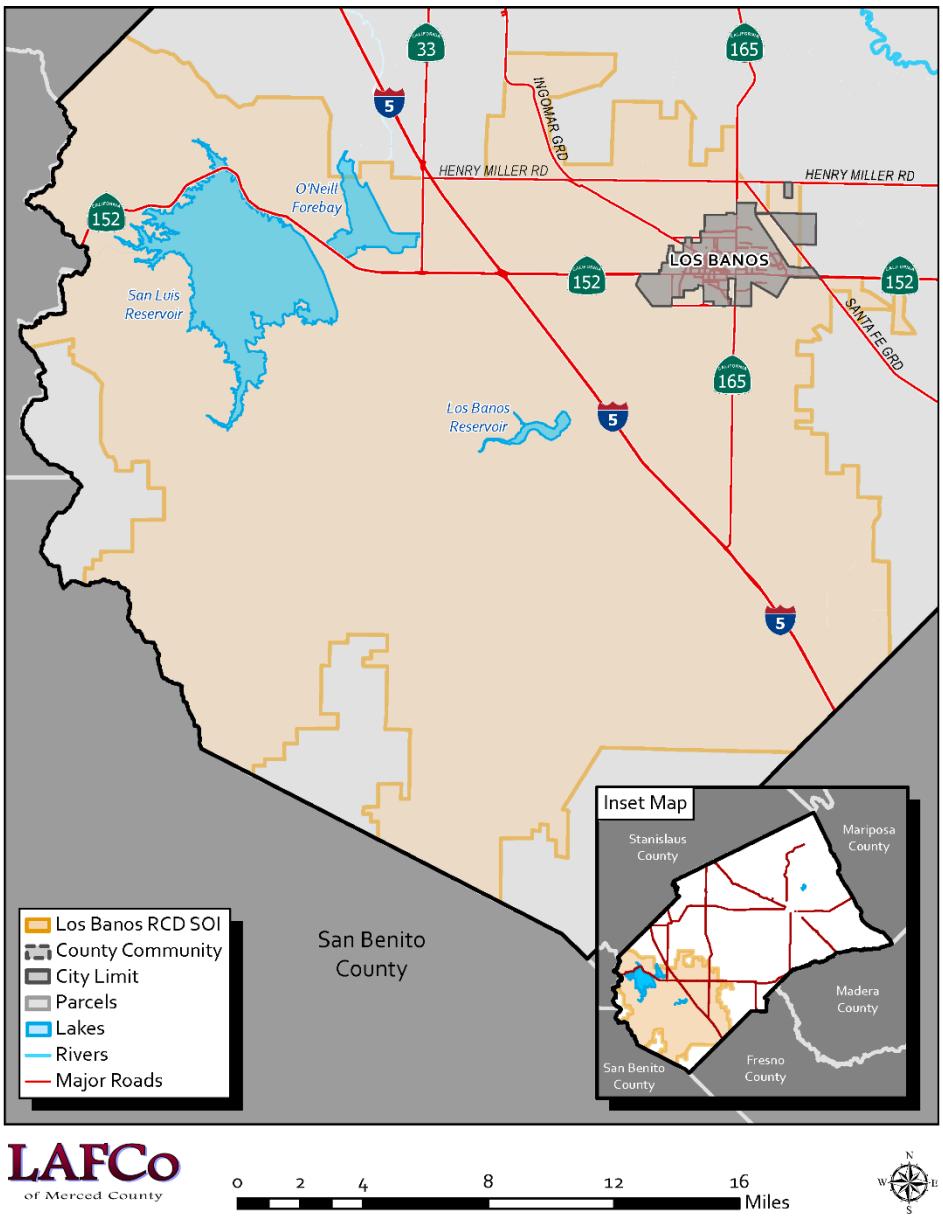
   There are no disadvantaged communities identified within GRRCD's SOI.

6. Los Banos Resource Conservation District

Agency Boundary

Los Banos Resource Conservation District's (LBRCD) service area includes 312,588 acres in the western third of Merced County, comprising most of the area southwest of the City of Los Banos. **Map 5** shows the boundaries of LBRCD.

Map 5 Los Banos Resource Conservation District Service Area



Governance and Operations

The Los Banos Resource Conservation District (LBRCD) was established in 1944 by the Merced County Board of Supervisors. The majority of its 340,549 acres is located in the foothills, west of Los Banos (shown in **Map 5**) with the balance of the District on cultivated agricultural land located within the Central California Irrigation District or the San Luis Water District. The District's primary historic objectives were to address water issues such as conservation and management of water resources as well as maintaining water quality.[26]

As reported in the previous 2009 Municipal Service Review, the District is governed by a five-member Board of Directors which formerly met quarterly. However, via communication with an LBRCD representative, the LBRCD hasn't met since 2019.[27]

The District's only source of revenue is interest income ($243 in 2022 according to the State Board of Equalization), and the LBRCD representative indicates that they have never received any grants.

Infrastructure, Facilities, and Services

As reported by the District's representative, LBRCD historically provided conservation education services to customers within the District boundaries. The primary educational program that the District sponsors is the FFA's annual conservation speech contest for high school students. Generally, LBRCD co-sponsors this speech contest with the San Luis Resource Conservation District.[28]

The District does not manage any facilities, and has previously had a partnership with the Natural Resource Conservation Service (NRCS), wherein the District received updates from NRCS on their cost-sharing programs. However, the District indicates there has not been any recent communication, and there are no other partnerships.[29]

Under SB 448, Section 56879 was added to the California Government Code, directing the State Controller's Office to annually review the financial reports of special districts to identify "inactive districts" as defined in Government Code section 56042. To qualify as "inactive" the district must have no revenue, financial transactions, no assets or liabilities and no outstanding debts or judgements. The

[26] RCD Watershed Information Sharing Project Website, <www.carcd.org>. Confirmed via email by Jennifer Gerstenberg of LBRCD, 4 December 2023.
[27] Communication from Jennifer Gerstenberg of LBRCD, 4 December 2023.
[28] As reported in the 2009 MSR and confirmed to still be accurate via communication from Jennifer Gerstenberg of LBRCD, 4 December 2023.
[29] Communication from Jennifer Gerstenberg of LBRCD, 4 December 2023.

Board of Equalization is to notify the respective LAFCOs of their identification of inactive districts, and the LAFCO is to initiate dissolution of such districts within 90 days.

While there are no services performed and no active Board of Directors, the representative of the district confirmed a small amount of annual interest revenue is received by the District ($243 in 2022 according to the State Board of Equalization). This limited revenue precludes Merced LAFCO from initiating a dissolution of the district under AB or SB 448. Therefore, a recommendation in this MSR is to either seek a consolidation with other willing RCDs such as the San Luis and East Merced RCDs or to initiate dissolution of the RCD based on the determinations in this MSR, and pursue annexation of the territory into an adjoining RCD.

Demand and Capacity

District representative reports that significant growth is not anticipated in the District. This MSR identifies the District as inactive, and it currently has no capacity to provide any services given its limited source of income.

Determinations

Growth and Population Projections

The District does not anticipate significant growth, although the City of Los Banos' General Plan anticipates significant urban growth over its 20 year time frame. The LBRCD is inactive and there are no plans for any population growth or annexations to this inactive District.

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

There are four disadvantaged unincorporated communities within LBRCD's sphere of influence (Santa Nella, Volta, and Unincorporated Communities Nos. 12 and 13). The District representative did not identify any additional disadvantaged communities within its sphere of influence. Neither the DUCs nor any other territory within the LBRCD currently receives any services from the District.

Infrastructure Needs and Deficiencies

The District states that it does not manage any facilities, and does not indicate that additional infrastructure is required, therefore no infrastructure needs or deficiencies have been identified as the District is inactive.

Financing Constraints and Opportunities

LBRCD's only source of revenue is interest income, however, the District representative reported that funding would allow the District to continue to maintain its current level of service, which is functionally nonexistent. According to the State Board of Equalization website "ByTheNumbers" the district had $558 in revenue in 2010, and only $243 in revenue in 2022.

Opportunities for Shared Facilities

The 2009 MSR indicated no opportunities for shared facilities were identified. However, based on the review of the neighboring inactive Gustine-Romero RCD (GRRCD) to the north and willingness of the San Luis and East Merced RCDs, perhaps a combined effort of landowners and active Board members of the other RCDs could generate enough interest in consolidating into one active RCD. The District has no facilities or staff.

Evaluation of Local Accountability, Government Structure, and Operational Efficiencies

The 2009 MSR did not identify any opportunities to improve local accountability, government structure, or operational efficiency of the LBRCD. Due to its lack of an active Board of Directors and any staff, the Commission should consider consolidation of the RCD with the neighboring Gustine-Romero RCD.

Other Matters Related to Effective Service Provision as Required by Commission Policy

The Commission may want to consider investigating the consolidation of the LBRCD with adjacent or willing RCDs including the GRRCD, SLRCD, and EMRCD.

Sphere of Influence Review

According to district communication, LBRCD indicates that consolidation is a consideration. As LBRCD is not particularly active, and indicates it hasn't met since 2019, there could be an opportunity to consolidate LBRCD with the neighboring and also currently inactive GRRCD, the SLRCD, and the active EMRCD to establish a functioning RCD in the region.

Consistent with Government Code Section 56425, in determining the SOI of each local agency, the commission shall consider and prepare a written statement of its determinations. It is recommended that the Commission approve the following determinations and consider the consolidation of LBRCD into another, more active district in Merced County, including the GRRCD, SLRCD, and EMRCD.

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

   Present land uses consist of primarily foothill pasture land and irrigated agricultural land on the floor of the San Jaquin Valley, between Interstate 5 and the District's eastern border. There are no land use changes planned at present save for the growth plans of the City of Los Banos westerly along the State Highway 152 corridor.

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

   Given the lack of revenue and any Board Members, no change is anticipated to the lack of services provided by the LBRCD in the area. Any probable need for services would occur through efforts to consolidate with neighboring or willing RCDs to become active again. Otherwise, the Commission should consider the dissolution the RCD and establishment of a zero sphere of influence.

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

   Present capacity of LBRCD is currently limited due to its current inactivity and lack of resources. As mentioned throughout this chapter of the MSR, service capacity could potentially be improved with the consolidation of LBRCD with other, more active RCDs.

4. ***The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.***

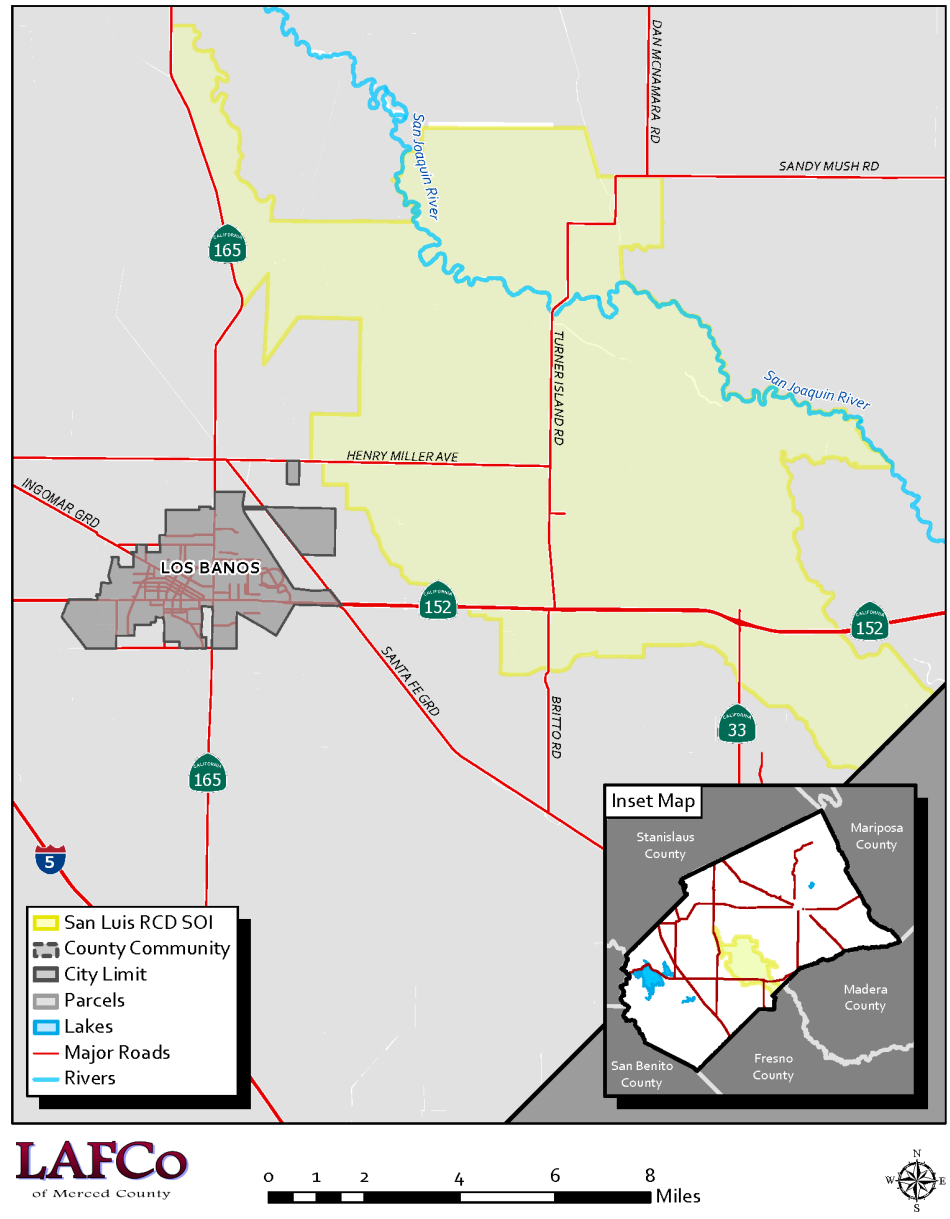
   There are four disadvantaged communities identified within LBRCD's SOI (Santa Nella, Volta, and Unincorporated Communities Nos. 12 and 13). Neither Volta nor any other territory within the LBRCD currently receives any services from the District.

7. San Luis Resource Conservation District

Agency Boundary

San Luis Resource Conservation District's (SLRCD) service area includes 62,805 acres in central Merced County, between GRCD and EMRCD. **Map 6** shows the boundaries of SLRCD.

Map 6 San Luis Resource Conservation District Service Area



Governance and Operations

The San Luis Resource Conservation District (SLRCD) was established in 1954 by Division 9 of the Public Resources Code. SLRCD does not employ any staff members nor has it been meeting regularly.[30] The District currently has one active board member, Cannon Michael. The District originally owned equipment to perform drainage and maintenance for the San Luis Canal Company but has since sold its equipment to the San Luis Canal Company, and has been primarily inactive since.[31]

SLRCD is affiliated with the San Luis Canal Company, a private entity, and Company staff has taken over submittal of any required governmental forms.[32] According to the State Controller's Office, the SLRCD has had only minimal financial transactions of $38 or below since 2018, and the last annual revenue in 2022 was only $12.[33]

Infrastructure, Facilities, and Services

As of the 2009 MSR, SLRCD provided conservation education services to customers within the District boundaries, co-sponsoring a speech contest with the Los Banos Resource Conservation District. SLRCD's sole staff member departed since the previous MSR was published, and the District's involvement in the speech contest has discontinued.[34]

District staff did not indicate whether current levels of funding are adequate to meet demand, but no services are being performed at the present time.

Demand and Capacity

District staff did not indicate whether significant growth is anticipated in the District and therefore it is unknown if current levels of funding are adequate to continue service provision. The District's capacity to provide services is constrained as it has essentially no independent revenue sources, employs no staff, and does not own any equipment or resources.

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[30] Conversation with Cannon Michael, 27 November, 2023.
[31] Conversation with Cannon Michael, 27 November, 2023.
[32] Conversation with Cannon Michael, 27 November, 2023.
[33] California State Controller's Office ByTheNumbers Website.
[34] Conversation with Cannon Michael, 27 November, 2023.

Determinations

Growth and Population Projections

Apart from one community, the District's SOI consists entirely of agricultural land and thus no significant population growth is expected.

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

There is one disadvantaged unincorporated community, Dos Palos "Y", within SLRCD's sphere of influence, which is also the sole community within the District's SOI. As the District does not actively provide any services, this community receives the same minimal level of service as the rest of its sphere of influence.

Infrastructure Needs and Deficiencies

Consistent with the 2009 MSR finding, no infrastructure needs or deficiencies have been identified, although if the District became more active, funding for grants could be available from governmental entities such as the US Natural Resource Conservation Service which interacts and supports RCDs (including the East Merced RCD in eastern Merced County).

Financing Constraints and Opportunities

Consistent with the 2009 MSR finding, no financing constraints or opportunities have been identified. If the San Luis Canal Company determines there is value in continuing operations of the RCD with an elected independent special district Board of Directors, the SLRCD could seek grants or other funding opportunities for conservation or water management activities.

Opportunities for Shared Facilities

Consistent with the 2009 MSR finding, no opportunities for shared facilities have been identified. As with the Gustine-Romero and Los Banos RCDs in western Merced County, the SLRCD could consider a consolidation into a larger regional RCD, possibly including the East Merced RCD, to acquire funding and become active again.

Evaluation of Local Accountability, Government Structure, and Operational Efficiencies

The 2009 MSR did not identify any opportunities to improve local accountability, government structure, or operational efficiency of the District which was operational at the time. However, if the San Luis Canal Company determines there is value in continuing operations of the RCD with an elected independent

special district Board of Directors, a full District board should be appointed, and SLRCD could identify beneficial conservation or water management activities and apply for grants or other funding opportunities to pursue them. A second alternative is to consider and pursue a consolidation with the neighboring RCDs, including the Los Banos, Gustine-Romero, and East Merced RCDs. Otherwise, the Commission should consider the dissolution the RCD.

Other Matters Related to Effective Service Provision as Required by Commission Policy

As stated above, the Commission may want to consider investigating the consolidation of SLRCD with the active and adjacent EMRCD, and/or with the LBRCD and Gustine-Romero RCD if a combined district facilitates multiple districts in becoming active.

Sphere of Influence Review

According to district communication, SLRCD indicates that consolidation is a desirable consideration. As SLRCD is no longer active in providing services, and indicates it is no longer meeting regularly, there could be an opportunity to consolidate SLRCD with a more active district such as the East Merced RCD and western county inactive RCDs including Los Banos and Gustine-Romero.

Consistent with Government Code Section 56425, in determining the SOI of each local agency, the commission shall consider and prepare a written statement of its determinations. It is recommended that the Commission approve the following determinations and consider the consolidation of SLRCD into another, more active district in western Merced County.

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

   Present land uses consist entirely of agricultural land. There are no land use changes planned at present.

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

   Given the lack of revenue and of an active Board of Directors, no change is anticipated to the level of services provided by the SLRCD. Any probable need for services would occur through efforts by the San Luis Canal Company, a private entity, to seek to reactivate the RCD and identify grant or other funding sources along with projects to pursue funding for. Alternatives are to consolidate with a neighboring RCD which is active, such as the East Merced RCD and/or with the LBRCD and Gustine-Romero RCD if efforts are pursued for the districts to become active. Otherwise, the Commission should consider the dissolution the RCD and establishment of a zero sphere of influence.

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

Present capacity of SLRCD is limited due to its current inactivity and lack of resources. Service capacity could potentially be improved with the consolidation of SLRCD with the active adjacent EMRCD, and/or with the LBRCD and GRRCD if combined districts facilitate all districts in becoming active.

4. *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

There is one Disadvantaged Unincorporated Community, Dos Palos "Y", within SLRCD's existing SOI. As the District does not currently provide any services, this community receives the same level of service as the other areas within District boundaries. Consolidation of SLRCD into a more active RCD could potentially increase the level of service this community receives.

APPENDICES:

Appendix A: LAFCO and MSR History

Appendix B: Acronyms and Glossary of Terms

APPENDIX A:

LAFCO and MSR History

Appendix A: LAFCO and MSR History

LAFCO History

After World War II, California experienced dramatic growth in population and economic development. With this boom came a demand for housing, jobs, and public services. To accommodate this demand, many new local government agencies were formed, often with little forethought as to the ultimate governance structures in a given region, and existing agencies often competed for expansion areas. The lack of coordination and inadequate planning led to a multitude of overlapping, inefficient jurisdictional and service boundaries, and the premature conversion of California's agricultural and open-space lands.

Recognizing this problem, in 1959, Governor Edmund G. Brown, Sr. appointed the Commission on Metropolitan Area Problems. The Commission's charge was to study and make recommendations on the "misuse of land resources" and the growing complexity of local governmental jurisdictions. The Commission's recommendations on local governmental reorganization were introduced in the Legislature in 1963, resulting in the creation of a Local Agency Formation Commission, or LAFCO.

LAFCO is responsible for coordinating logical and timely changes in local governmental boundaries, including annexations and detachments of territory, incorporations of cities, formations of special districts, and consolidations, mergers and dissolutions of districts, as well as reviewing ways to reorganize, simplify, and streamline governmental structure. The Commission's efforts are focused on ensuring that services are provided efficiently and economically while agricultural and open-space lands are protected. To better inform itself and the community as it seeks to exercise its charge, LAFCO conducts service reviews to evaluate the provision of municipal services in the County.

Municipal Service Review Origins

The MSR requirement was enacted by the Legislature months after the release of two studies recommending that LAFCOs conduct reviews of local agencies. The "Little Hoover Commission" focused on the need for oversight and consolidation of special districts, whereas the "Commission on Local Governance for the 21st Century" focused on the need for regional planning to ensure adequate and efficient local governmental services as the California population continues to grow.

Little Hoover Commission

In May 2000, the Little Hoover Commission released a report entitled *Special Districts: Relics of the Past or Resources for the Future?* This report focused on governance and financial challenges among independent special districts, and the barriers to LAFCO's pursuit of district consolidation

and dissolution. The report raised the concern that "the underlying patchwork of special district governments has become unnecessarily redundant, inefficient and unaccountable."[35]

In particular, the report raised concern about a lack of visibility and accountability among some independent special districts. The report indicated that many special districts hold excessive reserve funds and some receive questionable property tax revenue. The report expressed concern about the lack of financial oversight of the districts. It asserted that financial reporting by special districts is inadequate, that districts are not required to submit financial information to local elected officials and concluded that district financial information is "largely meaningless as a tool to evaluate the effectiveness and efficiency of services provided by districts, or to make comparisons with neighboring districts or services provided through a city or county."[36]

The report questioned the accountability and relevance of certain special districts with uncontested elections and without adequate notice of public meetings. In addition to concerns about the accountability and visibility of special districts, the report raised concerns about special districts with outdated boundaries and outdated missions. The report questioned the public benefit provided by health care districts that have sold, leased, or closed their hospitals, and asserted that LAFCOs consistently fail to examine whether they should be eliminated. The report pointed to service improvements and cost reductions associated with special district consolidations and asserted that LAFCOs have generally failed to pursue special district reorganizations.

The report called on the Legislature to increase the oversight of special districts by mandating that LAFCOs identify service duplications and study reorganization alternatives when service duplications are identified, when a district appears insolvent, when district reserves are excessive, when rate inequities surface, when a district's mission changes, when a new city incorporates, and when service levels are unsatisfactory. To accomplish this, the report recommended that the State strengthen the independence and funding of LAFCOs, require districts to report to their respective LAFCO, and require LAFCOs to study service duplications.

Commission on Local Governance for the 21st Century

The Legislature formed the Commission on Local Governance for the 21st Century (21st Century Commission) in 1997 to review statutes on the policies, criteria, procedures and precedents for city, county and special district boundary changes. After conducting extensive research and holding 25 days of public hearings throughout the State at which it heard from over 160 organizations and individuals, the 21st Century Commission released its final report, *Growth Within Bounds: Planning California Governance for the 21st Century*, in January 2000.[37] The report examines the way that government is organized and operates and establishes a vision of how the State will grow by "making better use of the often invisible LAFCOs in each county."

[35] Little Hoover Commission, 2000, p.12.
[36] Little Hoover Commission, 2000, p.24.
[37] The Commission on Local Governance for the 21st Century ceased to exist on July 1, 2000, pursuant to a statutory sunset provision.

The report points to the expectation that California's population will double over the first four decades of the 21st Century and raises concern that our government institutions were designed when our population was much smaller and our society was less complex. The report warns that without a strategy, open spaces will be swallowed up, expensive freeway extensions will be needed, job centers will become farther removed from housing, and this will lead to longer commutes, increased pollution and more stressful lives. *Growth Within Bounds* acknowledges that local governments face unprecedented challenges in their ability to finance service delivery since voters cut property tax revenues in 1978 and the Legislature shifted property tax revenues from local government to schools in 1993. The report asserts that these financial strains have created governmental entrepreneurism in which agencies compete for sales tax revenue and market share.

The 21st Century Commission recommended that effective, efficient, and easily understandable government be encouraged. In accomplishing this, the 21st Century Commission recommended consolidation of small, inefficient, or overlapping providers, transparency of municipal service delivery to the people, and accountability of municipal service providers. The sheer number of special districts, the report asserts, "has provoked controversy, including several legislative attempts to initiate district consolidations,"[38] but cautions LAFCOs that decisions to consolidate districts should focus on the adequacy of services, not on the number of districts.

Growth Within Bounds stated that LAFCOs cannot achieve their fundamental purposes without a comprehensive knowledge of the services available within its county, the current efficiency of providing service within various areas of the county, future needs for each service, and expansion capacity of each service provider. Comprehensive knowledge of water and sanitary providers, the report argued, would promote consolidations of water and sanitary districts, reduce water costs, and promote a more comprehensive approach to the use of water resources. Further, the report asserted that many LAFCOs lack such knowledge and should be required to conduct such a review to ensure that municipal services are logically extended to meet California's future growth and development.

MSRs would require LAFCO to look broadly at all agencies within a geographic region that provide a particular municipal service and to examine consolidation or reorganization of service providers. The 21st Century Commission recommended that the review include water, wastewater, and other municipal services that LAFCO judges to be important to future growth. The Commission recommended that the service review be followed by consolidation studies and be performed in conjunction with updates of SOIs. The recommendation was that service reviews be designed to make nine determinations, each of which was incorporated verbatim in the subsequently adopted legislation. The legislature since consolidated the determinations into six required findings.

[38] Commission on Local Governance for the 21st Century, 2000, p. 70.

Municipal Service Review Legislation

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act") requires LAFCO review and update SOIs every 5 years, as necessary, and to review municipal services before updating SOIs. The requirement for service reviews arises from the identified need for a more coordinated and efficient public service structure to support California's anticipated growth. The service review provides LAFCO with a tool to study existing and future public service conditions comprehensively and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are provided efficiently.

Effective January 1, 2008, Government Code §56430 requires LAFCO to conduct a review of municipal services provided in the county by region, sub-region, or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following topics:

1) Growth and population projections for the affected area.
2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
3) Financial ability of agencies to provide services.
4) Status of, and opportunities for shared facilities.
5) Accountability for community service needs, including governmental structure and operational efficiencies.
6) Any other matter related to effective or efficient service delivery, as required by commission policy.

Spheres of Influence

An SOI is a LAFCO-approved plan that designates an agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services. Every determination made by a commission must be consistent with the SOIs of local agencies affected by that determination;[39] for example, territory may not be annexed to a city or district unless it is within that agency's sphere. SOIs should discourage duplication of services by local governmental agencies, guide the Commission's consideration of individual proposals for changes of organization, identify the need for specific reorganization studies, and provide the basis for recommendations to particular agencies for government reorganizations.

[39] Government Code §56375.5.

A change of organization or reorganization will not be approved solely because an area falls within the SOI of any agency. In other words, the SOI essentially defines where and what types of government reorganizations (e.g., annexation, detachment, dissolution, and consolidation) may be initiated. If and when a government reorganization is initiated, there are a number of procedural steps that must be conducted for a reorganization to be approved. Such steps include more in-depth analysis, LAFCO consideration at a noticed public hearing, and processes by which affected agencies and/or residents may voice their approval or disapproval.

The CKH Act requires LAFCO to develop and determine the SOI of each local governmental agency within the county, and to review and update the SOI every 5 years, as necessary. LAFCOs are empowered to adopt, update, and amend the SOI. They may do so with or without an application, and any interested person may submit an application proposing an SOI amendment.

LAFCO may recommend government reorganizations of particular agencies in the county, using the SOIs as the basis for those recommendations. Based on review of the guidelines and practices of Merced LAFCO as well as other LAFCOs in the State, various conceptual approaches have been identified from which to choose in designating an SOI:

1) Coterminous Sphere: The sphere for a city or special district that is the same as its existing service boundary.

2) Annexable Sphere: A sphere larger than the agency's boundary identifies areas the agency is expected to annex. The annexable area is outside its boundary and inside the sphere.

3) Detachable Sphere: A sphere that is smaller than the agency's boundaries and identifies areas the agency is expected to detach. The detachable area is the area within the agency bounds but not within its sphere.

4) Zero Sphere: A zero sphere indicates the affected agency's public service functions should be reassigned to another agency and the agency should be dissolved or combined with one or more other agencies.

5) Consolidated Sphere: A consolidated sphere includes two or more local agencies and indicates the agencies should be consolidated into one agency.

6) Limited Service Sphere: A limited service sphere is the territory included within the SOI of a multi-service provider agency that is also within the boundary of a limited purpose district which provides the same service (e.g., fire protection), but not all needed services.

7) Sphere Planning Area: LAFCO may choose to designate a sphere planning area to signal that it anticipates expanding an agency's SOI in the future to include territory not yet within its official SOI.

8) Provisional Sphere: LAFCO may designate a provisional sphere that automatically sunsets if certain conditions occur.

LAFCO is required to establish SOIs for all local agencies and enact policies to promote the logical and orderly development of areas within the SOIs. Furthermore, LAFCO must update those SOIs every 5 years, as necessary. In updating the SOI, LAFCO is required to conduct a municipal

service review (MSR) and adopt related determinations. In addition, in adopting or amending an SOI, LAFCO must make the following determinations:

- Present and planned land uses in the area, including agricultural and open-space lands.
- Present and probable need for public facilities and services in the area.
- Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.
- Existence of any social or economic communities of interest in the area if the Commission determines these are relevant to the agency.
- LAFCO law requires additional determinations be made when updating SOIs for special districts.

MSR and SOI Update Process

The MSR process does not require LAFCO to initiate changes of organization based on service review findings, only that LAFCO identify potential government structure options. However, LAFCO, other local agencies, and the public may subsequently use the determinations to analyze prospective changes of organization or reorganization or to establish or amend SOIs. LAFCO may act with respect to a recommended change of organization or reorganization on its own initiative, at the request of any agency, or in response to a landowner or voter petition.

MSRs are exempt from California Environmental Quality Act (CEQA) pursuant to §15262 (feasibility or planning studies) and §15306 (information collection) of the CEQA Guidelines. LAFCO's actions to adopt MSR determinations are not considered "projects" subject to CEQA.

This MSR identifies preliminary consolidation alternatives and recommends Merced LAFCO and active RCDs options to pursue moving forward. Development of actual consolidations or dissolutions/annexations and related SOI updates will involve additional steps, including recommendations by LAFCO staff, opportunity for public input at a LAFCO public hearing, and consideration and changes made by Commissioners.

LAFCO must notify affected agencies at least 21 days before holding a public hearing to consider the SOI update. The LAFCO Executive Officer must issue a report including recommendations on the SOI updates under consideration at least five days before the public hearing.

APPENDIX B:

Acronyms and Glossary of Terms

Appendix B: Acronyms and Glossary of Terms

Acronyms

AFT ..... American Farmland Trust

CARCD ..... California Association of Resource Conservation Districts

CDFA ..... California Department of Food and Agriculture

CEQA ..... California Environmental Quality Act

CKH Act .... Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000

CIP ..... Capital Improvement Plan or Capital Improvement Program

CDP ..... Census Designated Place

DAC ..... Disadvantaged Community

DOF ..... Department of Finance

DUC ..... Disadvantaged Unincorporated Community

DWR ..... California Department of Water Resources

EMRCD ..... East Merced Resource Conservation District

EPA ..... Environmental Protection Agency

EPS ..... Economic & Planning Systems, Inc.

ESRCD ..... East Stanislaus Resource Conservation District

FY ..... Fiscal Year

GAAP ..... Generally Accepted Accounting Principles

GEECE ..... Grassland Environmental Education Center

GFOA ..... Government Finance Officers Association

GGSA ..... Grassland Groundwater Sustainability Agency

GRCD ..... Grasslands Resource Conservation District

GRRCD ..... Gustine-Romero Resource Conservation District

IRWM ..... Integrated Regional Water Management

JPA.....Joint Powers Authority

LAFCO ..... Local Agency Formation Commission

LBRCD ..... Los Banos Resource Conservation District

MID ..... Merced Irrigation District

MLRP ..... Multibenefit Land Repurposing Program

MSR ..... Municipal Service Review

NRCS..... National Resources Conservation Service

LBRCD ..... Los Banos Resource Conservation District

RCPP .....Resource Conservation Partnership Program

RCD..... Resource Conservation District

SOI ..... Sphere of Influence

UC..... University of California

WA ..... Wildlife Area

WCB ..... Wildlife Conservation Board

WEDA ..... Water Efficiency Technical Assistance

Glossary of Frequently Used Terms

Annexation: The inclusion, attachment, or addition of territory to a city or district.

Assessment: This MSR/SOI Update uses the term "assessment" broadly, to encompass benefit assessments, special taxes, special assessments, and/or parcel taxes. In some cases, the formation documents are vague, referring to a "benefit assessment or service charge" while the annual property tax bills refer to "special taxes and assessments." A Benefit Assessment requires a professional engineer's report that describes the benefit, proposed costs, and presents a benefit formula that is used to determine each property's share of the cost. A majority vote is required to approve a rate increase. A Special Tax, on the other hand, is imposed for a specific purpose and must be approved by a 2/3 majority of the qualified voters in the service area. A Special Tax is not necessarily limited to the relative benefit it provides to the property owners or taxpayers.

Capital Improvement Plan: A multi-year financial plan containing appropriations for major construction projects and other fixed assets.

Deficit: An excess of expenditures over revenues.

Direct Debt: The total amount of general obligation debt of a municipality or local government.

Disadvantaged Community or Disadvantaged Unincorporated Community (DAC or DUC): A disadvantaged community includes Census Tracts, Block Groups, and Places where the median household income is less than 80% of the statewide median household income. According to U.S. Census data (American Community Survey, 2016-2020), the statewide median household income in 2020 was $**78,672**; 80% of that amount is $62,938.

Expenditure: The use of fund resources.

Fiscal Year: The 12-month period of time to which a budget applies, typically July 1st through June 30th.

Fund: A group of related accounts used to manage resources assigned for specific activities or objectives.

General Fund: The main operating fund of a jurisdiction, including cities, counties, and special districts.

General Plan: A local government's long-term blueprint for the community's vision of future growth.

Intergovernmental Tax Revenue: Transfers of funds from one level of government to another. This may be to fund general government operations or for specific purposes.

Joint Powers Authority (JPA): A joint powers agency or joint powers authority is a new, separate government organization created by the member agencies, but is legally independent from them. A JPA is generally formed by any two or more governmental entities (federal, state, or local) to provide a common service. Many are financing tools that let government agencies pool their scarce resources. Some run programs jointly. Councils of government are JPAs. JPAs are not subject to LAFCO.

Municipal Service Review: A study and evaluation of municipal service(s) by specific area, subregion, or region culminating in written determinations regarding specific evaluation criteria. An MSR study is prepared before a LAFCO updates an SOI for cities and special districts.

Sphere of Influence: The SOI is a plan that designates an agency's probable future boundary and service area. SOIs are intended to encourage efficient provision of organized community services and prevent duplication of service

delivery. Annexation of a territory to a city or district cannot occur unless the territory is within that agency's SOI.