AGENDA

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)

August 12, 2026 – 1:30 PM

Hall of Records, Room 301, 2281 Tulare Street, Fresno, California

LAFCo Office: 1401 Fulton Street, Suite 800, Fresno, CA 93721 - 559-600-0604

Staff reports prepared for each item listed in this agenda may be viewed at www.fresnolafco.org.

1. **Call to Order and Roll Call**
2. **Pledge of Allegiance**
3. **Additions to the Agenda**
4. **Comments from the Public**

   Any person wishing to address the Commission on a subject not listed on the agenda may do so at this time. (State your name, address, and please keep your comments to three (3) minutes.)
5. **Potential Conflict of Interest**

   Any Commission member who has a potential conflict of interest shall now identify and recuse themselves from discussing and voting on the matter pursuant to Govt. Code sec. 84308.

CONSENT AGENDA

All consent agenda items are considered routine in nature and will be enacted by one motion; there will be no individual discussion of these items unless requested by a member of the Commission or the public. Any item pulled from the consent agenda for discussion will be set aside until after approval of the consent agenda. Prior to taking any action the public will be given the opportunity to comment on any consent item. The consent agenda will be considered on or about 1:30 p.m.

6. **Recommendation**

Approve 6 A-E by taking the following actions:

A. **Consider Approval: Minutes from the LAFCo meeting of July 8, 2026**

B. **Consider Approval: Update of Fresno LAFCo's Financial and Accounting Procedures**

C. **Consider Approval: Update and Review of the Fresno LAFCo's Conflict-of-Interest Code**

D. **Consider Approval: RO-26-06 - Harvest Estates Reorganization**

A proposed reorganization to annex approximately 88.93 acres of territory to the City of Kerman and detach from the Kings River Conservation District, located between West Nielsen Avenue, Del Norte Avenue, West Whitesbridge Road (State Route 180), and North Vineland Avenue within the unincorporated area of the City's Sphere of Influence. (LAFCo File No. RO-26-06)

E. **Consider Approval: RO-26-04 - Annadale-Indianola Southeast Reorganization**

A proposed reorganization to annex approximately 89.64 acres to the City of Sanger and detach from the Kings River Conservation District, the Fresno County Fire Protection District, and Consolidated Irrigation District, located on the northeast corner of North Avenue and Indianola Avenue, South of Annadale Avenue within the unincorporated area of the City's Sphere of Influence. (LAFCo File No. RO-26-04)

<u>REGULAR AGENDA ITEMS</u>

7. **Consider Adoption: Municipal Service Review and Sphere of Influence Update for Waterworks District 41 (LAFCo File No. MSR-26-01/RSOI-219)**

Recommendation: Adopt

8. **Consider Approval: Contract between Fresno LAFCo and CivicBound**

Recommendation: Authorize the Commission Chair to sign contract with CivicBound

9. **Executive Officer Comments**

10. **Commission Comments/ Reports**

11. **Adjournment**

<u>THE NEXT LAFCO MEETING</u> will be held on September 9, 2026, at 1:30 p.m. in the Fresno County Board of Supervisors Chambers, Hall of Records, 3rd Floor, 2281 Tulare St, Fresno, CA, 93721.

PLEASE NOTE:

(1) “If you are an applicant for, or a participant in, any proceeding on the agenda for a land use entitlement and have made campaign contributions totaling more than $500.00 to any member or alternative member of the Commission within twelve (12) months prior to the Commission considering your application, please immediately inform the Commission of your contribution. State law disqualifies each Commissioner and Alternate Commissioner from participating in and voting on land use entitlement decisions (which include changes of organization and reorganizations) if the Commissioner or Alternative Commissioner has received campaign contributions from (i) an applicant for a land use entitlement, (ii) someone who lobbies the Commission or LAFCo staff regarding an application for land use entitlement, (iii) someone who testifies in person before the Commission regarding an application for land use entitlement, or (iv) someone who otherwise acts to influence the outcome of an application for land use entitlement. State law also prohibits applicants, agents, and participants from making campaign contributions to a Commissioner or Alternate Commissioner within twelve (12) months after the Commission’s action. If you have any questions regarding these requirements (which are contained in the California Gov. Code sec. 84308 *et seq.*) please feel free to contact LAFCo staff at 559-600-0604.”

(2) In compliance with the Americans with Disabilities Act (ADA), if you need special assistance to participate at this meeting, please contact Ms. Amanda Olivas, Clerk to the Commission at 559-600-0604. Notification provided a minimum of 48 hours prior to the meeting will enable the Clerk to make reasonable arrangements to ensure accessibility to this meeting. Pursuant to the ADA, the meeting room is accessible to the physically disabled.

Fresno Local Agency Formation Commission
1401 Fulton Street, Suite 800, Fresno, CA 93721, (559) 600-0604

CONSENT AGENDA ITEM NO. 6-A

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)

MEETING MINUTES
July 8, 2026

Members Present: Commissioners Mendes, Parra, Santoyo

Members Absent: Commissioners Magsig, Martinez

Staff Present: Brian Spaunhurst, LAFCo Executive Officer
Amanda Olivas, Clerk to the Commission
Jessica Gibson, LAFCo Analyst
Joel Matias, LAFCo Analyst
Lizbeth Dominguez, LAFCo Analyst
John Luebberke, LAFCo Counsel

1. Call to Order and Roll Call

Chair Pro Tem Santoyo called the meeting to order at 1:30 p.m.

2. Pledge of Allegiance

Commissioner Parra led the Pledge of Allegiance

3. Changes and Approval of Agenda

There were no changes to the agenda

4. Comments from the Public

There were no comments from the public

5. Potential Conflicts of Interest

There were no conflicts of interest

CONSENT AGENDA

6. A. Minutes from the LAFCo Meeting of June 10, 2026

Motion: Approve Item 6A
Moved: Commissioner Mendes
Second: Commissioner Parra
Ayes: 3
Noes: 0
Absent: 2
Abstain: 0
Passed: 3-0-2-0

REGULAR AGENDA ITEMS

7. **City of Selma "Selma North Reorganization."** A proposed reorganization to annex approximately 181.69 acres to the City of Selma and the Selma-Kingsburg-Fowler Sanitation District and detach from the Fresno County Fire Protection District and the Kings River Conservation District said territory being located to the north of Dinuba Avenue between west of McCall Avenue and east of Duke Avenue. (LAFCo File No. RO-25-14)

   Motion: Continue to a date uncertain.
   Moved: Commissioner Mendes
   Second: Commissioner Parra
   Ayes: 3
   Noes: 0
   Absent: 2
   Abstain: 0
   Passed: 3-0-2-0

8. **Executive Officer Contract Findings**

   Motion: Approve 8% salary increase.
   Moved: Commissioner Parra
   Second: Commissioner Mendes
   Ayes: 3
   Noes: 0
   Absent: 2
   Abstain: 0
   Passed: 3-0-2-0

9. **Executive Officer Comments.**

   LAFCo Executive Officer Brian Spaunhurst provided comments.

10. **Commission Comments/Reports.**

    There were no comments from the Commission.

11. **Adjournment.**

    Motion to adjourn: Commissioner Mendes
    Second: Commissioner Parra
    The meeting adjourned at 2:20 p.m.

Amanda Olivas
Clerk to the Commission

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO)
EXECUTIVE OFFICER'S REPORT

CONSENT AGENDA ITEM NO. 6-B

DATE: **August 12, 2026**

TO: **Fresno Local Agency Formation Commission**

FROM: **Brian Spaunhurst, Executive Officer** BS

BY: **Amanda Olivas, Clerk to the Commission**

SUBJECT: **Update of Fresno LAFCo's Financial and Accounting Procedures.**

RECOMMENDATION: Approve.

Summary

The Commission adopted the Fresno LAFCo Financial and Accounting Procedures after becoming an independent agency in December of 2011. Since adoption, amendments have been brought to the Commission when needed.

The proposed amendments to Fresno LAFCo's Financial and Accounting Procedures are set forth in "Attachment A."

Fresno Local Agency Formation Commission

LAFCo

Financial and Accounting Procedures

Adopted: December 7, 2011
Revised: October 10, 2012; September 11, 2013; June 14, 2017; August 8, 2018; August 12, 2026

Introduction

These Financial and Accounting Procedures guide the fiscal operations of the Fresno Local Agency Formation Commission (LAFCo). They are designed to establish consistent practices, ensure proper administrative and internal controls, and support accurate and reliable financial management.

Both the Executive Officer and the Clerk to the Commission are responsible for adhering to these procedures.

A. Financial Audit Policy

LAFCo will conduct financial audits or reviews every two years, when a new Executive Officer is appointed, or at the direction of the Commission.

B. LAFCo Funding

Each year, following a noticed public hearing, the Commission adopts an annual budget. In accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) requires adoption of the proposed budget by May 1st and the final budget by June 15th. The fiscal year runs from July 1 through June 30.

To support thoughtful budget planning, the Executive Officer will submit a preliminary budget in March, a proposed budget in April, and the final recommended budget in May.

Under the CKH Act, operational costs are shared equally between the County and the cities. If independent special districts elect to join the Commission, the cost-sharing formula adjusts accordingly.

The County Auditor calculates and apportions each agency's share of LAFCo's net operating costs.

If the required payment is not remitted within 60 days, Government Code section 56381(c) authorizes LAFCo to direct the Auditor to collect the amount from eligible revenues owed to that agency. Any expenses incurred to collect late payments may be added to the amount owed.

LAFCo may also collect fees under Government Code section 56383 to recover costs associated with processing applications for changes of organization, reorganization, and other LAFCo actions.

C. Organization of Accounting System

1. General
LAFCo maintains its financial records in accordance with generally accepted accounting principles (GAAP) and applicable state regulations.

2. Basis of Accounting
LAFCo uses the modified accrual basis of accounting. Revenues are recognized when measurable and available, generally within 60 days of year-end. Expenditures are recorded when a liability is incurred, except for debt service and compensated absences, which are recognized when due.

3. Records
Financial software (e.g., QuickBooks) is used to track deposits, expenses, bank reconciliations, and to generate monthly reports and the annual budget.

4. Internal Controls
The Executive Officer will assign duties to ensure adequate checks and balances. The Clerk is responsible for maintaining financial records, updating vendor information, reconciling bank statements, and ensuring proper authorization for all budget actions.

D. Receipt Accountability

All incoming payments must follow these steps:

1. The Executive Officer must be notified immediately when checks are received.
2. Checks awaiting deposit must be stored securely.
3. A receipt is issued for all checks received.
4. Checks are photocopied, and the copy is attached to the receipt.
5. The Clerk prepares the deposit slip and deposits funds into the authorized LAFCo bank account.
6. The Executive Officer initials the deposit slip in acknowledgement of deposit.
7. Deposits are recorded in QuickBooks and reconciled with bank statements.
8. The Executive Officer provides monthly financial reports to the Commission.

E. Expenditures

1. Payroll
The Executive Officer approves PTO requests and may delegate related responsibilities. Staff are responsible for updating the shared PTO calendar.

2. Vendor Invoice Control
Invoices are submitted to the Executive Officer for review, approval, and assignment of the correct account.

Approved invoices are paid monthly by check from the two-signature account or via an approved online payment method.

3. Travel Reimbursement
Travel costs should be minimized. The Executive Officer reviews and initially approves travel claims, which are then forwarded to the Chair (or designee) for final approval.

- **Lodging:** Reimbursed at actual cost up to $150 per night; higher amounts allowed only at designated conference hotels.
- **Per Diem:** Standard rate is $50/day; up to $75 in IRS-defined high-cost cities. Adjustments are made for meals provided. Alcohol is not reimbursed.
  If per diem is being claimed, the daily per diem amount will be adjusted by the following meal allowance for each meal provided in the registration charge:

Breakfast	$10.00
Lunch	$15.00
Dinner	$25.00

- **Transportation:** Actual costs reimbursed with documentation. Personal vehicle mileage reimbursed at current IRS rates.
- **Other Expenses:** Receipts or statements are required for incidental costs such as parking fees, ride share, etc.
- **Processing:** Staff will submit documentation upon return and the Clerk will prepare a Claim for Payment.
- **Monthly Reporting:** Travel expenses are reconciled monthly and reflected in the next financial report.

F. Contingency Funds

LAFCo may maintain a Contingency Fund for unforeseen expenses.

- Commission approval is required for expenditures.
- Emergency expenses under $5,000 may be authorized jointly by the Executive Officer and one Commissioner.
- Unspent funds carry over to the next fiscal year.

A Special Counsel Reserve funds non-budgeted legal expenses and also requires Commission approval.

Balances of all contingency accounts are reported at mid-year and in the annual budget.

G. Purchasing

Once adopted, the annual budget becomes LAFCo's spending authority.

The Executive Officer is authorized to approve purchases up to $5,000 per transaction, not to exceed $5,000 per fiscal year per vendor. This includes supplies, equipment, leases, rent, postage, and administrative services.

Contracts exceeding these limits require Commission approval and may involve a competitive process such as an RFP.

H. Authorizations

1. LAFCo staff may contract with third-party firms for payroll or expense disbursement, with Commission authorization.
2. Local banks may be used for deposits and disbursements.
3. All business expense checks require two signatures: the Executive Officer and a Commissioner, or two Commissioners.
4. A single-signature petty account (maximum $500) is maintained by the Executive Officer for minor expenses.

I. Annual Work Plan

By July 1, the Executive Officer prepares an annual work plan aligned with State law and the adopted budget. The plan identifies required service reviews, sphere updates, and other mandated tasks.

J. Budget Preparation and Administration

The Executive Officer serves as LAFCo's budget administrator, responsible for preparing, presenting, executing, and monitoring the budget. A mid-year budget report will be provided for Commission review.

K. Capital Asset Management

1. Capitalization Policy
Capital assets include furniture, fixtures, and equipment valued at $5,000 or more with a useful life of at least three years.

2. Inventory
LAFCo maintains an inventory of all capital assets.

3. Depreciation
Assets are depreciated on a straight-line basis over their estimated useful life.

4. Repairs
Repairs should not exceed the cost of purchasing new equipment.

5. Disposition
Inventory is updated when assets are sold, donated, scrapped, or stolen.

- The Executive Officer may dispose of assets valued under $500 and must inform the Commission.
- Assets valued between $500 and $1,000 require Commission approval and a formal notification/bidding process.
- Items with no residual value may be discarded, and a list of disposed items will be maintained for one year.

L. Reports to the Commission

The Executive Officer regularly provides financial status reports, including bank balances, expenditures, reserves, and updated budget information.

M. Bank Reconciliation

Bank reconciliations occur monthly.

Outstanding checks older than 180 days are investigated and reissued or voided.

All financial reports and account balances are retained for seven years.

N. LAFCo Bank Accounts

With Commission authorization, the Executive Officer may open:

- A general checking account for operating and reserve funds (two signatures required).
- A petty single-signature account with a maximum balance of $500.
- Bank accounts designated for legal reserves, budget reserves, interest accrual tracking, and Certificates of Deposit (CDs) to ensure proper financial management and compliance.

O. Cash and Credit Cards

LAFCo maintains a debit card for conference registrations, office purchases, and other transactions that cannot reasonably be paid by check. The card is secured when not in use and may not be used for personal purchases.

P. Third-Party Check Issuance

For transparency, LAFCo contracts with a qualified third-party firm to process payroll, make required deductions, and track leave balances.

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO)
EXECUTIVE OFFICER'S REPORT

CONSENT AGENDA ITEM NO. 6-C

DATE: **August 12, 2026**

TO: **Fresno Local Agency Formation Commission**

FROM: **Brian Spaunhurst, Executive Officer**

BY: **Amanda Olivas, Clerk to the Commission**

SUBJECT: **Update and Review of the Fresno LAFCo's Conflict-of-Interest Code.**

RECOMMENDATION: **Review and Approve Amendments to Conflict-of-Interest Code, LAFCo Policy Manual Section 525.**

Summary

Necessary amendments to the Fresno LAFCo's Conflict of Interest Code reflecting minor changes due to SB 852.

Discussion

Pursuant to Government Code Section 87306.5 of the Political Reform Act requires local government agencies to review its conflict of interest code biennially and to amend the code if necessary, or to report to its code reviewing body that the code is not in need of amendment.

LAFCo staff has identified minor changes to the code that must be received by the Clerk to the Board of Supervisors by October 1, 2026. These changes are depicted in a 'tracked changes' copy of LAFCo Policy Manual Section 525 attached to this report (Attachment "A") with a final clean copy (Attachment "B").

Once approved by the Commission, the amended final version, redline version, and meeting minutes will be forwarded to the Clerk to the Board of Supervisors. After adoption by the Board of Supervisors, staff will schedule consideration of the approved amendment at a noticed LAFCo hearing.

CONFLICT-OF-INTEREST CODE FOR

Fresno Local Agency Formation Commission

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. Section 18730) that contains the terms of a standard conflict-of-interest code and may be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices designating positions and establishing disclosure requirements shall constitute the conflict-of-interest code of the Fresno Local Agency Formation Commission (Fresno LAFCo).

The Form 700s for designated positions, other than Fresno LAFCo's Commissioners, Alternate Commissioners, and Executive Officer, shall be filed with Fresno LAFCo. Fresno LAFCo's Commissioners, Alternate Commissioners, and Executive Officer are to file their original Form 700s directly with the FPPC~~Clerk of the Board for the Fresno County Board of Supervisors~~ using the electronic filing system. ~~If the Form 700s are not filed electronically, the paper Form 700 and waiver shall be filed with LAFCo and, upon receipt of these paper Form 700s with waivers, Fresno LAFCo shall make and retain a copy and forward the original to the Clerk of the Board of Supervisors.~~

Fresno LAFCo shall retain a copy of all electronically filed Form 700s, a copy of all paper Form 700s with waivers and the original Form 700s of designated positions and shall make the Form 700s available for public review, inspection, and reproduction. (Gov. Code section 81008.)

The provisions of all Conflict-of-Interest Codes and amendments thereto previously adopted by Fresno LAFCo are hereby superseded.

APPENDIX A

Public Officials Who Manage Public Investments

It has been determined that positions listed below manage public investments ***and will file a statement of economic interests pursuant to Government Code Section 87200.*** These positions are listed for informational purposes only:

- Commissioners
- Alternate Commissioners
- Executive Officer

An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

DESIGNATED POSITIONS

Designated Positions	Disclosure Categories
• Senior Staff Analyst	1
• General Counsel	1
• Consultants/New Positions	*

Note: the position of General Counsel is filled by an outside consultant, but acts in a staff capacity for Fresno LAFCo.

* Consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the disclosure requirements in this code subject to the following limitation:

The Executive Officer may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements in this section. Such written determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Sec. 81008.)

APPENDIX B
DISCLOSURE CATEGORIES

Individuals holding designated positions must report their interests according to their assigned disclosure category(ies).

Disclosure Category 1
Interests in real property located within the jurisdiction or within two miles of the boundaries of the jurisdiction or within two miles of any land owned or used by the agency; and investments and business positions in business entities, and income, including loans, gifts, and travel payments, from all sources.

Disclosure Category 2
Interests in real property located within the jurisdiction or within two miles of the boundaries of the jurisdiction or within two miles of any land owned or used by the agency.

Disclosure Category 3
Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources, that provide services, supplies, materials, machinery, or equipment of the type utilized by the agency.

Disclosure Category 4
Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources, that provide services, supplies, materials, machinery, or equipment of the type utilized by the designated position's division or department.

Disclosure Category 5
Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources, that filed a claim against the agency during the previous two years, or have a claim pending.

Disclosure Category 6
Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources of the type to request an entitlement to use agency property or facilities, including, but not limited to:

- a license
- utility permit
- station vendor permit

CONFLICT-OF-INTEREST CODE FOR

Fresno Local Agency Formation Commission

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The Form 700s for designated positions, other than Fresno LAFCo's Commissioners, Alternate Commissioners, and Executive Officer, shall be filed with Fresno LAFCo. Fresno LAFCo's Commissioners, Alternate Commissioners, and Executive Officer are to file their original Form 700s directly with the FPPC using the electronic filing system.

Fresno LAFCo shall retain a copy of all electronically filed Form 700s, a copy of all paper Form 700s with waivers and the original Form 700s of designated positions and shall make the Form 700s available for public review, inspection, and reproduction. (Gov. Code section 81008.)

The provisions of all Conflict-of-Interest Codes and amendments thereto previously adopted by Fresno LAFCo are hereby superseded.

APPENDIX A

Public Officials Who Manage Public Investments

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An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

DESIGNATED POSITIONS

Designated Positions	Disclosure Categories
• Senior Staff Analyst	1
• General Counsel	1
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Note: the position of General Counsel is filled by an outside consultant, but acts in a staff capacity for Fresno LAFCo.

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The Executive Officer may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements in this section. Such written determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Sec. 81008.)

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Disclosure Category 2
Interests in real property located within the jurisdiction or within two miles of the boundaries of the jurisdiction or within two miles of any land owned or used by the agency.

Disclosure Category 3
Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources, that provide services, supplies, materials, machinery, or equipment of the type utilized by the agency.

Disclosure Category 4
Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources, that provide services, supplies, materials, machinery, or equipment of the type utilized by the designated position's division or department.

Disclosure Category 5
Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources, that filed a claim against the agency during the previous two years, or have a claim pending.

Disclosure Category 6
Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources of the type to request an entitlement to use agency property or facilities, including, but not limited to:

- a license
- utility permit
- station vendor permit

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT

CONSENT AGENDA ITEM NO. 6-D

DATE: **August 12, 2026**

TO: **Fresno Local Agency Formation Commission**

FROM: **Brian Spaunhurst, Executive Officer**

BY: **Lizbeth Dominguez, LAFCo Analyst**

SUBJECT: **Consider Approval – City of Kerman "Harvest Estates Reorganization."** A proposed reorganization to annex approximately 88.93 acres of territory, including existing public right-of-way, to the City of Kerman and detach from the Kings River Conservation District, located between West Nielsen Avenue, North Del Norte Avenue, West Whitesbridge Road (State Route 180), and North Vineland Avenue within the unincorporated area of the City's Sphere of Influence (LAFCo File No. RO-26-06).

Applicant: City of Kerman

Landowners/Parties of Real Interest: City of Kerman, North Kerman LLC, Lambrecht Limited II LP, Toste Family Farms LP, Couto Family Trust

(Pursuant to Government Code § 56662(a), this proposed reorganization has been placed on the consent agenda without notice because the territory is uninhabited, no affected local agency has submitted a written demand for notice and hearing, and all landowners within the affected territory have consented in writing to the annexation.)

RECOMMENDATION: Approve by Taking the Following Actions:

Action 1:

A. Acting as Responsible Agency pursuant to California Environmental Quality Act ("CEQA") Guidelines, find that prior to approving the proposed reorganization, the environmental effects of the Proposal as shown in the CEQA documents prepared, adopted, and submitted by the Lead Agency, were reviewed, and considered, and determine these documents to be adequate pursuant to CEQA Guidelines § 15096.

Action 2:

A. Find that the proposed annexation is consistent with LAFCo Policies and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH").

B. Find pursuant to CKH and information in the record that:

   i. The territory is uninhabited pursuant to Gov. Code § 56079.5.

   ii. No affected agencies have submitted a written demand for notice and hearing or otherwise opposed the annexation.

   iii. All landowners within the affected territory have consented in writing to the annexation.

C. Assign the distinctive short form designation "Harvest Estates Reorganization" and approve the reorganization subject to the following conditions of approval:

   i. Pursuant to Fresno LAFCo Policy 108-07, the Executive Officer shall record the approved application if all conditions have been satisfied and once he or she has determined that the facts pertaining to the application during the time of recording are materially similar to those facts considered by the Commission when the application was approved. "Facts", as used in the preceding sentence, are defined to include, but are not limited to, whether or not the proposed project is materially similar to the project described in any application before the Commission.

   ii. In order to ensure logical boundaries and the efficient provision of public services by the City, the annexation shall include the full right-of-way width of adjacent roadways currently existing, including any proposed expansion or reduction of roadway rights-of-way included in a development application for the proposed project in the affected territory. The City shall acquire all property, real or personal, comprising the public right-of-way within the affected territory, along with any portion of non-public property within the affected territory needed to bring the right-of-way into compliance with City code. (Gov. Code § 56886(h).)

D. Waive further Conducting Authority Proceedings and order the reorganization subject to the requirements of CKH and the conditions of approval listed above.

E. This Commission's action approving this proposal shall expire one year from the date of this resolution unless all proceedings are complete including condition compliance and the Certificate of Completion is issued by the Executive Officer.

F. Authorize and direct the Executive Officer to mail certified copies of this resolution as provided in Government Code § 56882 and file as appropriate in the office of the Fresno County Clerk all environmental documents, if any, pertaining to the approval of the proposal, as required by State Law.

Executive Summary

On May 13, 2026, the City of Kerman adopted Resolution No. 26-26 requesting the Commission to begin proceedings for the "Harvest Estates Reorganization" to detach approximately 88.93 acres of territory from the Kings River Conservation District and annex it to the City of Kerman.

Proposal/Land Use

- The proposal consists of the detachment of approximately 88.93 acres of territory, including an existing public right-of-way, from the Kings River Conservation District and annexation to the City of Kerman.

- Information related to the proposal's affected territory, land use, proposed development, special districts, surrounding areas, and existing/proposed services can be found on **Attachment A**.

- The affected territory is within the City of Kerman's sphere of influence **(Attachment B)** and is contiguous to the Kerman city limits **(Attachment C)**.

- The site is zoned by the County of Fresno and is within the County's Agriculture Exclusive - 20 acres (AE-20) and Limited Agriculture - 20 acres (AL-20).

- As per Resolution No. 26-02 the City of Kerman City Council approved the General Plan Amendment 2025-01 to amend the 2040 Kerman General Plan land use destination for APNs 020-120-11 and 020-120-17S to the SD-R-3.5 (Smart Development Residential 3,500 square feet average parcel size) and APNs 025-130-48,025-130-47, and 025-130-60S to the CG (General Commercial) zone districts.

- Approximately 57 acres of the affected territory has been pre-zoned/rezoned to the City of Kerman SD-R-3.5 (Smart Development Combining District – Residential – minimum 3,500 square feet) zone district; approximately 31 acres of the subject property has been pre-zoned/rezoned to the CG (General Commercial) zone district, as per City Ordinance No. 26-02.

- The territory is uninhabited (9 registered voters).

- The proposal is consistent with the Kerman General Plan.

Consistency with LAFCo Policies, Standards, and Procedures

- The County has determined that the proposal is consistent with the Memorandum of Understanding (Master Tax Sharing Agreement) and the Standards for Annexation between the City of Kerman and County of Fresno (see Letter from Paul Nerland).
- The proposal is consistent with the CKH and LAFCo Policies, Standards, and Procedures, including, but not limited to, sections 100 and 200.

- The property within the proposal has been pre-zoned/rezoned to the City of Kerman SD-R-3.5 (Smart Development Combining District – Residential – minimum 3,500 square feet) and to CG (General Commercial) zone districts by City Ordinance 26-02.
- Two of the proposed parcels are under active Land Conservation Contracts in place: APNs 025-130-47 (Contract No. 2755) and 025-130-48 (Contract No. 6920). The City of Kerman has submitted the necessary documentation to terminate these protests. Resolution No. 82-64 protests Contract No. 6920 and Resolution No. 789 protests Contract No. 2755. The LAFCo Commission approved both protests at its regular meeting on January 26, 1983. With annexation approval, Kerman will be able to terminate the contract.

Revenue & Tax Code

Fresno County has determined that the proposed Harvest Estates Reorganization involving the annexation of 88.93 acres is consistent with the standards of annexation contained in the Memorandum of Understanding between the City of Kerman and County of Fresno. Therefore, no further tax negotiations are necessary pursuant to Revenue and Tax Code section 99.

Sustainable Groundwater Management Act

California's Sustainable Groundwater Management Act ("SGMA") was signed into law on September 16, 2014. This three-part legislation requires local agencies to develop groundwater sustainability plans that are compatible with their regional economic and environmental needs. SGMA creates a framework for sustainable local groundwater management for the first time in California's history.

SGMA requires local agencies to form Groundwater Sustainability Agencies ("GSAs") in local groundwater basins by June 2017 and requires the adoption of Groundwater Sustainability Plans ("GSPs") for groundwater basins deemed critically over drafted by year 2020. The North Kings GSA represents the City of Kerman.

After annexation, the water entitlement within the area will be managed by the City of Kerman. The City has determined that adequate water services are available to serve the project site subject to implementation of the Kerman General Plan policies and the construction and installation of public facilities and infrastructure in accordance with City of Kerman's Public Works Department standards, specifications, and policies.

Environmental Determination

The City of Kerman, acting as "Lead Agency" under CEQA, adopted a Mitigated/Negative Declaration Report (SCH #2025121223) for Annexation 2025-01. The Notice of Determination for the Mitigated Negative Declaration ("MND") was filed with the Fresno County Clerk's Office on April 27, 2026, Document No. E20251000341, consistent with the requirements of CEQA. The MND determined the Project would not have a significant effect on the environment. Mitigation measures were made as a condition of the approval of the Project. A statement of

Overriding Considerations was not adopted for this project. Findings were made pursuant to the provisions of CEQA.

As “Responsible Agency”, the Commission is required to review and consider the City’s environmental documents prior to taking its action. If the Commission determines that these documents are adequate, pursuant to CEQA, it may make the required findings provided under “Recommendations” above.

Pursuant to CEQA Guidelines § 15096(i), if the Commission determines that these documents are adequate, a Notice of Determination will be prepared and filed with the County of Fresno Clerk's office in compliance with § 21152 of the Public Resources Code.

Costs and Other Changes Affecting Residents or Landowners

Landowners will be required to connect to City sewer services within five years of the service being available.

Agencies and Individuals Submitting Comments

- Felix E. Vaquilar, Chief Engineer, Fresno Irrigation District (FID)
- Scott Lee, Cadastral Tech II, Fresno County Assessor’s Office
- Kevin Tsuda, Environmental Health Specialist II, Environmental Health Division
- Sudarshan Poudyal, P.E., Senior Water Resource Control Engineer, Fresno Division

On July 30, 2026, Sudarshan Poudyal of the State Water Resources Control Board, Division of Drinking Water, submitted a comment letter expressing concerns about the City of Kerman’s water demands. The Division's preliminary evaluation found that the City does not meet the California Drinking Water Regulation standards because the submitted source capacity analysis and water system demand was found incomplete. The City addressed all comments with Waterboards and LAFCo received approval from the Division of Drinking Water.

Territory Boundaries

The boundaries of the proposed annexation **are** definite and certain, and the County Assessor has determined that the map and legal description **are adequate** to file with the State Board of Equalization.

Registered Voter Data

The County of Fresno Elections Office reported that there are **nine** registered voters in the affected territory.

Compliance with the Requirements of CEQA

Lead Agency: City of Kerman
Level of Analysis: Mitigated Negative Declaration

Finding: A Mitigated Negative Declaration was prepared for the project pursuant to the provisions of CEQA and adopted by the City Council. It was determined that there are not project specific impacts which require specific mitigation measures.

Individuals and Agencies Receiving this Report

- LAFCo Counsel
- Kings River Conservation District
- North Central Fire Protection District
- John Jansons, City Manager, City of Kerman
- Fresno Irrigation District
- Kerman Unified School District

https://fresnocounty.sharepoint.com/sites/LAFCo/SharedFiles/LAFCo Projects/Cities/Kerman/RO/RO-26-06 (Harvest Estates)/Staff Report RO-26-06.docx

Attachment A
PROPOSAL INFORMATION

1. Affected Territory

Acreage:	88.93
Current Land Use:	AE-20 (Agriculture Exclusive) AL-20 (Limited Agriculture)
Number of Residences/ Population:	Residents: 5 / Population: TBD
Registered Voters:	Voters: 9
Assessor Parcel Number(s):	APNs 025-130-47, 025-130-48, 025-130-60S, 020-120-11, and 020-120-17S

2. Proposed Development – The applicant proposes to subdivide the affected territory into 183 SF Residential Units +/- 31.28 acres and future +/- 21 acres of commercial development. The Vesting Tentative Map 6509 has been approved by City Council.

3. Surrounding Territory – North: Agriculture Exclusive, East: Agriculture Exclusive/Limited, South: School/Institutional, West: Agriculture Exclusive/Limited

4. Existing Service Agencies and Proposed Service Changes

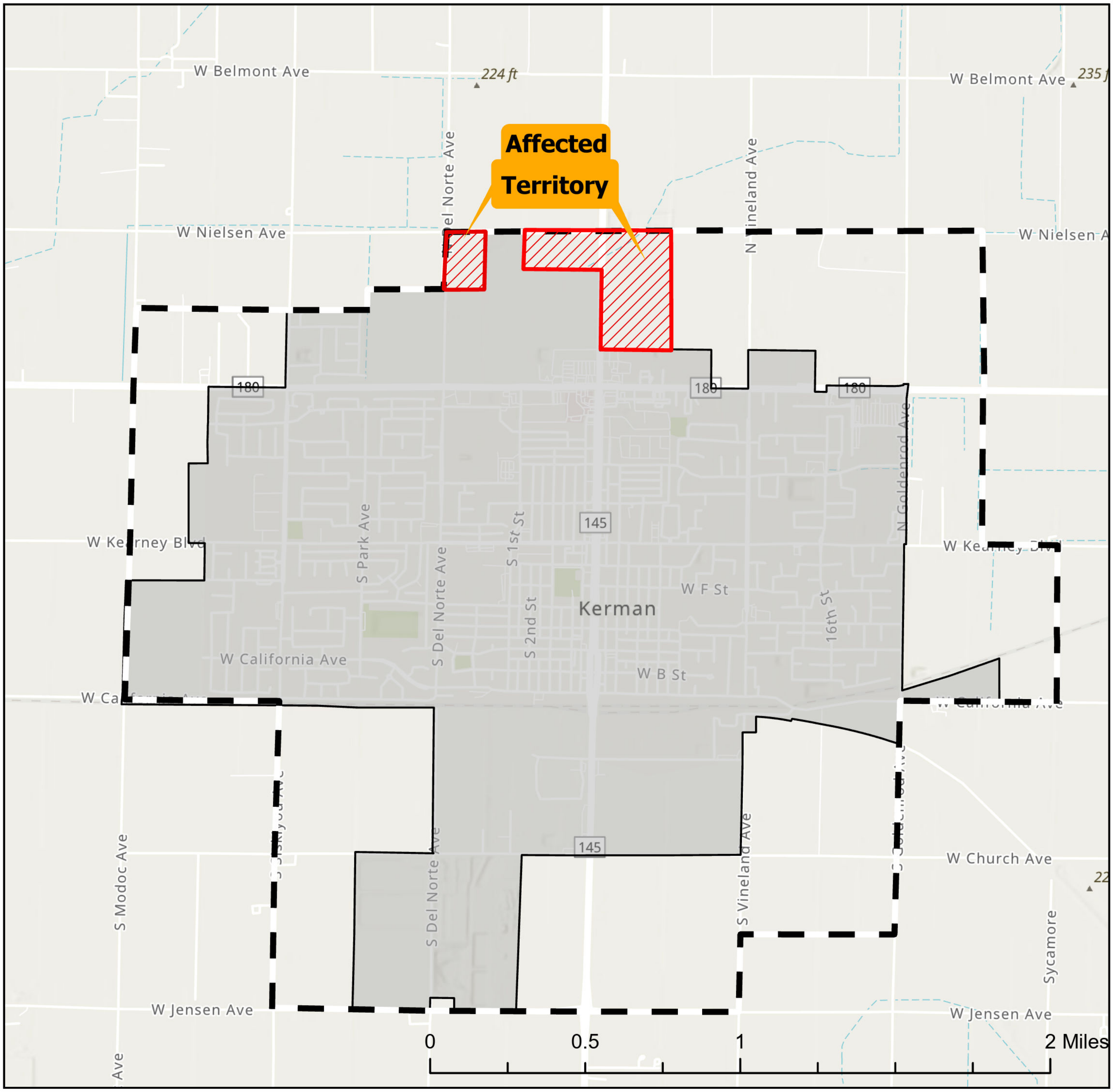
Service	Existing Service	Change
Water	Domestic Water / Private Wells	City of Kerman
Sewer	Sewer Collection / Private Septic	City of Kerman
Fire Protection	North Central Fire Protection District	North Central Fire Protection District
Solid Waste	Mid Valley Disposal	Mid Valley Disposal
Storm Drainage	N/A	City of Kerman
Parks and Rec	N/A	City of Kerman
Police	Fresno County Sheriff's Dept.	Kerman Police Department

(See Service Plan on our website at www.fresnolafco.org)

5. Cities and Districts Included Wholly or Partially Within the Affected Territory

Fresno County	Fresno County Library
State Center Community College District	North Central Fire Protection District
Kings River Conservation District	Fresno Mosquito and Vector Control District
West Fresno Red Scale Pest Control District	County Committee on School District Organization
Kerman Unified School District	Fresno Irrigation District
Fresno County Sherriff's Department	

Attachment "B"



Fresno Local Agency Formation Commission

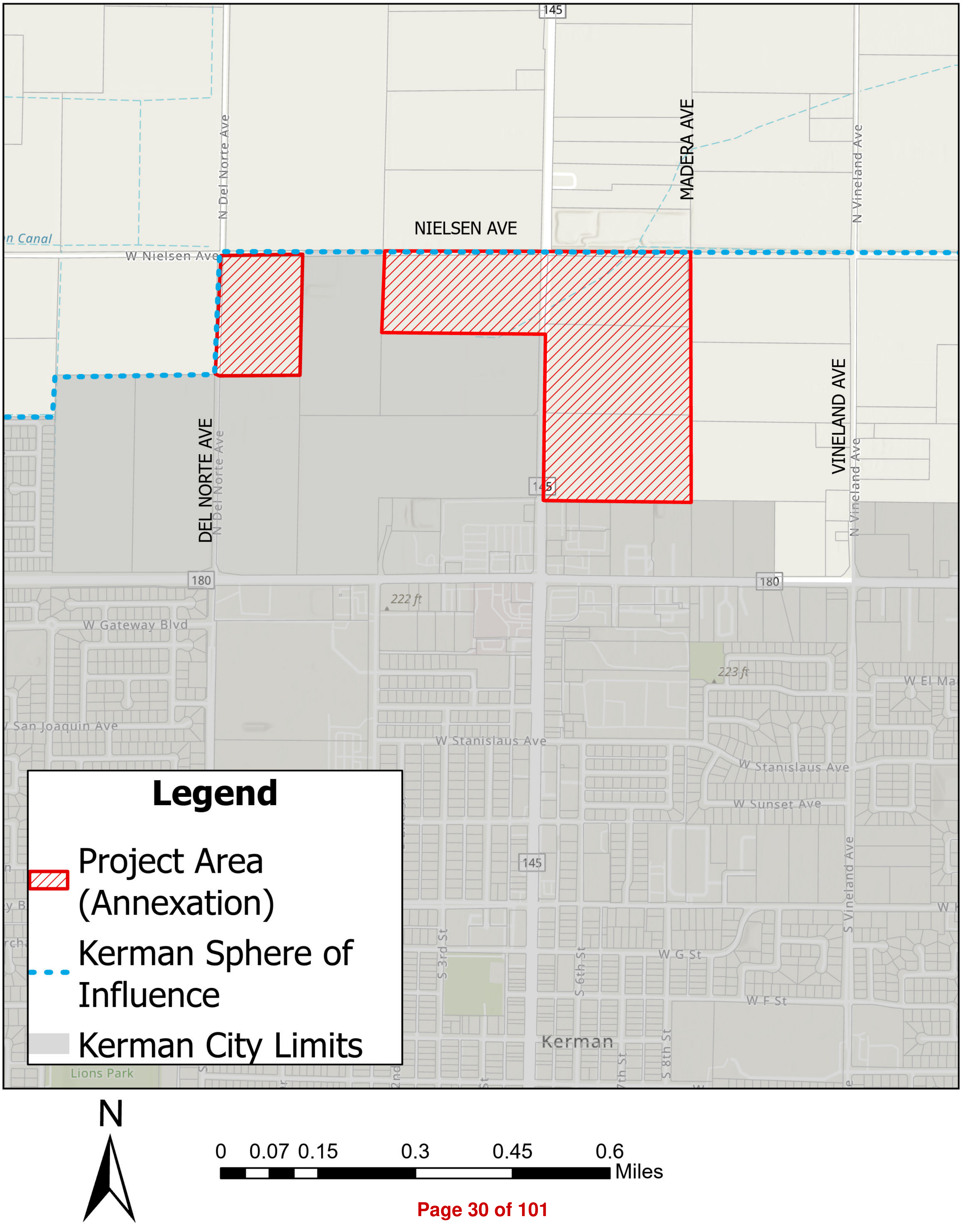
Kerman SOI

Affected Territory

Kerman City Limits

N

ATTACHMENT "C"



FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO)
EXECUTIVE OFFICER'S REPORT

CONSENT AGENDA ITEM NO. 6-E

DATE: **August 12, 2026**

TO: **Fresno Local Agency Formation Commission**

FROM: **Brian Spaunhurst, Executive Officer** BO

BY: **Lizbeth Dominguez, LAFCo Analyst**

SUBJECT: **Consider Approval – City of Sanger "Annadale-Indianola SE Reorganization."** A proposed reorganization to annex approximately 89.64 acres to the City of Sanger and detach from the Kings River Conservation District, the Fresno County Fire Protection District, and the Consolidated Irrigation District, located on the northeast corner of North Avenue and Indianola Avenue, south of Annadale Avenue within the unincorporated area of the City's sphere of influence (LAFCo Project No. RO-26-04).

Applicant: City of Sanger

Landowners/Parties of Real Interest: City of Sanger, G4 Properties LTD, Lennar Homes of California LLC

(Pursuant to Government Code Section 56662(a), this proposed reorganization has been placed on the consent agenda without notice because the territory is uninhabited, no affected local agency has submitted a written demand for notice and hearing, and all landowners within the affected territory have consented in writing to the annexation.)

RECOMMENDATION: Approve by Taking the Following Actions:

Action 1:

A. Acting as Responsible Agency pursuant to California Environmental Quality Act ("CEQA") Guidelines, find that prior to approving the proposed reorganization, the environmental effects of the Proposal as shown in the CEQA documents prepared, adopted, and submitted by the Lead Agency, were reviewed, and considered, and determine these documents to be adequate pursuant to CEQA Guidelines § 15096.

Action 2:

A. Find that the proposed annexation is consistent with LAFCo Policies and the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH").

B. Find pursuant to CKH and information in the record that:

   i. The territory is uninhabited pursuant to Gov. Code § 56079.5.

   ii. No affected agencies have submitted a written demand for notice and hearing or otherwise opposed the annexation.

   iii. All landowners within the affected territory have consented to the annexation.

C. Assign the distinctive short form designation "Annadale-Indianola SE Reorganization" and approve the reorganization subject to the following conditions of approval:

   i. Pursuant to Fresno LAFCo Policy 108-07, the Executive Officer shall record the approved application if all conditions have been satisfied and once he or she has determined that the facts pertaining to the application during the time of recording are materially similar to those facts considered by the Commission when the application was approved. "Facts", as used in the preceding sentence, are defined to include, but are not limited to, whether or not the proposed project is materially similar to the project described in any application before the Commission.

   ii. The City of Sanger must provide evidence that Parcel No. 332-080-040 has been divided.

   iii. In order to ensure logical boundaries and the efficient provision of public services by the City, the annexation shall include the full right-of-way width of adjacent roadways currently existing, including any proposed expansion or reduction of roadway rights-of-way included in a development application for the proposed project in the affected territory. The City shall acquire all property, real or personal, comprising the public right-of-way within the affected territory, along with any portion of non-public property within the affected territory needed to bring the right-of-way into compliance with City code. (Gov. Code § 56886(h).)

D. Waive further Conducting Authority Proceedings and order the reorganization subject to the requirements of CKH and the conditions of approval listed above.

E. This Commission's action approving this proposal shall expire one year from the date of this resolution unless all proceedings are complete including condition compliance and the Certificate of Completion is issued by the Executive Officer.

F. Authorize and direct the Executive Officer to mail certified copies of this resolution as provided in Government Code § 56882 and file as appropriate in the office of the Fresno County Clerk all environmental documents, if any, pertaining to the approval of the proposal, as required by State Law.

Executive Summary

On October 16, 2025, the City of Sanger adopted Resolution No. 2025-81 requesting the Commission to begin proceedings for the "Annadale-Indianola SE Reorganization" to detach approximately 89.64 acres of territory from the Kings River Conservation District, the Fresno County Fire Protection District, and Consolidated Irrigation District and annex it to the City of Sanger.

Proposal/Land Use

- The proposal consists of the detachment of approximately 89.64 acres of territory, including an existing public right-of-way, from the Kings River Conservation District, Fresno County Fire Protection District, and Consolidated Irrigation District and annexation to the City of Sanger.

- Information related to the proposal's affected territory, land use, proposed development, special districts, surrounding areas, and existing/proposed services can be found on **Attachment A.**

- The affected territory is within the City of Sanger's Sphere of Influence **(Attachment B)** and is contiguous to the Sanger City Limits **(Attachment C).**

- The site is zoned by the County of Fresno and is within the County's Agriculture Exclusive – 20 acres (AE-20).

- As per Resolution No. 2025-80 the City of Sanger City Council approved the General Plan Amendment 2024-01 to amend the 2035 Sanger General Plan land use destination from Park/Open Space to Residential-Medium Density zone district.

- Approximately 74.77 acres of the affected territory has been pre-zoned/rezoned to the City of Sanger R-1-6 (Single Family Residential) zone district; approximately 3.23 acres of the subject property has been pre-zoned/rezoned to the RSC (Resource, School, Conservation) zone district, as per City Resolution No. 2025-80.

- The territory is uninhabited (1 registered voter).

- The proposal is consistent with the Sanger General Plan.

Consistency with LAFCo Policies, Standards, and Procedures

- The County has determined that the proposal is consistent with the Memorandum of Understanding (Master Tax Sharing Agreement) and the Standards for Annexation between the City of Sanger and County of Fresno (see Letter from Paul Nerland).
- The proposal is consistent with the CKH and LAFCo Policies, Standards, and Procedures, including, but not limited to, sections 100 and 200.

- The property within the proposal has been pre-zoned/rezoned to the City of Sanger R-1-6 (Single-Family Residential) and to RSC (Resource, School, Conservation) zone districts by City Ordinance 2025-80.

Revenue & Tax Code

Fresno County has determined that the proposed "Annadale-Indianola SE Reorganization" involving the annexation of 89.64 acres is consistent with the standards of annexation contained in the Memorandum of Understanding between the City of Sanger and County of Fresno. Therefore, no further tax negotiations are necessary pursuant to Revenue and Tax Code section 99.

Sustainable Groundwater Management Act

California's Sustainable Groundwater Management Act ("SGMA") was signed into law on September 16, 2014. This three-part legislation requires local agencies to develop groundwater sustainability plans that are compatible with their regional economic and environmental needs. SGMA creates a framework for sustainable local groundwater management for the first time in California's history.

SGMA requires local agencies to form Groundwater Sustainability Agencies ("GSAs") in local groundwater basins by June 2017 and requires the adoption of Groundwater Sustainability Plans ("GSPs") for groundwater basins deemed critically over drafted by year 2020. The South Kings GSA represents the City of Sanger.

After annexation, the water entitlement within the area will be managed by the City of Sanger. The City has determined that adequate water services are available to serve the project site subject to implementation of the Sanger General Plan policies and the construction and installation of public facilities and infrastructure in accordance with City of Sanger's Public Works Department standards, specifications, and policies.

Environmental Determination

The City of Sanger, acting as "Lead Agency" under CEQA, adopted a Mitigated/Negative Declaration Report (SCH #2025061144) for Annexation 2025-01. The Notice of Determination for the Mitigated Negative Declaration ("MND") was filed with the Fresno County Clerk's office on December 11, 2025, Document No. E20251000325, consistent with the requirements of CEQA. The MND determined the Project would not have a significant effect on the environment. Mitigation measures were made as a condition of the approval of the Project. A statement of Overriding Considerations was not adopted for this project. Findings were made pursuant to the provisions of CEQA.

As "Responsible Agency", the Commission is required to review and consider the City's environmental documents prior to taking its action. If the Commission determines that these documents are adequate, pursuant to CEQA, it may make the required findings provided under “Recommendations” above.

Pursuant to CEQA Guidelines § 15096(i), if the Commission determines that these documents are adequate, a Notice of Determination will be prepared and filed with the County of Fresno Clerk's office in compliance with § 21152 of the Public Resources Code.

Costs and Other Changes Affecting Residents or Landowners

Landowners will be required to connect to City sewer services within five years of the service being available.

Agencies and Individuals Submitting Comments

- Scott Lee, Cadastral Tech II, Fresno County Assessor’s Office
- Kevin Tsuda, Environmental Health Specialist II, Environmental Health Division
- Wendy Nakagawa, P.E., Supervising Engineer, Road Maintenance & Operations Division
- Sudarshan Poudyal, P.E., Senior Water Resource Control Engineer, Fresno District

On July 10, 2026, Sudarshan Poudyal of the State Water Resources Control Board, Division of Drinking Water, submitted a comment letter expressing concerns about the City of Sanger's water demands. The Division's preliminary evaluation found that the City does not meet the California Waterworks Standards because its existing water system lacks sufficient source and storage capacity to meet current peak hourly and maximum day demands. The City addressed all comments and LAFCo received approval from the Division of Drinking Water.

Territory Boundaries

The boundaries of the proposed annexation **are** definite and certain, and the County Assessor has determined that the map and legal description **are adequate** to file with the State Board of Equalization.

Registered Voter Data

The County of Fresno Elections Office reported that there is **one** registered voter in the affected territory.

Compliance with the Requirements of CEQA

Lead Agency: City of Sanger
Level of Analysis: Mitigated Negative Declaration
Finding: A Mitigated Negative Declaration was prepared for the project pursuant to the provisions of CEQA and adopted by the City Council. It was determined that there are not project specific impacts which require specific mitigation measures.
(See Environmental Documents at www.fresnolafco.org under the LAFCo Commission Hearing quick link in the August 12, 2026 file).

Individuals and Agencies Receiving this Report

- LAFCo Counsel
- Kings River Conservation District
- Fresno County Fire Protection District
- Consolidated Irrigation District
- Joshua Goggins, Community Development Director, City of Sanger
- Sanger Unified School District

https://fresnocounty.sharepoint.com/sites/LAFCo/SharedFiles/LAFCo Projects/Cities/Sanger/RO/RO-26-04 (Annadale-Indianola SE)/Staff Report RO-26-04.docx

Attachment A
PROPOSAL INFORMATION

1. Affected Territory

Acreage:	89.64
Current Land Use:	AE-20 (Agriculture Exclusive)
Number of Residences/ Population:	Residents: 0 / Population: 0
Registered Voters:	Voters: 1
Assessor Parcel Number(s):	APNs 32-020-18S, 322-020-08, and a portion of 332-080-40

2. Proposed Development – The applicant proposes to develop approximately 78 acres into 530 single family residential units. The Vesting Tentative Map 6493 has been approved by City Council.

3. Surrounding Territory – North: Residential, East: Residential, South: Agriculture Exclusive, West: Agriculture Exclusive

4. Existing Service Agencies and Proposed Service Changes

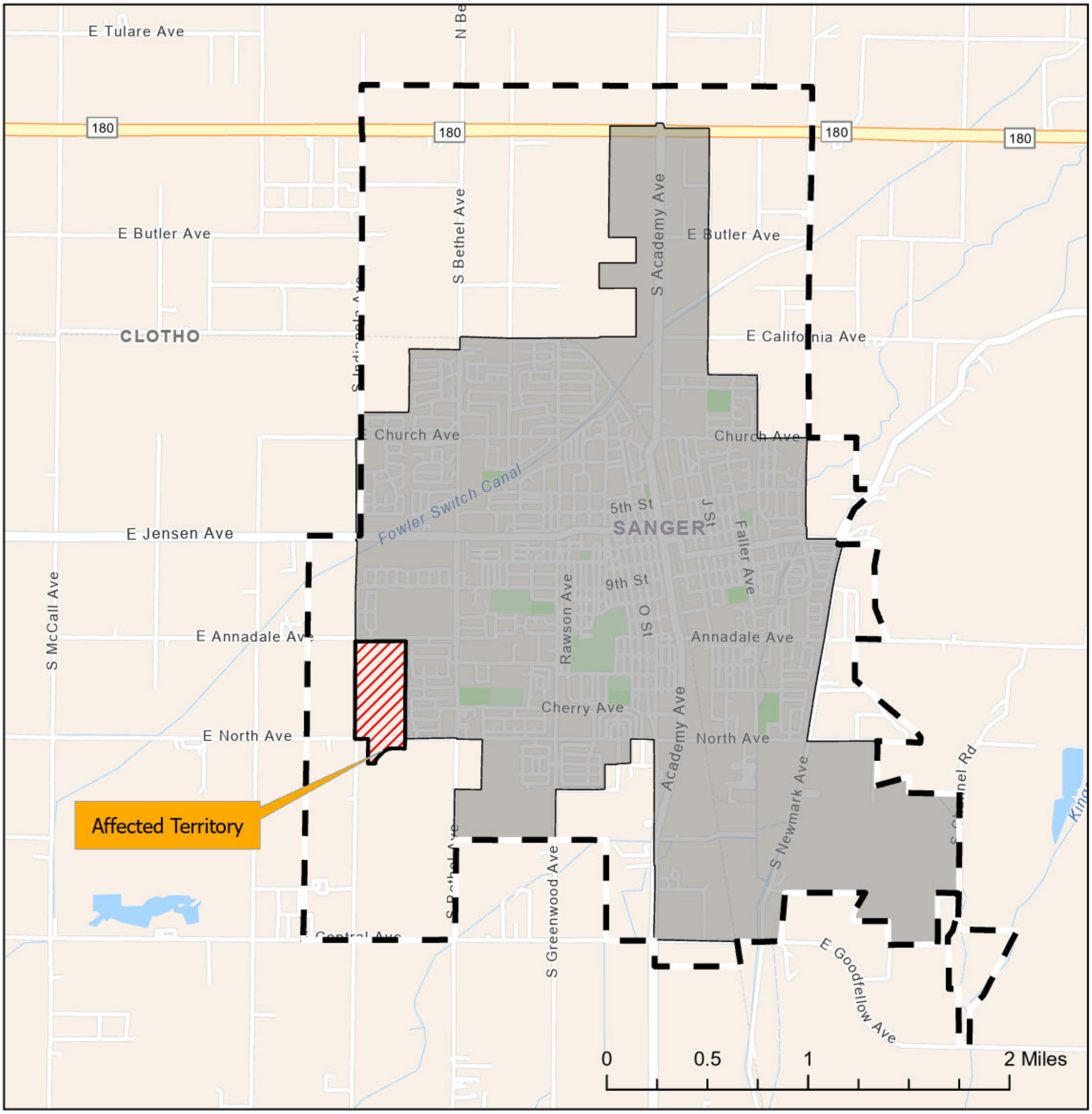
Service	Existing Service	Change
Water	County of Fresno	City of Sanger
Sewer	County of Fresno	City of Sanger
Fire Protection	Fresno County Fire Protection Dist.	City of Sanger
Solid Waste	Mid Valley Disposal	Mid Valley Disposal
Storm Drainage	County of Fresno	City of Sanger
Parks and Rec	County of Fresno	City of Sanger
Police	Fresno County Sheriff's Dept.	Sanger Police Department

(See Service Plan on our website at www.fresnolafco.org)

5. Cities and Districts Included Wholly or Partially Within the Affected Territory

Fresno County	Fresno County Library
State Center Community College District	Fresno County Fire Protection District
Kings River Conservation District	Consolidated Mosquito Abatement District
West Fresno Red Scale Pest Control District	County Committee on School District Organization
Sanger Unified School District	Consolidated Irrigation District
Fresno County Sherriff's Department	Sanger/Del Rey Cemetery District

Attachment B



Fresno Local Agency Formation Commission

Sanger SOI

Affected Territory

Sanger City Limits

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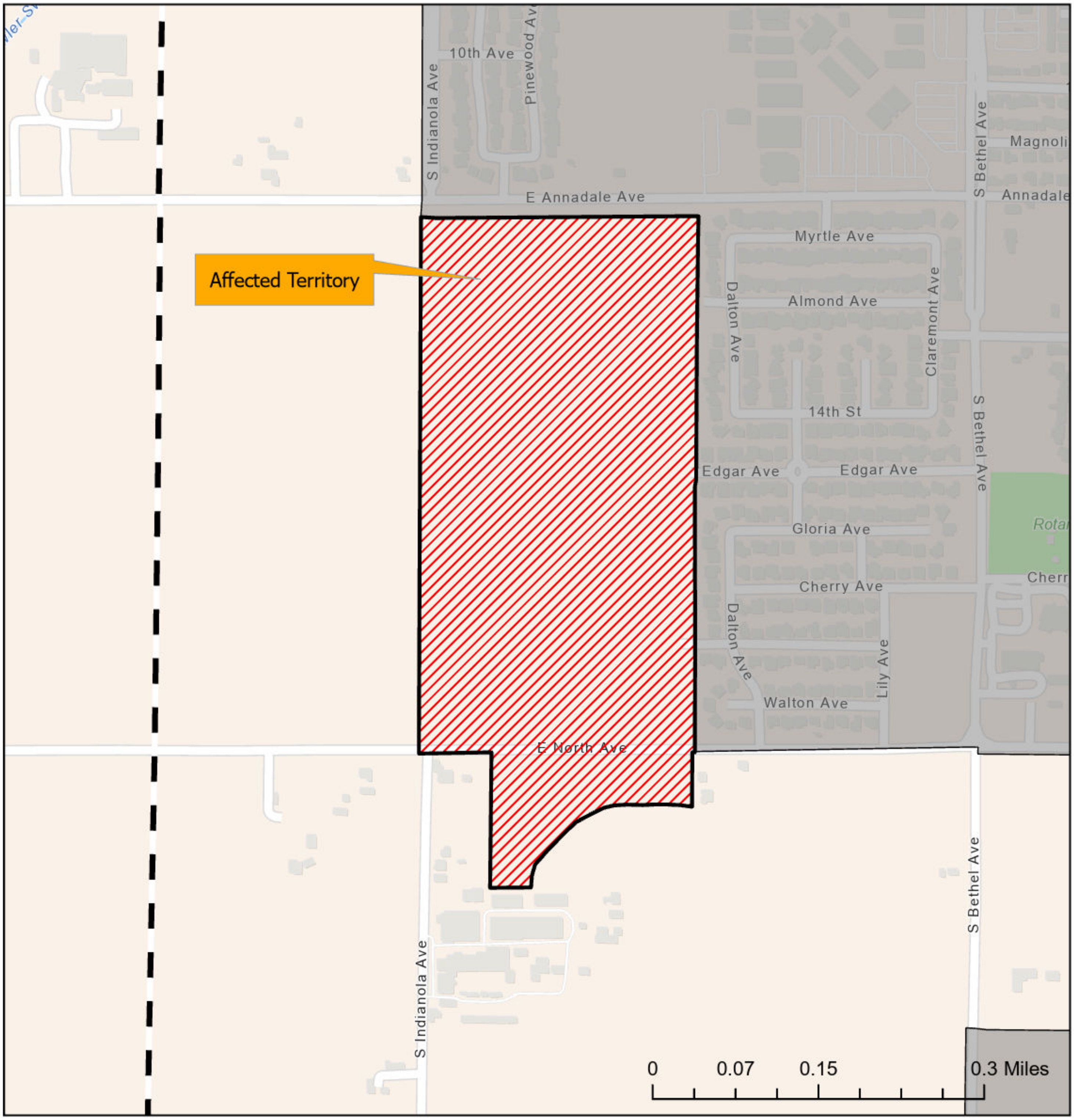
Attachment C



Fresno Local Agency Formation Commission

Affected Territory
Sanger SOI
Sanger City Limits

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO)
EXECUTIVE OFFICER'S REPORT

AGENDA ITEM NO. 7

DATE: **August 12, 2026**

TO: **Fresno Local Agency Formation Commission**

FROM: **Brian Spaunhurst, Executive Officer**

BY: **Joel Matias, LAFCo Analyst II**

SUBJECT: **Consider Adoption:** Municipal Service Review and Sphere of Influence Update for Waterworks District 41 (LAFCo File No. MSR-26-01/RSOI-219)

Attachment A – Waterworks District 41 SOI Update Map
Attachment B – Waterworks District 41 MSR and SOI Update
Attachment C – Notice of Determination/CEQA Findings
Attachment D – Determinations and Recommendations

Recommendations: Adopt the Municipal Service Review ("MSR") prepared for the Waterworks District 41 ("District") and update the Waterworks District 41 sphere of influence ("SOI") by taking the following actions:

Action 1: Municipal Service Review, LAFCo File No. MSR-26-01

A. Acting as Lead Agency pursuant to California Environmental Quality Act ("CEQA") Guidelines find that the MSR prepared for the Waterworks District 41 is Categorically Exempt from the provisions of CEQA under Section 15306, "Information Collection."

Action 2: Waterworks District 41 District SOI Update, LAFCo File No. RSOI-219

B. Acting as Responsible Agency pursuant to CEQA Guidelines, find that prior to approving the Waterworks District 41 District update, the environmental effects of the Proposal as shown in the Notice of Determination SCH No. 2018031066, prepared and certified by the County of Fresno as Lead Agency, were reviewed and considered, and determine these documents to be legally adequate pursuant to CEQA Guidelines Section 15096. **(Attachment C)**

Action 3: Written Determinations and Recommendations

A. Find that the MSR prepared for Waterworks District 41 is complete and satisfies State law.

B. Find that the written determinations of the MSR have been prepared consistent with Government Code ("GC") sec. 56430 and adopt the MSR prepared consistent with the

2024 Fresno County General Plan, Bretz Mountain Village Specific Plan, Wildflower Village Specific Plan, and Shaver Lake Forest Specific Plan.

C. Find that approval of the requested Waterworks District 41 SOI update is based on sufficient information provided to the Commission in the MSR, SOI determinations, the Executive Officer's Report to the Commission, all other testimony, evidence and information provided by persons and interested agencies, and is in compliance with State law, including, but not limited to, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH").

D. Find that the proposed Waterworks District 41 SOI update fulfills LAFCo's purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies to advantageously provide for the present and future needs of the County and its communities.

C. Adopt the required written determinations for the Waterworks District 41 SOI update and determine that these written determinations have been prepared pursuant to GC sec. 56425(e).

D. Find that all public notices of this Commission's hearing of this matter were duly given in accordance with State law.

E. Approve the "Waterworks District 41 SOI Update" and revise the Waterworks District 41 SOI to include the Zones of Benefits of County Service Areas ("CSA") 31 C, D, F, and G; adding approximately 1,008 acres in size as depicted in **Attachment A**.

Proponent: **Waterworks District 41, Christopher Bump, Program Manager**

Summary

This proposal is a request by the Waterworks District 41, via Fresno County Board of Supervisors Resolution, to add CSA 31 zones C, D, F, and G territory into the Waterworks District 41 SOI ("Proposal"). The Proposal area would include the following area and CSA **(Attachment A)**. The Proposal will allow for annexation and the consolidation of CSA 31 C, D, F, and G. The SOI expansion would lead to the consolidation and annexation of the CSAs to help streamline the administration, operations, and budgeting more efficiently. These CSAs are currently served by Waterworks District 41's Sewer and Water system but have not been formally annexed into the District.

Overview of Waterworks District 41 MSR

This MSR update is prepared in response to the Waterworks District 41 SOI update application (RSOI-219) filed with Fresno Local Agency Formation Commission.

The Proposal requests that the Commission consider a revision to the Waterworks District 41 SOI to encompass approximately 4,206 acres. The proposed SOI revision as submitted by the District will allow for future annexation and consolidation of CSA 31 C, D, F, and G.

The County of Fresno finds that the proposed changes of organization are consistent with the County's General Plan. The County of Fresno as lead agency for the proposal for the purposes of CEQA review has determined that the proposed project is exempt from CEQA pursuant to Section 15319(a) and 15320 of the CEQA guidelines.

There would be no impact to the County's revenues or service, which is administered via the special districts, given that the proposed SOI would only result in administrative reorganization. The future consolidation of CSA 31 C, D, F, and G will also help streamline administrative functions and assist the District financially.

MSR Availability and Public Review

LAFCo Policy 112-05 requires that a draft MSR be posted on the Commission's website with a minimum 21-day public review period. The Waterworks District 41 MSR update was circulated July 22, 2026 through August 12, 2026.

Pursuant to GC sec. 56427, mailed notices were sent to all affected local agencies and owners of land within the affected territory. Additionally, a 21-day notice of Commission hearing was published July 22, 2026, in *The Business Journal*.

Background

A) Request for Amendments of the Sphere of Influence

Section 56428 of CKH authorizes any person or local agency to file a written request with the LAFCo executive officer requesting an amendment to a sphere of influence adopted by the Commission. GC sec. 56425 and 56430 govern LAFCos' procedural measures aimed at assessing the requested SOI amendment.

On February 27, 2025, LAFCo received Waterworks District 41 SOI update application submitted on behalf of the Fresno County Board of Supervisors. The application was issued the LAFCo file number; RSOI-219, Waterworks District 41 Sphere of Influence Update.

B) Statutory Findings for a Sphere of Influence Expansion

An SOI is defined and discussed in sections 56076, 56425, and 56426.6 of CKH.CKH defines a sphere of influence as the "plan for the probable physical boundaries and service area of a local agency, as determined by the Commission" (GC sec. 56076). Furthermore, CKH charges the Commission with approving spheres of influence "in order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies to advantageously provide for the present and future needs of the county and its communities." (GC sec. 56425(a))

Prior to the District submitting an application to the Commission to update its SOI, representatives from the District and County met pursuant to GC sec. 56424(b) and discussed the proposed new sphere and explored methods to agree on development standards and planning and zoning requirements within the SOI expansion that would promote the logical and orderly development of areas within the sphere. On November 18, 2025 the Fresno County Board of Supervisors approved the authorization of submitting a SOI Amendment and Annexation Application to the Fresno Local Agency Formation Commission.

Written determinations for an SOI amendment pursuant to CKH are presented here and analyzed in detail in **Attachment D** of this report:

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; and
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Waterworks District 41 SOI Analysis

Currently, the District's SOI contains 3,197.9 acres. The Proposal requests the Commission to revise the current District SOI with the addition of approximately 1,008 acres of land into the updated Districts SOI making the new total acreage approximately 4,206 acres.

The proposed SOI for Waterworks 41 is entirely within the unincorporated areas of Fresno County and is not subject to a City's General or Specific Plans. Therefore, the proposed SOI for the District does not have general plan designation from an affected city.

By Commission policy, a sphere of influence is generally considered a 20 to 25-year planning horizon to identify the probable growth area of a community. The District has determined that the parcels to be included in the SOI expansion facilitate and encourage orderly growth and development, both essential to the social, fiscal, and economic well-being of the community.

The proposal supports the Commission's goals by facilitating a well-planned, orderly, and compact urban development pattern. Specifically, the proposed SOI is consistent with the 2024 Fresno County General Plan, the Bretz Mountain Village Specific Plan, Wildflower Village Specific Plan, and Shaver Lake Forest Specific Plan. Additionally, the proposal is consistent with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and LAFCo Policies, Standards, and Procedures, including, but not limited to, sections 100 and 200.

In summary, the MSR determinations support an SOI expansion as orderly and logical growth of the Waterworks District 41 that would provide for efficient extension of municipal services.

The MSR and supporting data provides the evidence to support each determination. GC sec. 56430 requires that in order to prepare and update spheres of influence, the Commission shall first conduct a municipal service review and prepare a written statement of its determinations with respect to each of the following:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

Required Findings and Determinations

Under CKH, there are a series of required findings that need to be made with respect to this Proposal. Staff present in this report and attachments the evidence and analyses in support of the required findings.

SOI Expansion and Williamson Act Land Conservation Contracts

Under GC sections 56426, and 56426.6(a), the Commission shall not approve a change to the sphere of influence of a local government agency of territory that is subject to a contract entered into pursuant to the California Land Conservation Act of 1965 (Chapter 7 (commencing with Section 51200) of Part 1 of Division 1) if that local government agency provides, or would provide, facilities or services related to sewers, nonagricultural water, or streets and roads to the territory, unless these facilities or services benefit land uses that are allowed under the contract and the landowner consents to the change to the sphere of influence.

Williamson Act Contracts in the affected area are administered by Fresno County as a means to conserve productive agricultural resources. **The Waterworks District 41 MSR notes that there are no active Williamson Act Contracts within the area requested to be included in revised Waterworks District 41 SOI.**

Environmental Determination

As the “Responsible Agency” pursuant to CEQA Guidelines, the Commission is required to independently review and consider the environmental effects of the Project as presented in the adopted Notice of Exemption prior to reaching its decision on the Proposal (sec. 15096 *et seq.* of the CEQA Guidelines).

After such review, the Commission must find if there are any feasible alternatives or mitigation measure(s) within the Commission’s power and authority that would substantially lessen or avoid any significant effect the Project would have on the environment identified in the certified Environmental Impact Report. Prior to reaching a decision on the proposed Waterworks District 41 update, the Commission is also required to make findings pursuant to the GC sections: 15091, 15093, 15096(g)(1), and 15096(h) of the CEQA Guidelines.

Individuals and Agencies Receiving this Report

- John Luebberke, LAFCo Counsel
- Bernard Jimenez, Planning & Resource Management Officer, Fresno County Department of Public Works and Planning
- Christopher Bump, Program Manager Waterworks District 41
- Cybil Luna, Staff Analyst Resource Division- Special Districts

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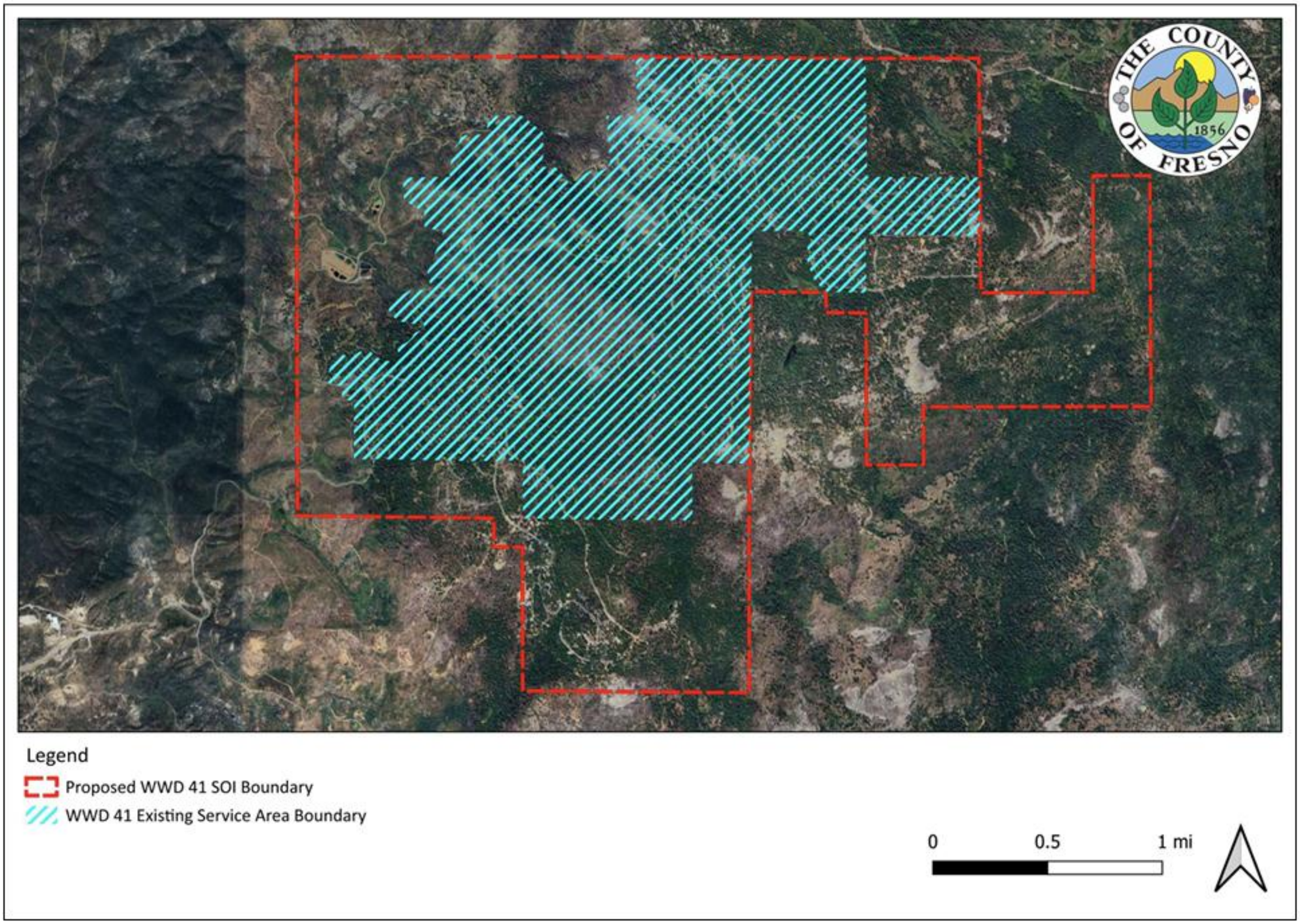
Waterworks District 41 SOI Update Map and Current Service Area



WATERWORKS DISTRICT NO.41

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

Report to the
Fresno Local Agency Formation Commission

Brian Spaunhurst, Executive Office
Joel Matias, Analyst II
Jessica Gibson, Analyst II
Lizbeth Dominguez, Analyst I
Amanda Olivas, Clerk to the Commission III
Fernando Perez, Former LAFCo Intern
Brenda Gutierrez, Former LAFCo Intern
1401 Fulton Street, Suite 800
Fresno, CA 93721

MSR-26-01/RSOI-219

August 12, 2026

AGENCY PROFILE: WATERWORKS DISTRICT NO. 41

Water and Sewer Services

Contact Information

Primary Contact: Christopher Bump
Office Address: 2220 Tulare Street 6th floor, Room 600
Fresno, CA 93721
Phone: (559) 600-4319
Fax: (559) 600-4552
Email: cbump@fresnocountyca.gov

Management Information

District Formation: July 18,1972
Principal Act: County Waterworks District Law, Division 16 of the Water Code of the State of California (CWD 55000 et seq.)
Governing Body: Fresno County Board of Supervisors

Board Members:	Luis Chavez	Appointed 2024-Expires 2029
	Brian Pacheco	Appointed 2022-Expires 2027
	Buddy Mendes	Appointed 2022 - Expires 2027
	Nathan Magsig	Appointed 2022-Expires 2027
	Garry Bredefeld	Appointed 2024-Expires 2029

Board Meetings: Held at 9:30 A.M on the first and third Tuesday of each month.
Meeting Location: Board Chambers located in the Fresno County Hall of Records, 2281 Tulare Street, Third Floor, Fresno, CA, 93721
Staffing: WWD 41 does not have any direct employees; the District is operated by Fresno County's Special Districts Administration, which includes 13 field staff and 9 administrative/office staff.

Service Information

Properties Served: Water and sewer services
Service Area and SOI: WWD 41W service area covers 1,975 acres and SOI is 2,962 acres. WWD 41S service area covers 1,585 acres and SOI is 2,962
Infrastructure: 33 water wells, storage tanks, distribution system for water (pipes, pumps), and aeration ponds for wastewater

Fiscal Information

Budget: $977,100
Sources of Funding: Bimonthly service charges and property taxes. The district receives a percentage of ad valorem property taxes.
Rate Structure: Water and sewer user charges are collected bi-monthly and standby charges are collected annually along with property taxes

Administrative Policies

Master Plan: No	**Policies/Procedures:** Yes	**By-laws:** Yes
SOI established: 1972	**SOI Last Updated:** 2007	**Others:** No

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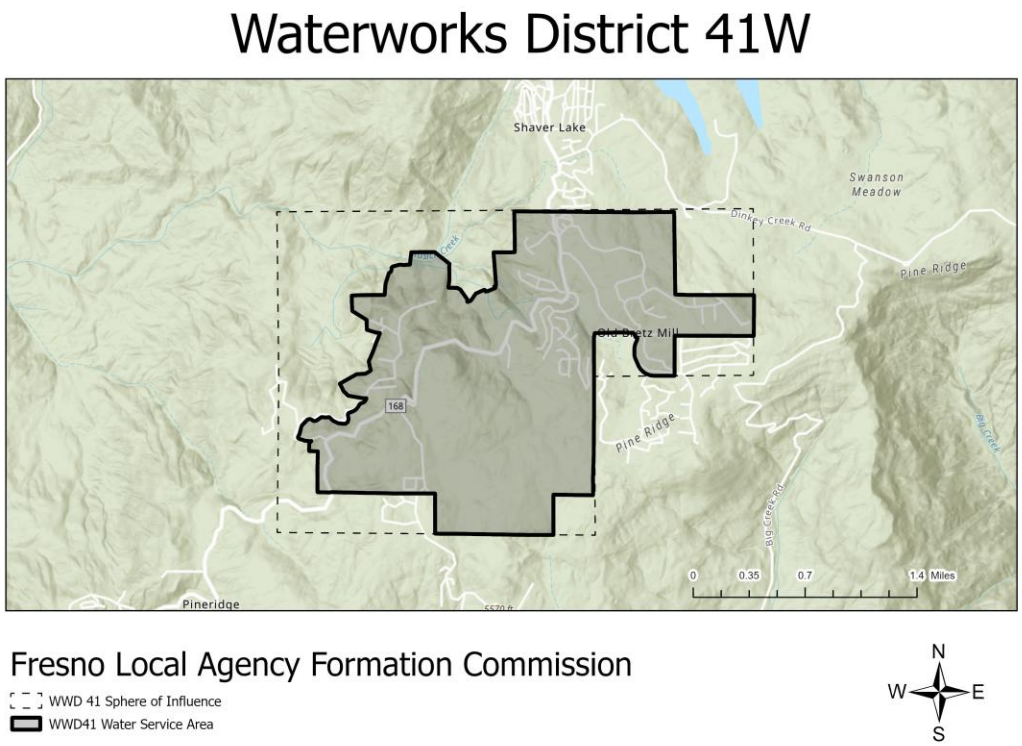
Figure 1-Waterworks District No. 41 Map



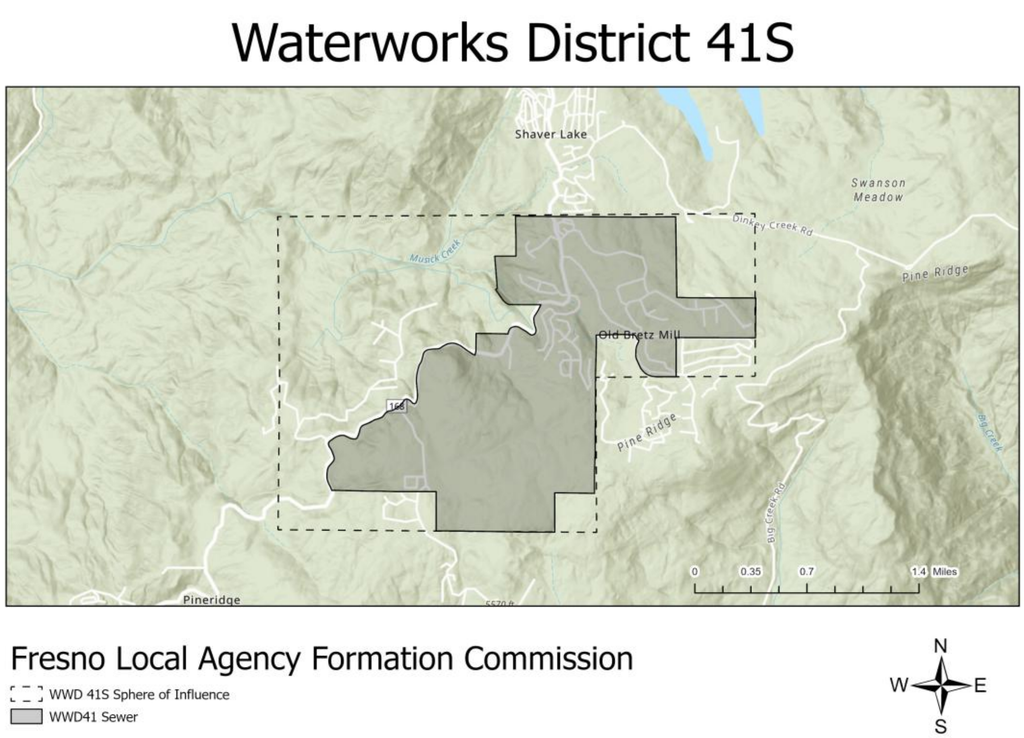


Figure 2- Waterworks District No. 41 Service Area and Proposed SOI boundary

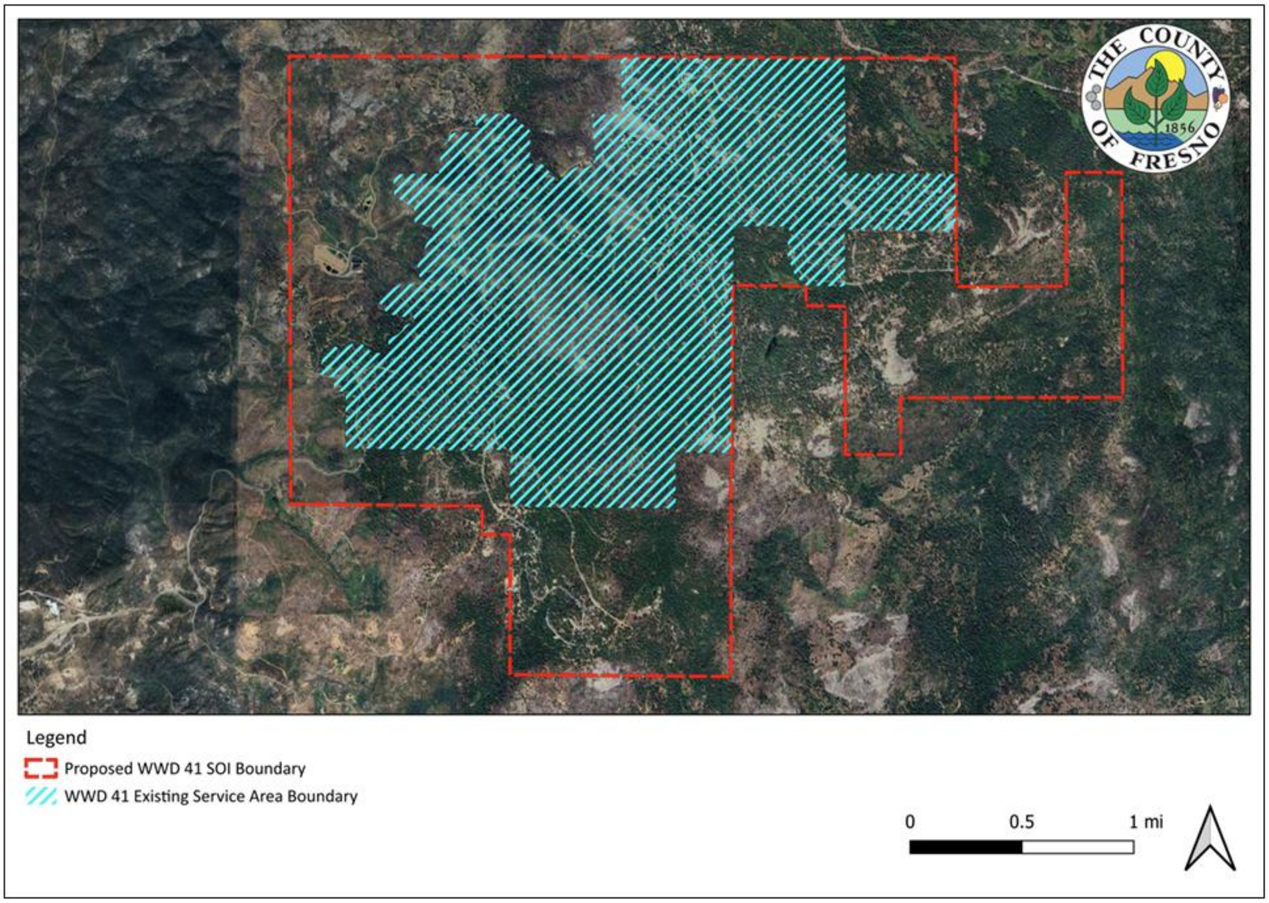
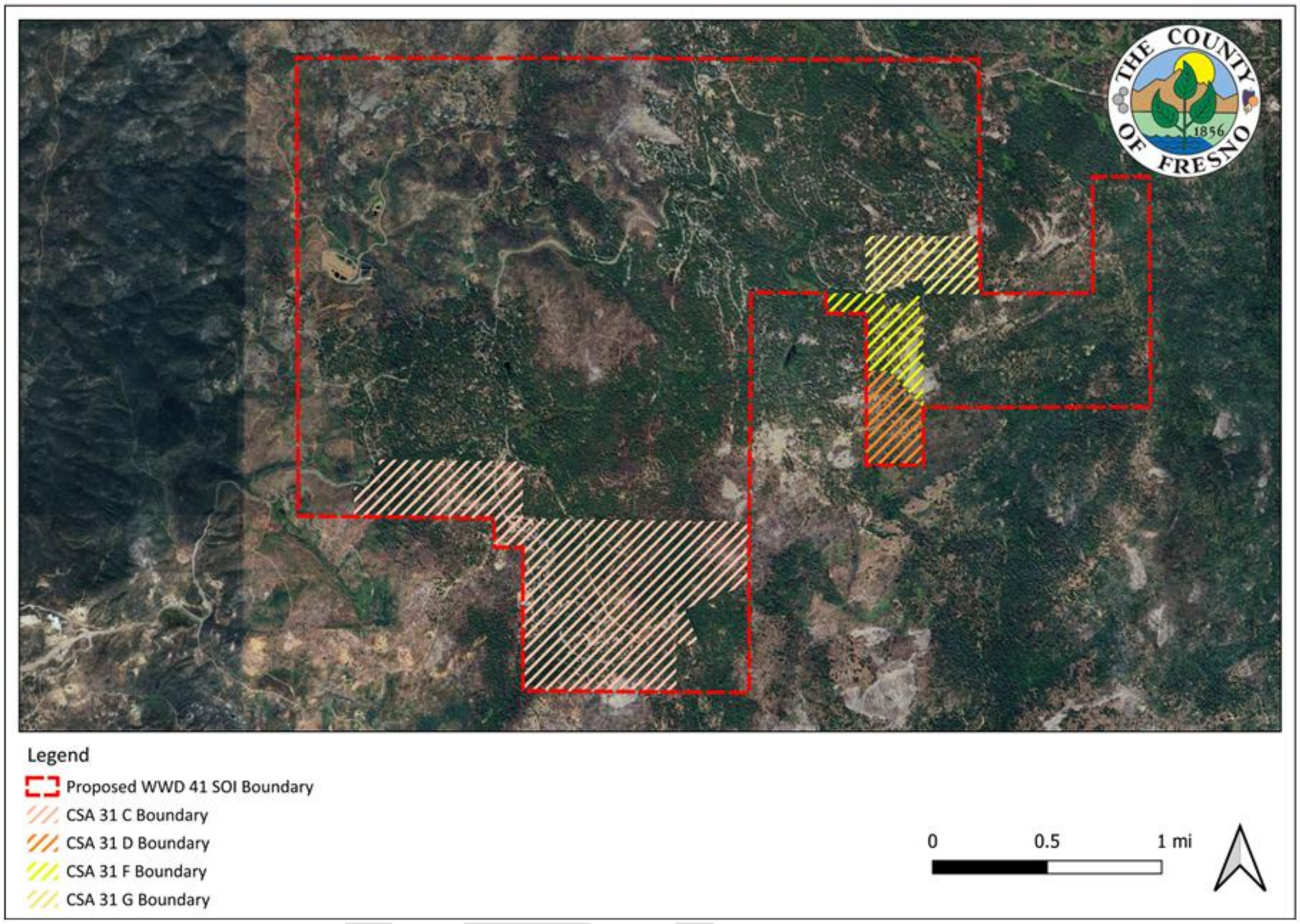


Figure 3- Location of CSAs to be Consolidated with WWD41



MUNICIPAL SERVICE REVIEW

Principal Act

Fresno County Waterworks District No. 41 ("District" or "WWD 41") operates under the authority of the County Waterworks District Law, Division 16 of the California Water Code (Section 55000 et seq.). This principal act establishes the legal framework for the formation, governance, and powers of county waterworks districts throughout the state. Under this law, Waterworks Districts are empowered to acquire, construct, operate, and maintain works for the supply, treatment, and distribution of water, as well as facilities for the collection, treatment, and disposal of wastewater. The act also grants districts the ability to set rates, adopt regulations, issue bonds, and enter contracts necessary to carry out their responsibilities. In essence, the principal act defines both the scope of services the District may provide and the mechanisms it may use to finance and manage those services.

The District was established in 1972 to provide water and sewer services within its designated boundaries. The District's formation was in response to the need for organized, reliable utility services in the Shaver Lake region, an area experiencing residential and recreational development. As a dependent special district governed by the Fresno County Board of Supervisors, WWD 41 functions as a local service provider with powers delegated through the principal act and administered at the county level. This governance structure ensures that the District's operations remain aligned with countywide policies while still addressing the unique needs of the Shaver Lake community.

The County Waterworks District Law also provides the District with the authority to levy service charges, adopt ordinances, and undertake capital improvements to ensure continued service reliability. This statutory flexibility is particularly important in mountain communities such as Shaver Lake, where aging infrastructure, seasonal population fluctuations, and environmental constraints can create operational challenges. By operating under a well-defined principal act, WWD 41 can plan, finance, and implement the water and sewer services necessary to support both permanent residents and seasonal visitors while maintaining compliance with state and regional regulatory requirements.

District Service Area

The District is composed of two service areas that reflect the distinct infrastructure and service demands within its boundaries. According to representatives of the District, WWD 41W, the water service area, encompasses approximately 1,975 acres and includes the facilities and distribution systems necessary to deliver potable water to customers. WWD 41S, the sewer service area, covers roughly 1,585 acres and includes wastewater collection and treatment systems serving the community. The current Sphere of Influence is 3,197 acres and is not coterminous with the service area. The new proposed Sphere of Influence will be approximately 4,206 acres.

Currently the District is proposing a SOI expansion and annexation of Community Service Area (CSA) 31 C, D, F, & G. The District is currently servicing CSA 31 C, D, F, & G so there would be no changes to the staffing needs. There will be no extension of public services since WWD 41 already provides water and sewer to these CSAs.

When looking at the potential of expanding WWD41's sphere, we must take into consideration that the currents CSAs are communities that are established, and future boundaries must not separate these communities. WWD 41 has plans of bringing the entire service area of these CSAs into the District's boundary with future annexations.

Authorized District Service Area

In order to promote timely and beneficial public services with integrity and accountability through providing water service and sewer service, the District conducts ongoing monitoring of system performance, regulatory compliance, customer feedback, and input from the Citizens Advisory Committee. The District also conducts routine inspections, testing, and maintenance to ensure water and sewer services meet operational and health standards. Legal authority for the formation and powers of the District and its function are found in the California Water Code § 55100 *et seq*.

Fresno LAFCo MSR Policy

A Municipal Service Review (MSR) is required in order to prepare or update a local agency's sphere of influence. It is LAFCo's observation that many special districts within Fresno County typically, do not request or experience modifications to their service area or request an update or revisions to the Commission's adopted SOI for the subject agency.

While the Commission is not required by law to make any changes to a SOI, it may, at its discretion, opt to reaffirm, expand, delete a SOI, or approve, deny, or approve with conditions any changes of organization or reorganization impacting the governmental agency as a result of the information gathered during the MSR update process.[1]

In accordance with GC sec. 56066, Fresno County is the principal county. Fresno LAFCo is responsible for updating the SOI for the District consistent with GC sec. 56425(g). In order to update the agency's SOI, Fresno LAFCo has prepared this service review consistent with GC sec. 56430.

District Growth and Population Projection

The current total population of the district is estimated at 284 people in the service area. Approximately 59 people are within the County Service Areas (CSA) 31 C, D, F, and G in which receive services from WWD 41. Based on the Districts estimated population, the District will have an approximately 343 people population when the future annexation of CSA 31 C, D, F, and G occurs. The District relies on the Shaver Lake Community Plan to get a population estimate but with the lack of comparative census data and a small permanent residency because of rental or vacation homes it becomes difficult for an accurate population projection.[2]

WWD 41 has a current service area of 1,975 acres. The SOI of the District is 3,197 acres and is not coterminous with the service area. However, the District is currently engaged in a proposed SOI boundary change. This SOI expansion would include County Service Areas (CSA) 31 C, D, F, and G to which the district already provides water and sewer services to but are not in the current District's SOI. This proposed SOI boundary change is paired with a proposed annexation and consolidation of the same territory to streamline admirative processes.

The service area of WWD 41 includes many parcels that are undeveloped but are marked for service connections and charged standby fees. Vacant parcels pay annual standby fees of $35.28 for

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[1] Fresno Local Agency Commission- Policy 107- Municipal Service Review Policy
[2] Shaver Lake Community Plan 3.01a. Population

water and $32.82 for sewer, and there are small yearly charges for surveillance and water quality.[3] As service demands are based on well productions in WWD 41W and monitoring sewage flows in WWD 41S, WWD 41W has seen an average increase of 17 new residential connections per year within the existing service area. This development rate is applied to the amount of vacant residential land and parcels to help plan for increased/expanded services.

Disadvantaged Unincorporated Communities

The purpose of Senate Bill 244 (Wolk, 2011) is to address the complex legal, financial, and political barriers that contribute to regional inequity and infrastructure deficits within disadvantaged unincorporated communities ("DUC"). Cities, counties, special districts, and LAFCo are all required by SB 244 to identify and include DUCs in their respective long-range planning. A DUC is defined as an inhabited unincorporated territory with an annual median household income that is less than 80 percent of the statewide annual median household income as defined by California Water Code section 79505. [4]

Pursuant to LAFCo Policy 111-03, when approving any new or updated SOI for a city or special district, the city or special district shall be required to identify DUCs within or contiguous to their boundaries in their applications for Commission action.[5] In 2020, Fresno LAFCo mapped DUCs in Fresno County, and there were no DUCs identified within the General Plan planning area. Although there are no DUCs identified in WWD 41, there are some located nearby. Mostly in the lower foothills and valley areas of eastern Fresno County.

[3] County Waterworks District 41 South of Shave Lake Sewer & Water FY 2025-2026 Budget
[4] California Government Code section 56046 – definition of "inhabited territory"
[5] Fresno LAFCo Policy 111-03, Page 6

District Infrastructure

Waterworks District No. 41 owns and operates a range of water and wastewater infrastructure necessary to serve the community. The District's water system includes 33 water wells, multiple storage tanks, and an interconnected distribution network consisting of pipelines and pumps. These facilities collectively support the extraction, treatment, storage, and delivery of potable water throughout the WWD 41W service area. The WWD 41S also maintains aeration ponds used for wastewater operations, which support effluent quality management and system reliability.

Overall, the District's infrastructure is considered adequate for current service demands, with existing facilities generally capable of meeting the needs of the residents they serve. However, the age of certain system components, particularly wells, pipelines, and mechanical equipment, requires ongoing maintenance and periodic replacement to ensure continued reliability. The mountain environment also presents operational challenges, including cold-weather impacts, variable water demand, and limited access during winter months, all of which necessitate proactive asset management. As part of an upcoming rate study and planning effort, the District is working on evaluating the long-term infrastructure needs. In order to avoid costly repairs, monitoring systems have been in place to identify issues before they become major problems. Systems such as shared services, strategic procurements and competitive bidding, and safety training for staff are currently on-going measures that are being implemented to help reduce the District's cost. The District has future plans of developing a new asset management and tracking program to help monitor infrastructure conditions and extend the useful life of facilities which would help reduce the long-term cost of maintenance.

Public Facilities, Opportunities for Shared Facilities

As a County-operated dependent special district WWD 41 shares resources with other agencies. Staffing and County-owned equipment including vehicles, tools, and operational resources are used across multiple County managed water and sewer Districts in Fresno County. WWD 41S also shares the wastewater treatment facility with CSA 31B.

In 2025 Special Districts entered into a Joint Powers Agreement with the California Association of Mutual Water Companies to ensure the most cost-effective insurance for all dependent county administrated special districts including WWD 41. By entering this Joint Powers Agreement, WWD 41 benefits from comprehensive and economical general liability, public liability, property damage, auto liability, boiler and machinery, directors' and officers' errors and omissions, employment practices, employee dishonesty, employee benefits liability coverage, workers' compensation coverage, and coverage for such other risks as the Board of Directors may determine from time to time.[6] In addition, the District would gain access to risk assessments, contract review for indemnity and insurance sufficiency, and loss-prevention services, which help small districts avoid costly incidents and litigation. Members also receive the legal and financial protection of a separate public entity, meaning the Authority's debts and liabilities do not become the District's obligations.[7] With the help of the Fresno County Department of Public Works and Planning, the District relies on the

[6] Cal. Mutuals JPRIMA Agreement Page 3
[7] Ibid

Special Districts Administration for all its administrative, financial, and operational functions.

Government Accountability

County Waterworks districts are dependent special districts formed pursuant to Division 16 of the California Water Code Section 55000, *et seq*. Waterworks districts are empowered to provide water for domestic, agricultural, industrial, and fire protection purposes. The District currently provides water services and sewer services to the members of the District. County Waterworks District No. 41 is a dependent special district which is run by the members of the County Board of Supervisors.

The five-member Fresno County Board of Supervisors is the governing body for the District. Each Board member may continue to run for election after his or her term. The Board of Supervisors meetings are generally held at 9:30 A.M on the first and third Tuesday of each month. The agenda contains a brief general description of each item to be considered. Although the District does not have a specific mission statement, they follow the mission statement of Fresno County: *To promote excellent, timely, and beneficial public services to our diverse community with integrity and accountability*. The District is administered by Fresno County's Special Districts Administration. This includes 13 field staff and 9 administrative/office staff.

A Citizens Advisory Committee was created in conformance with California Gov Code § 25212.4. The Committee contains nine members elected by the property owners within the District. No member shall serve for more than two full consecutive terms unless there are no nominees. If there are no nominees, the member will continue to serve until replaced.[8] If no property owners are available or willing to serve, then the Committee can only operate as long as a quorum is present.

The FY 2024–2025 budget for Fresno County Waterworks District 41 reflects rising operational costs and the District's ongoing need to maintain and upgrade its water and sewer infrastructure. After completing major asbestos concrete pipe replacements in prior years and the Hydro tank was replaced in 2025, the District next major project is replacing a storage tank and a boundary/rate adjustment process to rebuild depleted reserves. The water budget totals $1.31 million and relies heavily on the release of prior reserves, while the sewer budget totals $660,000 with a small remaining reserve balance.[9] Increases in liability insurance, utilities, and professional services are the primary cost drivers for both systems. Revenues continue to come from property taxes, standby fees, and service charges, but current income is insufficient to cover expenses without drawing down reserves, underscoring the District's need for future rate adjustments. The District is planning a Prop 218 rate study to address these funding shortfalls.

Waterworks District 41 is still providing service, but the new budget shows that the District is spending more money than it brings in each year. To make the numbers work, the District is using up its savings (called "reserves"). For the water system, those savings will be completely used up by the end of the year. The sewer system will have only a small amount left. Costs for things like insurance, electricity, and professional services have gone up, and

[8] Bylaws of the County Service Area No.31 And Waterworks District No. 41 Citizen's Advisory Committee, Page 2

[9] County Waterworks District 41 South of Shave Lake Sewer & Water FY 2025-2026 Budget

the District doesn't collect enough in rates and fees to cover those increases. Because of this, the District plans to adjust its boundaries and review its rates so it can rebuild savings and keep the system reliable. In short, the District is operating, but the current budget isn't sustainable without changes. A Prop 218 will be conducted but a rate adjustment process cannot begin until the annexation of CSAs 31 C, D, F, & G is complete. Depending on how long the annexation process takes, the Prop 218 process should be finished in FY 26-27 or FY 27-28.

Any Other Matters

The fee schedule for Fresno County Waterworks District 41 outlines the monthly water and sewer charges based on meter size, along with overuse rates and annual standby fees.[10] For example, a 5/8" water line is billed at $8.40 per month per developed parcel, which includes a monthly allowance of 7,500 gallons A 3/4" line costs $11.67 per month, and a 1"-line costs $13.43 per month. Sewer charges range from $11.42 to $16.79 per month depending on service size. Overuse water rates increase in tiers, starting at $1.03 per bimonthly billing period for the next 10,000 gallons and rising to $4.12 per bimonthly billing period for usage over 20,000 gallons above the included allowance.

The District is planning to expand the SOI and encompass CSAs C, D, F, and G to which the District already provides water and sewer services. By expanding the District's SOI and encompassing these CSAs, the CSAs could be consolidated and annexed into the District. This would be a necessary step to help streamline administrative operations and budgeting more efficiently by consolidating services under one single district.

[10] WWD 41 Master Fee Scale

MSR DETERMINATIONS

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews and provides analysis in conformance with Government Code §56425 and Fresno LAFCo policy. Pursuant to Government Code §56430, the Commission prepares the following written determinations.

1. Growth and Population Projections for the Affected Area.

- The District is located in eastern Fresno County, south of Shaver Lake along Highway 168, with the bulk of the District's area occurring to the east of the highway. The District service area spans across two general areas that combined amount to approximately 1,975 acres.
- The District's boundaries are irregular and include areas of development along Bretz Mill Road, Outcrop Road and Woody Lane, Littlefield Road, Ridge Road and Woodland Road.
- The District provides water and sewer services for the area. WWD 41W, the water service area, encompasses approximately 1,975 acres. WWD 41S, the sewer service area, covers roughly 1,585 acres.
- During 2020 to 2024 the District saw an average of 17 new residential connections per year within its existing service area.
- The District is proposing an SOI boundary change that would encompass County Service Areas (CSA) 31 C, D, F, and G. WWD 41 currently provides water and sewer services to the CSAs but they are not in the current SOI.

2. The Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence.

- The District does not have a disadvantaged unincorporated community within its boundary.

3. Present and Planned Capacity of Public Facilities and Infrastructure Needs or Deficiencies.

- The District owns 33 water wells, storage tanks, distribution system for water (pipes, pumps), and aeration ponds for wastewater.
- The District's current infrastructure is adequate to meet the current District needs.
- Staffing and County-owned equipment including vehicles, tools, and operational resources are used across multiple County managed water and sewer Districts in Fresno County.

4. Financial Ability of Agency to Provide Services.

- The majority of the District's finances are relying on the use of tax revenue. WWD 41W (Water) FY 26-27 estimated revenue: Tax Revenue $611,000 and Reserves $114,232 ($179k in 25-26). WWD 41S (Sewer) FY 26-27 estimate revenue: Tax Revenue $146,660 and Reserves $200,008 ($286k in 25-26)

- The water budget totals $1.31 million and relies heavily on the release of prior reserves, while the sewer budget totals $660,000 with a small remaining reserve balance.

- Revenues continue to come from property taxes, standby fees, and service charges, but current income is insufficient to cover expenses without drawing down reserves, underscoring the district's need for future rate adjustments.

- The district will be adjusting the rates to help rebuild the reserves that have been depleted after completing the asbestos concrete pipe project. Rates cannot be adjusted until after the annexation & subsequent Prop 218 Rate Study. Estimated completion FY 26-27 or 27-28.

5. Status of, and Opportunities for, Shared Facilities.

- Staffing and County-owned equipment including vehicles, tools, and operational resources are used across multiple County managed water and sewer Districts including WWD 41.

- In 2025 Special Districts entered into a Joint Powers Agreement with the California Association of Mutual Water Companies to ensure the most cost-effective insurance for all dependent county administrated special districts including WWD 41.

6. Accountability for Community Service Needs, Including Government Structure and Operational Efficiencies.

- California Water Code section 34000-38500 authorizes the formation of Water Districts to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes.

- WWD 41's governing board consist of five (5) members – the Fresno County Board of Supervisors. The Board of Supervisors meetings are generally held at 9:30 A.M on the first and third Tuesday of each month.

- A Citizens Advisory Committee was created in conformance with California Gov Code § 25212.4. The Committee contains seven members elected by the property owners within the District.

- Waterworks District 41 is still providing service, but the new budget shows that the district is spending more money than it brings in each year. The District is intending to address this issue by a Prop 218 rate study and rate adjustment. The annexation of CSAs 31 C, D, F, & G is the first step in this process to ensure all customers in the District are included within the District and incorporated into a district-wide rate structure.

- The District plans to adjust its boundaries and review its rates so it can rebuild savings and keep systems reliable.

7. Any Other Matter Related to Effective or Efficient Service Delivery.

- The District is planning to expand the SOI and encompass CSAs C, D, F, and G which the District already provides water and sewer services.
- By expanding the District to encompass these CSAs, the District will be able to provide water and sewer services under a single administrative structure.

SPHERE OF INFLUENCE REVIEW AND UPDATE

In order to carry out the Commission's purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to its jurisdiction, the Commission shall develop and determine the sphere of influence of each city and each special district within the County and enact policies designed to promote the logical and orderly development of areas within the sphere. A sphere of Influence is defined as "a plan for the probable physical boundaries and service area of a local agency, as determined by the commission."

In determining the sphere of influence 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;

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

In determining a sphere of influence, the Commission may assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies when reorganization is found to be feasible and if reorganization will further the goals of orderly development and efficient and affordable service delivery. The Commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

When adopting, amending, or updating a sphere of influence for a special district, the Commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts. The Commission may require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts. When Fresno LAFCo updates a sphere of influence it must adopt specific determinations with respect to the following factors:

1. Present and planned land uses, including agricultural and open-space lands.

- The County of Fresno is the land use authority for territory within the District's boundaries.

- The current land uses are primarily residential. The future land uses are expected to remain primarily residential.

- No significant changes to population within the District are anticipated.

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

- Current District facilities and services appear to be adequate. By using their current public facilities and services with other agencies the District will be able to continue providing services to the residents in the area.

- There is minimal growth anticipated by the District. The District is capable of addressing and adjusting its probable service needs for public facilities.

- The District will need to ensure that they are maintaining the necessary infrastructure needs as needed.

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

- Present capacity of District facilities and services appear adequate. District provides services consistent with its principal act and as authorized by the Fresno LAFCo.

4. 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 relevant social or economic communities of interest relevant to the District's service provisions. The District informed LAFCo that it cannot support additional water demands due to the limits of its contracted water availability.
- The District is conducting a capacity analysis of its water and sewer systems and may pursue alternative water supplies, including potential surface-water rights, to strengthen long-term reliability.

5. The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

- The District is designated by LAFCo policy as a non-municipal local agency, meaning that the District is authorized to provide non-municipal services. With no disadvantaged unincorporated community located within the area there is no present and probable need for those public facilities and services.

RECOMMENDATIONS

In consideration of information gathered and evaluated during the 2026 Municipal Service Review, it is recommended the Commission:

1. Receive this report and any public testimony regarding the proposed Municipal Service Review and proposed Sphere of Influence Update.

2. Find that the Municipal Service Review is exempt from the California Environmental Quality Act pursuant to section 15306 (Information Collection).

3. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.

4. Recommend to the District to:

    1. Conduct a Prop 218 to ensure that the district has adequate funding to not use up all their reserves.
    2. Consolidate and annex CSAs C, D, F, and G to streamline services that the District provides.

ACKNOWLEDGEMENTS

This Municipal Service Review was prepared by Fresno LAFCo staff. The Waterworks District 41 provided information included in this evaluation of the agency's service provisions.

This document and supportive information is available in the Fresno LAFCo office located at:

Fresno Local Agency Formation Commission
1401 Fulton Street. Suite 800
Fresno, California 93721

The Municipal Service Review is available on Fresno LAFCo's website,
http://www.fresnolafco.org/MSR.asp

CEQA Findings and Statement of Overriding Considerations

for the

Fresno County General Plan Review and Zoning Ordinance Update

Pursuant to CEQA Guidelines Sections 15091 and 15093 and Public Resources Code Section 21081

The Final Environmental Impact Report (EIR) prepared for the Fresno County General Plan Review and Zoning Ordinance Update (SCH #2018031066) consists of errata to the Draft EIR and Response to Comments on the Draft EIR. The Final EIR identifies significant environmental impacts that will result from implementation of the Fresno County General Plan Review and Zoning Ordinance Update (GPR/ZOU). The County of Fresno (County) finds that the inclusion of certain mitigation measures as part of approval of the GPR/ZOU will reduce all but the following significant impacts to levels that are less than significant: agriculture (impacts related to the conversion of farmland or forestland to non-agricultural use), air quality (construction and operation-related emissions), cultural resources (built environmental historical resources and archaeological resources), geology and soils (paleontological resources), greenhouse gas emissions (project-specific efficiency thresholds), transportation (project-level and cumulative impacts related to vehicle miles traveled [VMT]), tribal cultural resources, utilities and service systems, and wildfire (impacts related to potential development in medium, high, or very high fire hazard severity zones). No feasible mitigation measures have been identified to reduce these impacts to a less-than-significant level or mitigation measures have been identified but would not reduce impacts to a level of less than significant; thus, these impacts will remain significant unavoidable impacts of the GPR/ZOU. These impacts will be overridden due to specific considerations that are described within this document.

As required by the California Environmental Quality Act (CEQA), the County, in adopting these CEQA Findings of Fact (Findings) and Statement of Overriding Considerations, also adopts a Mitigation Monitoring and Reporting Program (MMRP) for the GPR/ZOU. The County finds that the MMRP, which is incorporated herein by reference, meets the requirements of Public Resources Code Section 21081.6 by providing for the implementation and monitoring of measures intended to mitigate potentially significant effects of the GPR/ZOU. In accordance with CEQA and the *CEQA Guidelines*, the County adopts these findings as part of approval of the Fresno County GPR/ZOU. Pursuant to Public Resources Code Section 21082.1(c)(3), the County also finds that the Final EIR reflects the County's independent judgment as the lead agency for the Fresno County GPR/ZOU.

Consideration and Certification of the EIR

In accordance with CEQA, and on the formal recommendation of the Planning Commission following notice and public hearing, the Board of Supervisors certifies that the EIR has been completed in compliance with CEQA. The Board of Supervisors has independently reviewed the record and the EIR prior to certifying the EIR and approving the GPR/ZOU. By these findings, the Board of Supervisors confirms, ratifies, and adopts the findings and conclusions of the EIR as supplemented and modified by these findings. The EIR and these findings represent the independent judgment and analysis of the Board of Supervisors and the County. The Board of Supervisors recognizes the EIR may contain clerical errors. The Board of Supervisors reviewed the entirety of the EIR and bases its determination on the substance of the information it contains. The Board of Supervisors certifies that the EIR is adequate to support the approval of the action that is the subject of the staff report to which these CEQA findings are attached. The Board of Supervisors certifies that the EIR is adequate to support approval of the GPR/ZOU described in the EIR, each component and phase of the GPR/ZOU described in the EIR, any variant of the GPR/ZOU described in the EIR, any minor modifications to the GPR/ZOU or variants of the GPR/ZOU described in the EIR and the components of the GPR/ZOU.

Absence of Significant New Information

The Board of Supervisors recognizes the Final EIR incorporates information obtained and produced after the Draft EIR was completed, and that the Final EIR contains additions, clarifications, and modifications. On the recommendation of the Planning Commission following notice and public hearing, the Board of Supervisors has reviewed and considered the Final EIR and all of this information. The Final EIR does not add significant new information to the Draft EIR that would require recirculation of the EIR under CEQA. The new information added to the EIR does not involve a new significant environmental impact, a substantial increase in the severity of an environmental impact, or a feasible mitigation measure or alternative considerably different from others previously analyzed that the Board of Supervisors declines to adopt and that would clearly lessen the significant environmental impacts of the GPR/ZOU. No information indicates that the Draft EIR was inadequate or conclusory or that the public was deprived of a meaningful opportunity to review and comment on the Draft EIR. Thus, recirculation of the EIR is not required. The Board of Supervisors finds that the changes and modifications made to the EIR after the Draft EIR was circulated for public review and comment do not individually or collectively constitute significant new information within the meaning of Public Resources Code section 21092.1 or the CEQA Guidelines section 15088.5.

Severability

If any term, provision, or portion of these Findings or the application of these Findings to a particular situation is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of these Findings, or their application to other actions related to the GPR/ZOU, shall continue in full force and effect unless amended or modified by the County.

"Attachment D"

MSR DETERMINATIONS

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews and provides analysis in conformance with Government Code §56425 and Fresno LAFCo policy. Pursuant to Government Code §56430, the Commission prepares the following written determinations.

1. Growth and Population Projections for the Affected Area.

- The District is located in eastern Fresno County, south of Shaver Lake along Highway 168, with the bulk of the District's area occurring to the east of the highway. The District service area spans across two general areas that combined amount to approximately 1,975 acres.

- The District's boundaries are irregular and include areas of development along Bretz Mill Road, Outcrop Road and Woody Lane, Littlefield Road, Ridge Road and Woodland Road.

- The District provides water and sewer services for the area. WWD 41W, the water service area, encompasses approximately 1,975 acres. WWD 41S, the sewer service area, covers roughly 1,585 acres.

- During 2020 to 2024 the District saw an average of 17 new residential connections per year within its existing service area.

- The District is proposing an SOI boundary change that would encompass County Service Areas (CSA) 31 C, D, F, and G. WWD 41 currently provides water and sewer services to the CSAs but they are not in the current SOI.

2. The Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence.

- The District does not have a disadvantaged unincorporated community within its boundary.

3. Present and Planned Capacity of Public Facilities and Infrastructure Needs or Deficiencies.

- The District owns 33 water wells, storage tanks, distribution system for water (pipes, pumps), and aeration ponds for wastewater.

- The District's current infrastructure is adequate to meet the current District needs.

- Staffing and County-owned equipment including vehicles, tools, and operational resources are used across multiple County managed water and sewer Districts in Fresno County.

4. Financial Ability of Agency to Provide Services.

- The majority of the District's finances are relying on the use of tax revenue. WWD 41W (Water) FY 26-27 estimated revenue: Tax Revenue $611,000 and Reserves $114,232 ($179k in 25-26). WWD 41S (Sewer) FY 26-27 estimate revenue: Tax Revenue $146,660 and Reserves $200,008 ($286k in 25-26)

- The water budget totals $1.31 million and relies heavily on the release of prior reserves, while the sewer budget totals $660,000 with a small remaining reserve balance.

- Revenues continue to come from property taxes, standby fees, and service charges, but current income is insufficient to cover expenses without drawing down reserves, underscoring the district's need for future rate adjustments.

- The district will be adjusting the rates to help rebuild the reserves that have been depleted after completing the asbestos concrete pipe project. Rates cannot be adjusted until after the annexation & subsequent Prop 218 Rate Study. Estimated completion FY 26-27 or 27-28.

5. Status of, and Opportunities for, Shared Facilities.

- Staffing and County-owned equipment including vehicles, tools, and operational resources are used across multiple County managed water and sewer Districts including WWD 41.

- In 2025 Special Districts entered into a Joint Powers Agreement with the California Association of Mutual Water Companies to ensure the most cost-effective insurance for all dependent county administrated special districts including WWD 41.

6. Accountability for Community Service Needs, Including Government Structure and Operational Efficiencies.

- California Water Code section 34000-38500 authorizes the formation of Water Districts to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes.

- WWD 41's governing board consist of five (5) members – the Fresno County Board of Supervisors. The Board of Supervisors meetings are generally held at 9:30 A.M on the first and third Tuesday of each month.

- A Citizens Advisory Committee was created in conformance with California Gov Code § 25212.4. The Committee contains seven members elected by the property owners within the District.

- Waterworks District 41 is still providing service, but the new budget shows that the district is spending more money than it brings in each year. The District is intending to address this issue by a Prop 218 rate study and rate adjustment. The annexation of CSAs 31 C, D, F, & G is the first step in this process to ensure all customers in the District are included within the District and incorporated into a district-wide rate structure.

- The District plans to adjust its boundaries and review its rates so it can rebuild savings and keep systems reliable.

7. Any Other Matter Related to Effective or Efficient Service Delivery.

- The District is planning to expand the SOI and encompass CSAs C, D, F, and G which the District already provides water and sewer services.

- By expanding the District to encompass these CSAs, the District will be able to provide water and sewer services under a single administrative structure.

SPHERE OF INFLUENCE REVIEW AND UPDATE

In order to carry out the Commission's purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to its jurisdiction, the Commission shall develop and determine the sphere of influence of each city and each special district within the County and enact policies designed to promote the logical and orderly development of areas within the sphere. A sphere of Influence is defined as "a plan for the probable physical boundaries and service area of a local agency, as determined by the commission."

In determining the sphere of influence 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;

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

In determining a sphere of influence, the Commission may assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies when reorganization is found to be feasible and if reorganization will further the goals of orderly development and efficient and affordable service delivery. The Commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

When adopting, amending, or updating a sphere of influence for a special district, the Commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts. The Commission may require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts. When Fresno LAFCo updates a sphere of influence it must adopt specific determinations with respect to the following factors:

1. PRESENT AND PLANNED LAND USES, INCLUDING AGRICULTURAL AND OPEN-SPACE LANDS.

- The County of Fresno is the land use authority for territory within the District's boundaries.

- The current land uses are primarily residential. The future land uses are expected to remain primarily residential.

- No significant changes to population within the District are anticipated.

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

- Current District facilities and services appear to be adequate. By using their current public facilities and services with other agencies the District will be able to continue providing services to the residents in the area.

- There is minimal growth anticipated by the District. The District is capable of addressing and adjusting its probable service needs for public facilities.

- The District will need to ensure that they are maintaining the necessary infrastructure needs as needed.

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

- Present capacity of District facilities and services appear adequate. District provides services consistent with its principal act and as authorized by the Fresno LAFCo.

4. 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 relevant social or economic communities of interest relevant to the District's service provisions. The District informed LAFCo that it cannot support additional water demands due to the limits of its contracted water availability.
- The District is conducting a capacity analysis of its water and sewer systems and may pursue alternative water supplies, including potential surface-water rights, to strengthen long-term reliability.

5. The present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

- The District is designated by LAFCo policy as a non-municipal local agency, meaning that the District is authorized to provide non-municipal services. With no disadvantaged unincorporated community located within the area there is no present and probable need for those public facilities and services.

RECOMMENDATIONS

In consideration of information gathered and evaluated during the 2026 Municipal Service Review, it is recommended the Commission:

1. Receive this report and any public testimony regarding the proposed Municipal Service Review and proposed Sphere of Influence Update.

2. Find that the Municipal Service Review is exempt from the California Environmental Quality Act pursuant to section 15306 (Information Collection).

3. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.

4. Recommend to the District to:

    1. Conduct a Prop 218 to ensure that the district has adequate funding to not use up all their reserves.
    2. Consolidate and annex CSAs C, D, F, and G to streamline services that the District provides.

FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCO)
EXECUTIVE OFFICER'S REPORT

AGENDA ITEM NO. 8

DATE: **August 12, 2026**

TO: **Fresno Local Agency Formation Commission**

FROM: **Brian Spaunhurst, Executive Officer**

SUBJECT: **Contract between Fresno LAFCo and CivicBound**

RECOMMENDATION: Authorize the Commission Chair to sign contract with CivicBound

Background

Fresno LAFCo is responsible for regulating boundary changes, conducting municipal service reviews, and promoting orderly and efficient growth. In recent years, the Commission has continued efforts to modernize its public-facing tools, improve application processing efficiency, and enhance access to information for member agencies, applicants, and the public.

CivicBound provides a complete suite of tools designed specifically for LAFCOs. Every feature is built with CKH Act compliance in mind, helping staff work more efficiently while maintaining the highest standards of regulatory adherence.

Discussion

This contract with CivicBound would provide Fresno LAFCo with a cloud-based system to centralize application materials, and support communication with applicants and agencies. Staff anticipates that the platform will reduce manual processing time, lower duplication of efforts, and improve compliance with noticing and transparency requirements under the Cortese-Knox-Hertzberg Act.

CivicBound has worked with other LAFCo agencies in California, providing staff with confidence in the platform's suitability for local government regulatory workflows.

The contract includes system setup, data onboarding, staff training, and ongoing support. Pricing falls within the current fiscal year's approved budget allocations. CivicBound Agreement attached as "Attachment A".

Subscription Agreement

This Subscription Agreement (this "**Agreement**") is entered into and effective as of August 12, 2026 ("**Effective Date**") by and between CivicBound LLC a California Limited Liability Company ("**Service Provider**") and Fresno Local Agency Formation Commission, a California local agency formation commission ("**Client**").

WHEREAS, Service Provider is a software development company offering hosted workflow management systems; and

WHEREAS, Client desires to contract with Service Provider to obtain access to Service Provider's software.

NOW, THEREFORE, in consideration of fees paid by Client to Service Provider, as described in further detail herein, and in further consideration of the promises, covenants, and agreements herein contained, it is hereby agreed by and between the parties hereto as follows:

1. <u>Services</u>. Service Provider shall provide to Client the services (the "**Services**") set out in one or more statements of work or order form to (each, collectively referred to as a "**Statement of Work**") from time to time. The initial accepted Statement of Work is attached hereto as Exhibit A.

2. <u>Service Provider Obligations</u>. Service Provider shall:

2.1 Designate employees that it determines, in its sole discretion, to be capable of filling the following positions:

(a) A primary contact to act as its authorized representative with respect to all matters pertaining to this Agreement (the "**Service Provider Contract Manager**").

2.2 Make no changes in the Service Provider Contract Manager except:

(a) Following notice to Client.

(b) Upon the resignation, termination, death, or disability of an existing Service Provider Contract Manager.

(c) At the reasonable request of Client, in which case Service Provider shall use reasonable efforts to appoint a replacement at the earliest time it determines to be commercially viable.

2.3 Provide search/export functionality for Client Data (as defined below) and reasonable assistance related to Client information requests, subject to the following provisions:

(a) Ordinary-Course Records. Service Provider shall maintain, in the ordinary course of business, complete and accurate records reasonably necessary to operate and bill for the Services.

(b) Self-Service Search & Export. During the Term (as defined below), Service Provider shall make available standard in-product search and export tools enabling Client to query and download Client Data and system-generated records made available for export, in the Service's then-available formats (e.g., CSV/JSON/PDF). "**Client Data**" includes all data and information that Client uploads to Service Provider's software, as well as any data that Service Provider uploads, imports, or otherwise makes available in the Services on behalf of Client.

(c) PRA Cooperation. Upon Client's written request, Service Provider shall reasonably and timely cooperate with Client's California Public Records Act ("**PRA**") compliance by (i) identifying applicable standard searches/filters; (ii) running standard reports/exports where materially equivalent results are not reasonably obtainable by Client using the tools; and (iii) providing basic product documentation (e.g., data-field definitions and export format notes).

(d) Limits. Client is the custodian of records and bears sole responsibility for any compliance including PRA requests. Service Provider will not (i) create new records; (ii) perform legal review or redaction; (iii) disclose internal system logs ("internal system logs" means platform/infrastructure logs not exposed via in-product audit/activity logs), source code, security reports ("security reports" include penetration-test reports, vulnerability scans, and similar assessments), or third-party confidential information provided that Service Provider may share redacted excerpts of system logs strictly as necessary to troubleshoot the Services for Client, excluding other customers' data and proprietary security content.; or (iv) deviate from its ordinary data retention and backup practices, which may be updated without materially reducing protections during the Term. Client acknowledges and agrees that it is commercially reasonable for Service Provider to rely on the security processes and measures utilized by Service Provider's cloud infrastructure providers.

(e) Assisted Export; Fees. Subject to Section 2.3(d), Service Provider will provide limited technical assistance to help identify, run, or package exports of Client Data using the Service's standard capabilities (the "**Assisted Export**"). Assisted Export does not expand Service Provider's obligations beyond Section 2.3(d) or require new functionality. Included hours: up to two (2) hours per Paid Subscription Year at no additional charge; the allowance is non-cumulative, non-transferable, has no cash/refund/credit value, and does not carry over. Additional assistance: after the included hours are exhausted, Service Provider will provide a written estimate stating scope, then-current standard professional-services rates, and a not-to-exceed (NTE) amount; work will begin only upon Client's written approval (email sufficient). Time will be billed in 0.25-hour increments, Service Provider will provide a running balance upon request and will not exceed the approved NTE without additional written approval from Client.

2.4 Maintain, Update, and Upgrade the Services, as follows:

(a) operate and maintain the hosted infrastructure for the Services and implement administrative, technical, and physical safeguards for server operation and database security.

(b) modify features, components, and functionality of the Services during the Term for maintenance, security, legal compliance, performance, usability, or improvement of quality, reliability, scalability, or user experience, including configuration changes, code refactoring, UI changes, dependency updates, data-model optimizations, and changes to hosting or third-party providers, provided the Services as a whole continue to deliver materially equivalent core functionality; for material changes that affect APIs, data-export formats, automations, or end-user workflows, provide reasonable advance notice and a migration path, except where immediate action is required for security or to comply with law.

(c) treat an Update as a bug fix, patch, correction, or minor improvement that is made generally available to customers of the same module, applied automatically, and included at no additional charge (an "**Update**").

(d) treat an Upgrade as a platform update, major product enhancement, or new feature set that may be offered as an optional add-on or included in specific subscription plans as reflected in the applicable Statement of Work or Order Form, with no obligation to deliver any particular Upgrade ("**Upgrade**").

Notwithstanding the foregoing, Service Provider does not guarantee that all Updates or Upgrades will work on Client's hardware and Client is responsible for any investments in, or modifications to, Client hardware, systems, or other software that may be required to use or access the Services due to a modification, Update, or Upgrade.

2.5 Implement and maintain reasonable security measures for the Services, including encryption of Client Data at rest and in transit, periodic vulnerability assessments, and timely application of security patches and updates. Service Provider will also maintain a vulnerability management program in line with industry standards and promptly address any critical vulnerabilities identified.

Service Provider will maintain backup and disaster recovery practices in the ordinary course of operating the Services, including recurring automated backups or snapshots, access-controlled backup storage, and documented restoration procedures designed to support recovery from accidental loss, corruption, or compromise of Client Data. Service Provider will use commercially reasonable efforts to restore

Client Data from available backups when restoration is commercially practicable and appropriate under the circumstances. Backup cadence, retention periods, storage locations, and recovery procedures are operational controls that may be adjusted from time to time, provided changes do not materially reduce protections during the Term. Service Provider does not guarantee that any recovery time objective or recovery point objective will be achieved.

2.6 Ensure prompt reporting, and remediation of any unauthorized acquisition of or access to Client Data that compromises its confidentiality or integrity (a "**Security Incident**") involving Client Data by:

(a) notifying Client in writing of any confirmed Security Incident without undue delay and no later than 48 hours after confirmation, including the nature of the incident, the categories of Client Data affected, the known or suspected root cause, actions taken or planned, and a point of contact.

(b) investigating, mitigating, and remediating the Security Incident; preserving relevant logs and evidence; and reasonably cooperating with Client and, where applicable, law enforcement or regulators.

(c) if the Security Incident triggers legal notification duties, coordinating with Client on required notices, including notices to affected California residents within 30 days of discovery and to the California Attorney General within 15 days after notifying more than 500 California residents.

(d) if the Security Incident results from failure to comply with Section 2.5 or this Section 2.6, bearing reasonable third-party costs of legally required notifications and credit monitoring where required by law.

(e) coordinating any public statements with Client and acknowledging that notice or cooperation under this Section does not constitute an admission of fault.

2.7 Provide support as described in the applicable Statement of Work or Order Form ("**Support Plan**"). Unless the Statement of Work states otherwise, online support requests may be submitted at any time to which Service Provider will respond within a commercially reasonable time. Phone support is available only if included in the selected Support Plan, in which case it is provided during business hours Monday through Friday excluding Service Provider holidays. Any initial response targets stated in the Statement of Work are goals only and do not create service credits.

2.8 Third-Party Services. The Service Provider may permit Client and its Authorized Users (as defined below) to access services or content provided by third parties through the Services ("**Third-Party Services**") and Client agrees that Service Provider is not liable for any inaccuracies contained in any content provided in any of the Third-Party Services. Service Provider makes no representations, warranties or guarantees with respect to the Third-Party Services or any content contained therein. Service Provider may discontinue access to any Third-Party Services through the Services if the relevant agreement with the applicable third party no longer permits

Service Provider to provide such access. If loss of access to any Third-Party Services (to which Client has a subscription under this Agreement) occurs during the Term, Service Provider will refund to Client any prepaid fees for such Third-Party Services covering the remainder of the Term.

3. Client Obligations. Client shall:

3.1 Designate one of its employees or agents to serve as its primary contact with respect to this Agreement and to act as its authorized representative with respect to matters pertaining to this Agreement (the "**Client Contract Manager**"), with such designation to remain in force unless and until a successor Client Contract Manager is appointed.

3.2 Require that the Client Contract Manager respond timely to any reasonable requests from Service Provider for instructions, information, or approvals required by Service Provider to provide the Services.

3.3 Cooperate with Service Provider in its performance of the Services and provide access to Client's premises, employees, contractors, and equipment as required to enable Service Provider to provide the Services.

3.4 Take all steps necessary, including obtaining any required licenses or consents, to prevent Client-caused delays in Service Provider's provision of the Services.

3.5 Refrain from modifying, adapting, or using the Services to develop any software application intended for resale which uses or competes with the Services in whole or part.

3.6 Bear responsibility for the development, content, operation, maintenance, and use of Client Data, including but not limited to compliance with applicable laws. Service Provider will have no responsibility or liability for the accuracy of the Client Data prior to receipt of such data into the Services. Without limiting the foregoing, Client shall be solely responsible for and shall comply with all applicable laws and regulations relating to (a) the accuracy and completeness of all information input, submitted, or uploaded to the Services, (b) the privacy of users of the Services, including, without limitation, providing appropriate notices to and obtaining appropriate consents from any individuals to whom Client Data relates; and (c) the collection, use, modification, alteration, extraction, retention, copying, external storage, disclosure, transfer, disposal, and other processing of any Client Data. Service Provider is not responsible for lost data caused by the action or inaction of Client or Authorized Users. Unless otherwise mutually agreed in writing, Client shall not maintain any financial, health, payment card, or similarly sensitive data that imposes specific data security or data protection obligations within the Services. Client shall provide and institute all appropriate tools and procedures required to ensure the security of its own information system and, more specifically, to prevent, detect and destroy the occurrence of any viruses.

3.7 Comply with the following use restrictions, without limiting Sections 6.3 or 8.1, and ensure Authorized Users do the same. Client shall not:

(a) make any part of the Services available to anyone other than Authorized Users, except as agreed in writing.

(b) use the Services to store or transmit infringing, libelous, unlawful, or tortious material, or material that violates privacy, publicity, copyright, or other rights.

(c) introduce or transmit code, files, scripts, agents, or programs intended to do harm, including viruses, worms, time bombs, or Trojan horses.

(d) interfere with or disrupt the integrity or performance of the Services.

(e) attempt to gain unauthorized access to the Services or related systems or networks, bypass access controls, or evade rate limits including automated scraping or data extraction outside documented APIs.

(f) remove or alter any copyright, trademark, or proprietary rights notices in the Services, documentation, or training materials, except for internal copies used under this Agreement; or

(g) use the Services in a manner that violates this Agreement, any Order Form or Statement of Work, or applicable laws.

4. Fees and Expenses.

4.1 In consideration of the provision of the Services by the Service Provider and the rights granted to Client under this Agreement, Client shall pay the fees set forth in the applicable Statement of Work. Payment to Service Provider of such fees and the reimbursement of expenses pursuant to this Section 4 shall constitute payment in full for the performance of the Services. Unless otherwise provided in the applicable Statement of Work, said fee will be payable within thirty (30) days of receipt by the Client of an invoice from Service Provider. Client acknowledges and agrees that fees remitted are non-refundable once paid unless otherwise stated in the Agreement.

4.2 Except for invoiced payments that the Client has successfully disputed, all late payments shall bear interest at the lesser of the rate of one percent (1 %) per month or the highest rate permissible under California law, calculated daily and compounded monthly. Client shall also reimburse Service Provider for all reasonable costs incurred in collecting any late payments, including, without limitation, attorneys' fees. In addition to all other remedies available under this Agreement or at law (which Service Provider does not waive by the exercise of any rights hereunder), Service Provider shall be entitled to suspend the provision of any Services if the Client fails to pay any amounts when due hereunder and such failure continues for ten (10) days following written notice thereof.

4.3 **Free Trial Period.** Notwithstanding anything in this Agreement, the Service Provider shall provide the Client with a full, end-to-end trial implementation of the Services (the "**Free Trial**") at no cost to the Client. The Free Trial shall include all features, functionality, integrations, data processing steps, and outputs necessary to demonstrate the Software's performance in a real-world operating environment for processing an application from initial intake through a fully agendized Commission hearing. The Service Provider shall provide all labor, configuration, support, and related services required to complete the Free Trial. The Free Trial Period begins on the Effective Date and ends upon the earlier of (i) Client's written acceptance of the Free Trial under Section 4.3(d), (ii) Client's termination under 4.3(c), or (iii) one hundred twenty (120) days from the Effective Date, unless extended by mutual written agreement (the "**Free Trial Period**"). The date of Client's written acceptance is the "**Term Start Date**."

(a) **No Fees During Free Trial.** The Client shall not be charged any fees, costs, or expenses of any kind in connection with the Free Trial. The Service Provider shall not invoice the Client for any work performed, resources used, or services provided during the Free Trial.

(b) **Client Evaluation and Sole Discretion.** Upon completion of the Free Trial, the Client shall have the sole and absolute discretion to determine whether the Software's performance, results, or functionality are satisfactory.

(c) **Right to Terminate After Free Trial.** If the Client determines, in its sole discretion, that the Software or the results of the Free Trial are not satisfactory, the Client may terminate this Agreement immediately upon written notice, with no further obligation, liability, or cost of any kind. Upon such termination, the Client shall owe no fees to the Service Provider, including for any services performed during the Free Trial and each party shall return such information that has been shared to the other party consistent with the confidentiality obligations in this Agreement.

(d) **Condition Precedent to Paid Services.** No paid subscription, license, or service obligation shall commence unless and until the Client provides written notice that it has accepted the results of the Free Trial and elects to proceed with paid services.

5. Limited Warranty and Limitation of Liability.

5.1 Service Provider warrants that it shall perform the Services:

(a) In accordance with the terms and subject to the conditions set forth in the respective Statement of Work and this Agreement.

(b) Using personnel of commercially reasonable skill, experience, and qualifications.

(c) In a timely, workmanlike, and professional manner in accordance with generally recognized industry standards for similar services.

(d) Subject to a valid license granted to Client.

5.2 Service Provider's sole and exclusive liability and Client’s sole and exclusive remedy for breach of this warranty shall be as follows:

(a) Service Provider shall use reasonable commercial efforts to promptly cure any such breach; provided, that if Service Provider cannot cure such breach within a reasonable time (but no more than thirty [30] days) after Client’s written notice of such breach, Client may, at its option, terminate the Agreement by serving written notice of termination in accordance with Section 8.2.

(b) In the event the Agreement is terminated pursuant to Section (a) above, Service Provider shall within 30 days after the effective date of termination, refund to Client any fees paid by the Client as of the date of termination for the Service, less a deduction equal to the fees for receipt or use of such Service up to and including the date of termination on a prorated basis.

(c) The foregoing remedy shall not be available unless Client provides written notice of such breach within thirty (30) days after delivery of such Service to Client.

5.3 SERVICE PROVIDER MAKES NO WARRANTIES EXCEPT FOR THOSE PROVIDED IN SECTION 5.1 ABOVE. ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, ARE EXPRESSLY DISCLAIMED.

6. Intellectual Property.

6.1 Client Intellectual Property. All intellectual property rights, including copyrights, patents, patent disclosures, and inventions (whether patentable or not), trademarks, service marks, trade secrets, know-how, and other confidential information, trade dress, trade names, logos, corporate names, and domain names, together with all of the goodwill associated therewith, derivative works, and all other rights (collectively, "**Client Intellectual Property Rights**") in and to all information and data that are provided to Service Provider under this Agreement (“**Client Intellectual Property**”) shall remain the property of Client. Client hereby grants Service Provider a license to use all Client Intellectual Property Rights free of additional charge and on a non-exclusive, worldwide, non-transferable, fully paid-up, royalty-free, and perpetual basis solely for the following uses: (1) to the extent necessary to enable Service Provider to provide the Services hereunder, and (2) to use de-identified and/or aggregated data for purposes of improvement of the Services, statewide reporting, benchmarking, or research and (3) to sublicense the Client Intellectual Property to third party providers (e.g., cloud infrastructure, document generation, and integrated platform services) to the extent necessary for Service Provider to perform its duties hereunder.

(a) Client Intellectual Property. Client will be solely responsible for the Client Intellectual Property submitted to the Service Provider and will comply with all laws, rules and regulations relating to the use, disclosure and transmission of such Client Intellectual Property, including providing such to Service Provider. Client represents and warrants it has the legal right to provide the Client Intellectual Property to Service Provider and that such use or disclosure does not violate the intellectual property, privacy or other legal rights of any third party.

6.2 Service Provider Intellectual Property. All intellectual property rights, including copyrights, patents, patent disclosures, and inventions (whether patentable or not), trademarks, service marks, trade secrets, know-how, and other confidential information, trade dress, trade names, logos, corporate names, and domain names, together with all of the goodwill associated therewith, derivative works, and all other rights (collectively, "**Service Provider Intellectual Property Rights**") in and to all pre-existing and future intellectual property developed or owned by Service Provider shall remain the property of Service Provider, including any data logs or analytics created utilizing Client Intellectual Property. All Service Provider Intellectual Property Rights remain the exclusive property of Service Provider and its licensors. Except as expressly stated in Section 6.3, no rights or licenses are granted by implication, estoppel, or otherwise.

6.3 Subscription Grant. Subject to timely payment and compliance with this Agreement and the applicable Statement of Work or Order Form, Service Provider grants Client a limited, non-exclusive, non-transferable, non-sublicensable license, during the Term, to permit Authorized Users to access and use the Services and documentation identified in the Statement of Work or Order Form solely for Client's internal governmental operations. "**Authorized Users**" means Client's employees, officers, commissioners, agents, and independent contractors or consultants who are under confidentiality obligations, need to use the Services for Client's benefit, and are not direct competitors of Service Provider. Client may generate, print, export, and download Client Data from the Services using the Service's standard capabilities. Use is subject to the usage parameters set out in the Statement of Work or Order Form, including any user counts, API limits, environments, and feature scope.

6.4 Restrictions. Client will not: (a) copy, modify, adapt, translate, create derivative works from, reverse engineer, or decompile the Services except to the extent permitted by law and only after prior written notice to Service Provider; (b) rent, lease, sell, sublicense, or otherwise provide access to any third party other than Authorized Users or include the Services in a service bureau or outsourcing offering; (c) use the Services to develop, train, or improve a product or service that competes with the Services; (d) conduct or publish benchmarking, availability, performance, or security testing without Service Provider's prior written consent; where disclosure is legally required, including under the California PRA, Client will, to the extent legally permitted, provide prompt notice to Service Provider and reasonably cooperate to seek confidential treatment; (e) share logins, credentials, or authentication tokens with non-Authorized Users; or (f) use the Services in excess of the usage parameters.

6.5 Reservation of Rights; Trademarks. Service Provider and its licensors reserve all rights not expressly granted. Except for factual reference, no license to use Service Provider's names, logos, or trademarks is granted.

6.6 Feedback. Service Provider may use and incorporate into the Services any suggestions, enhancement requests, or other feedback provided by Client or Authorized Users without restriction or obligation.

7. Confidentiality. From time to time during the Term of this Agreement, either Party (as the "**Disclosing Party**") may disclose or make available to the other Party (as the "**Receiving Party**"), non-public, proprietary, and confidential information of Disclosing Party that, if disclosed in writing or other tangible form is clearly labeled as "confidential," or if disclosed orally, is identified as confidential when disclosed and within 10 days thereafter, is summarized in writing and confirmed as confidential ("**Confidential Information**"); provided, however, that Confidential Information does not include any information that: (a) is or becomes generally available to the public other than as a result of Receiving Party's breach of this Section 7; (b) is or becomes available to the Receiving Party on a non-confidential basis from a third-party source, provided that such third party is not and was not prohibited from disclosing such Confidential Information; (c) was in Receiving Party's possession prior to Disclosing Party's disclosure hereunder; or (d) was or is independently developed by Receiving Party without using any Confidential Information. The Receiving Party shall: (x) protect and safeguard the confidentiality of the Disclosing Party's Confidential Information with at least the same degree of care as the Receiving Party would use to protect its own Confidential Information, but in no event with less than a commercially reasonable degree of care; (y) not use the Disclosing Party's Confidential Information, or permit it to be accessed or used, for any purpose other than to exercise its rights or perform its obligations under this Agreement; and (z) not disclose any such Confidential Information to any person or entity, other than to its personnel, advisors, and service providers who need to know the Confidential Information to assist the Receiving Party, or act on its behalf, to exercise its rights or perform its obligations under this Agreement, provided they are bound to protect the information and the Receiving Party remains responsible for their compliance.

If the Receiving Party is required by applicable law or legal process to disclose any Confidential Information, it shall, prior to making such disclosure, use commercially reasonable efforts to notify Disclosing Party of such requirements to afford Disclosing Party the opportunity to seek, at Disclosing Party's sole cost and expense, a protective order or other remedy.

8. Term, Termination, and Survival.

8.1 This Agreement shall commence as of the Effective Date and shall remain in effect through the Free Trial Period (as defined in Section 4.3) and three (3) years from the Term Start Date (as defined in Section 4.3), unless sooner terminated pursuant to Section 8.2, Section 8.3, Section 8.4 or Section 4.3(c) (the "**Term**").

(a) Term. The term for all Services licensed to Client on a subscription basis begins upon the Term Start Date of the applicable Statement of Work and are based on each Paid Subscription Year and not actual usage. Services licensed on a subscription basis are deemed delivered upon Initial Availability. Initial Availability of a Service means the earlier of: (i) the issuance of a user name and password to Client to access the Product; (ii) the provision of the Services in its hosted environment on behalf of Client; or (iii) access to the Services by Service Provider or third-party services personnel in order to commence configuration or implementation Services on behalf of Client.

(b) Access; Credentials. Service Provider will provide Client with administrative and user credentials for Authorized Users. Client will not share credentials and remains responsible for use under its accounts. Service Provider may update authentication requirements and may suspend access to prevent security incidents, legal violations, or material breach.

8.2 Either Party may terminate this Agreement, effective upon written notice to the other Party (the "**Defaulting Party**"), if the Defaulting Party:

(a) Materially breaches this Agreement, and such breach is incapable of cure, or with respect to a material breach capable of cure, the Defaulting Party does not cure such breach within thirty (30) days after receipt of written notice of such breach.

(b) Becomes insolvent or admits its inability to pay its debts generally as they become due.

(c) Is dissolved or liquidated or takes any corporate action for such purpose.

(d) Makes a general assignment for the benefit of creditors.

(e) Has a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business.

8.3 Notwithstanding anything to the contrary in Section 8.2(a), Service Provider may terminate this Agreement before the expiration date of the Term on written notice if Client fails to pay any amount when due hereunder and such failure continues for thirty (30) days after Client's receipt of written notice of nonpayment.

8.4 Termination for Convenience.

(a) Client Convenience. Client may terminate this Agreement for convenience on thirty (30) days' written notice. Termination for convenience is effective at the end of the then-current Paid Subscription Year, unless the parties agree otherwise in writing. Upon such termination, fees paid for the then-current Paid Subscription Year are non-refundable, and no further Fees will be invoiced for periods after the effective date of termination. **"Paid Subscription Year"** means each twelve (12)-month period for which subscription fees are invoiced, beginning on the Term Start Date and each anniversary.

(b) Provider Convenience. Service Provider may terminate this Agreement for convenience upon ninety (90) days' written notice. In such case, Service Provider will refund any prepaid, unused subscription fees on a prorated basis through the effective date of termination.

(c) Refund on Service Provider Breach Termination. If Client terminates under Section 8.2(a) for Service Provider's uncured material breach, Service Provider will refund any prepaid Fees for the unused portion of the then-current Paid Subscription Year on a prorated basis for the terminated Services.

8.5 Data Export and Deletion.

(a) Export Prior to Termination. Client is responsible for exporting its data or information prior to the effective date of termination or expiration and for all retention obligations under applicable law. During the Term, the Service includes self-service export tools that Client may use to export Client Data in the Service's then-available formats. If Client cannot export using those tools, Service Provider may, upon Client's written request, make available Client Data for export or delete it. If Client requires export in a different format than provided by the Service, any such work will be provided, if available, under a separate agreement on a time-and-materials basis at Service Provider's then-current rates. Assisted Export does not require creation of new functionality and may be subject to reasonable technical limitations.

(b) Limited Post-Termination Access. Service Provider has no obligation to provide post-termination access. Service Provider may, at its sole discretion, provide Client with limited, read-only access for up to thirty (30) days after the effective date of termination solely to facilitate export. Any such access, if offered, will not include use of the Services and may be conditioned on payment of applicable fees.

(c) Deletion and Retention Limits. Except as required by law, Service Provider has no obligation to maintain or provide any Client Data more than thirty (30) days after the effective date of termination or expiration. After that point, Service Provider will commence deletion of remaining Client Data from active systems, subject to standard backup cycles. Upon Client's written request before that date, Service Provider may extend retention for a commercially reasonable time to facilitate export or transition. Additional storage or access time will be billed on a time-and-materials basis at then-current rates. Upon completion of deletion from active systems, Service Provider will, upon request, provide written confirmation of deletion. Service Provider may retain copies as required by law, regulation, or bona fide litigation hold. Such retained copies remain subject to confidentiality and security obligations. Client acknowledges it is solely responsible for determining any retention requirements for Client Data, and Service Provider disclaims all liability in connection with that determination. If Client requests retention beyond any period required by law, Service Provider disclaims all liability in connection with retaining such Client Data, including claims related to loss or destruction of that data. Upon delivery of any export, Service Provider has no responsibility for storage, security, integrity, or preservation of exported data stored outside the Service.

8.6 The rights and obligations of the Parties set forth in this Section 8, and any right or obligation of the Parties in this Agreement which, by its nature, should survive termination or expiration of this Agreement, will survive any such termination or expiration of this Agreement, and with respect to Confidential Information that constitutes a trade secret under applicable law, the rights and obligations set forth in Section 7 hereof will survive such termination or expiration of this Agreement until, if ever, such Confidential Information loses its trade secret protection other than due to an act or omission of the Receiving Party or the Receiving Party's Group.

8.7 Outstanding Amounts. Termination does not relieve either party of its obligation to pay undisputed amounts accrued prior to the effective date of termination.

8.8 Non-Appropriation. If funds are not appropriated to pay Fees for a subsequent fiscal period, Client may terminate this Agreement by written notice effective at the end of the then-current fiscal period. Upon such termination, Client has no obligation to pay Fees for periods after the effective date of termination and amounts already paid for the then-current Paid Subscription Year are non-refundable.

9. Limitation of Liability.

9.1 IN NO EVENT SHALL SERVICE PROVIDER BE LIABLE TO CLIENT OR TO ANY THIRD PARTY FOR ANY LOSS OF USE, REVENUE, OR PROFIT OR LOSS OF DATA OR DIMINUTION IN VALUE, OR FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, REGARDLESS OF WHETHER SUCH DAMAGE WAS FORESEEABLE AND WHETHER OR NOT SERVICE PROVIDER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE

FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

9.2 IN NO EVENT SHALL SERVICE PROVIDER'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, INCLUDING ITS INDEMNIFICATION OBLIGATIONS, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EXCEED THE AGGREGATE AMOUNTS PAID OR PAYABLE TO SERVICE PROVIDER PURSUANT TO THIS AGREEMENT IN THE ONE-YEAR PERIOD PRECEDING THE EVENT GIVING RISE TO THE CLAIM.

10. Indemnification.

10.1 Client agrees to indemnify and hold harmless Service Provider and its affiliates, partners, officers, directors, employees, agents, and representatives of and from any and all third party claims, demands, losses, causes of action, damage, lawsuits, judgments, including attorneys' fees and costs, to the extent (1) arising out of Client-provided data, (2) Client’s misuse of the Services, or (3) Client’s (and its employees, commissioners, and agents’) gross negligence or willful misconduct.

10.2 Service Provider agrees to indemnify and hold harmless Client and its affiliates, partners, officers, directors, employees, agents, and representatives of and from any and all third party claims, demands, losses, causes of action, damage, lawsuits, judgments, including attorneys' fees and costs, to the extent caused by or arising out of (1) Service Provider’s (and their employees, subcontractors, and agents’) gross negligence or willful misconduct or (2) allegations that Service Provider infringed on the intellectual property of a third party.

11. Insurance. During the term of this Agreement, Service Provider shall, at its own expense, maintain and carry insurance with financially sound and reputable insurers, in full force and effect that includes, but is not limited to, commercial general liability and cyber liability insurance.

12. Disclaimers. Except as expressly stated herein, the Services are provided on an “As Is” basis and Service Provider does not warrant that the Services will meet Client’s requirements or that the operation thereof will be uninterrupted or error free. The Services are a workflow aid and do not replace Client’s responsibility for compliance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the Brown Act, Revenue and Taxation Code, or any other applicable regulation or law, and Client shall remain entirely responsible for statutory deadlines, noticing, hearings, determinations, and compliance therewith.

13. Equal Opportunity Employment. In performing this Agreement, Service Provider will not unlawfully discriminate against employees or job applicants based on protected characteristics like race, religion, national origin, disability, sex, gender, age, sexual orientation, or veteran status.

14. Non-Discrimination in Service Delivery. The Service Provider shall not deny contract benefits to anyone based on protected characteristics outlined in Government Code §12940.

15. Entire Agreement. This Agreement, including and together with any related Statements of Work, exhibits, schedules, attachments, and appendices, constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, regarding such subject matter. The parties acknowledge and agree that if there is any conflict between the terms and conditions of this Agreement and the terms and conditions of any Statement of Work, the terms and conditions of this Agreement shall supersede and control.

16. Severability. If any term or provision of this Agreement is found by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

17. Amendments. No amendment to or modification of or rescission, termination, or discharge of this Agreement is effective unless it is in writing and signed by each Party.

18. Dispute Resolution – Mediation and Arbitration. The parties shall first attempt in good faith to resolve any dispute arising out of or relating to this Agreement through informal negotiations within thirty (30) days of written notice of the dispute. If the dispute is not resolved through negotiation, the parties agree to submit the matter to non-binding mediation administered by ADR Services, Inc. The mediation shall occur virtually within sixty (60) days of the failed negotiation. Costs of the mediator shall be shared equally. Any dispute not resolved by mediation shall be settled by binding arbitration administered by ADR Services, Inc. or AAA. The arbitration shall be conducted by a single arbitrator, and the arbitrator's award shall be final and enforceable in any court of competent jurisdiction. The prevailing party in any such action shall be awarded reasonable attorneys' fees and costs. Nothing herein shall prevent either party from seeking provisional or equitable relief (including injunctions) in any court of competent jurisdiction to prevent irreparable harm pending completion of arbitration.

19. Waiver. No waiver by any Party of any of the provisions of this Agreement shall be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

20. Assignment. Client shall not assign, transfer, delegate, or subcontract any of its rights or delegate any of its obligations under this Agreement, including by virtue of any merger or corporate reorganization which may be deemed an assignment, without the prior written

consent of Service Provider. Any purported assignment or delegation in violation of this Section shall be null and void. No assignment or delegation shall relieve the Client of any of its obligations under this Agreement. Service Provider may assign this Agreement in connection with a merger, reorganization, sale of all or substantially all assets, or other change of control. Service Provider will give Client written notice within ten (10) days after such event. Client may terminate under Section 8 by written notice within thirty (30) days after receiving that notice. Termination will be effective as provided in Section 8, and fees remain non-refundable except as stated in Section 8. Service Provider may also assign this Agreement to an affiliate that controls, is controlled by, or is under common control with Service Provider, provided Service Provider remains responsible for pre-assignment obligations accrued before notice.

21. Successors and Assigns. This Agreement is binding on and inures to the benefit of the Parties to this Agreement and their respective permitted successors and permitted assigns.

22. Relationship of the Parties. The relationship between the Parties is that of independent contractors. Nothing contained in this Agreement shall be construed as creating any agency, partnership, joint venture, or other form of joint enterprise, employment, or fiduciary relationship between the parties, and neither party shall have authority to contract for or bind the other party in any manner whatsoever.

23. Choice of Law. This Agreement and all related documents including all exhibits attached hereto, and all matters arising out of or relating to this Agreement, whether sounding in contract, tort, or statute are governed by, and construed in accordance with, the laws of the State of California, United States of America, without giving effect to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of California.

24. Choice of Forum. Each Party irrevocably and unconditionally agrees that it will not commence any action, litigation, or proceeding of any kind whatsoever against the other Party in any way arising from or relating to this Agreement, including all exhibits, schedules, attachments, and appendices attached to this Agreement, and all contemplated transactions in any forum, outside the courts of the State of California. Each Party agrees that a final judgment in any such action, litigation, or proceeding is conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

25. Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. Notwithstanding anything to the contrary, a signed copy of this Agreement delivered by facsimile, email, or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

26. Conflict of Interest. Service Provider certifies that it is not engaged in any current project or business transaction, directly or indirectly, nor has it any interest, direct or indirect, with any person or business that might result in a conflict of interest in the performance of the Agreement, Order, or Statement of Work. Service Provider agrees to provide

notice if any potential conflict of interest arises in the future, which Client may waive in its sole discretion.

27. Anti-Corruption. Neither Party has received or been offered any illegal or improper bribe, kickback, payment, gift, or item of value from an employee or agent of the other Party in connection with this Agreement. If Client learns of any violation of the above restriction, Client shall immediately notify Service Provider.

28. Force Majeure. No Party shall be liable or responsible to the other Party, or be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement (except for any obligations of the Client to make payments to Service Provider hereunder), when and to the extent such failure or delay is caused by or results from acts beyond the impacted party's ("**Impacted Party**") reasonable control, including, without limitation, the following force majeure events ("**Force Majeure Event(s)**"): (a) acts of God; (b) flood, fire, earthquake, pandemic, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) government order, law, or actions; (e) embargoes or blockades in effect on or after the date of this Agreement; and (f) national or regional emergency; and (g) strikes, labor stoppages or slowdowns, or other industrial disturbances; and (h) telecommunication breakdowns, power outages or shortages, lack of warehouse or storage space, inadequate transportation services, or inability or delay in obtaining supplies of adequate or suitable materials; and (i) other similar events beyond the reasonable control of the Impacted Party.

29. Publicity. Service Provider may include Client's logo and/or name in its client lists and similar communications.

30. Notices. All notices, requests, consents, claims, demands, waivers, and other communications under this Agreement (each, a "**Notice**", and with the correlative meaning "**Notify**") must be in writing and addressed to the other Party at its address set forth below (or to such other address that the receiving Party may designate from time to time in accordance with this Section). Unless otherwise agreed herein, all Notices must be delivered by personal delivery, nationally recognized overnight courier, or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) on receipt by the receiving Party; and (b) if the Party giving the Notice has complied with the requirements of this Section

Notice to Client:	1401 Fulton Street, Suite 800, Fresno CA 93721
	Attention: Brian Spaunhurst, Executive Officer

Notice to Service Provider: 1401 21st St #13346, Sacramento CA 95811

Attention: Amanda Ross, Co-Founder

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date by their respective duly authorized officers.

Fresno Local Agency Formation Commission

By ______________________________

Name: Brian Spaunhurst

Title: Executive Officer

CivicBound, LLC

By ______________________________

Name: Ryder Ross

Title: Co-Founder

EXHIBITS

EXHIBIT A

INITIAL STATEMENT OF WORK

EXHIBIT A
STATEMENT OF WORK

Client: Fresno Local Agency Formation Commission

Subscription Service: CivicBound Core

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1. SERVICES OVERVIEW

This Statement of Work ("SOW") describes the scope of Client's subscription to CivicBound Core and any Included Modules (the "Subscription Services"), together with any implementation or other non-recurring professional services expressly described in this SOW ("Professional Services"), including applicable deliverables, support commitments, and fees.

1.1. Definitions: For purposes of this SOW only, the following terms have the meanings set out below. Capitalized terms used but not defined in this SOW have the meanings given in the Subscription Agreement.

- **"Subscription Services**" means subscription access to CivicBound Core and any Included Modules identified in this SOW.
- **"CivicBound Core"** means the standard configuration of the CivicBound software that Service Provider provides as a hosted service, designed to support California Local Agency Formation Commissions in managing boundary change proposals, municipal service reviews, spheres of influence, and related processes required under the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (the "CKH Act").
- **"Module"** means a separately identified functional component or add-on to CivicBound Core that is listed in this SOW and made available to Client on a subscription basis in addition to CivicBound Core, such as invoice generation, time tracking, or public portal.
- **"Included Modules"** means the Modules, if any, that are identified in this SOW as included in the Fees, as opposed to optional Modules that are available for additional Fees or under a later Statement of Work or order form.
- **"Professional Services"** means non-recurring services performed by Service Provider under this SOW, including implementation, configuration, data migration, workflow design, custom report development, training, and similar work, whether billed on a fixed fee or time and materials basis. Professional Services do not include Subscription Services.

1.2. Scope of Services

- **Subscription Services**

  During the SOW Term, Service Provider will provide Client with subscription access to CivicBound Core and all modules released throughout the course of this contract at no additional charge (collectively, the "Subscription Services"). The two additional modules currently available are:

  Included Modules

  - Time Tracking
  - Invoice Generation

- **Included Service Limits**

  Document Storage Allowance: 1 terabyte (TB) total for Client's tenant (including documents uploaded to the system and files generated within the system).

- **Additional Storage**

  Additional storage is available at $0.30 per gigabyte (GB) per month, billed annually (prorated for the remainder of the current Paid Subscription Year if added mid-year), and provided only with Client's written approval (email sufficient). Service Provider will not invoice automatic storage overages. If Service Provider determines Client exceeds the Document Storage Allowance, Service Provider may provide notice and restrict additional uploads until Client purchases additional storage or requests deletion or archival assistance (which may be billed as Professional Services if outside included support).

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2. FEES

Fee Schedule	
1st Year	
CivicBound Core	$17,000
Included Modules	
Time Tracking	*Waived*
Invoice Generation	*Waived*
One-Time Implementation Fee	*Waived*
1st Year Total	$17,000
2nd Year	
CivicBound Core	$17,000
Included Modules	
Time Tracking	*Waived*
Invoice Generation	*Waived*
2nd Year Total	$17,000
3rd Year	
CivicBound Core	$17,000
Included Modules	
Time Tracking	*Waived*
Invoice Generation	*Waived*
3rd Year Total	$17,000
Contract Total	**$51,000**

2.1. Payment Process

- Subscription Fees will be invoiced by Service Provider annually to the Client in advance of the start of each Paid Subscription Year.
- Client will pay each invoice within 30 days from receipt of invoice.
- Time and materials Professional Services are invoiced monthly in arrears unless the parties agree otherwise in writing.

2.2. Optional Services

- The following services are available for additional fees upon Client request:

Service	Rate	Notes
Custom Development	$225/hour	Time & Materials, Not-To-Exceed amount quoted in advance
Assisted Data Export	$165/hour	Beyond the 2 hours/year included in subscription
Additional Training Sessions	$165/hour	Beyond included hours

- All optional services require written approval (email sufficient) before work begins. Billing in 0.10-hour increments.

2.3. Free Trial

- The Free Trial described in Section 4.3 of the Subscription Agreement shall consist of Client's use of the Subscription Services to process one (1) application from initial intake through a fully agendized Commission hearing. During the Free Trial Period, Client shall have full access to CivicBound Core and all Included Modules at no cost. The Free Trial Period shall not exceed one hundred twenty (120) days from the Effective Date unless extended by mutual written agreement.

- Upon completion of the Free Trial, Client shall evaluate the results pursuant to Section 4.3(b) of the Subscription Agreement and provide written notice of acceptance or termination. The Free Trial Period ends upon Client's written acceptance, at which point the Term Start Date occurs and Fees commence as set forth in Section 4 of the Subscription Agreement.

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3. IMPLEMENTATION SERVICES (Estimated 5-8 weeks from contract execution)

3.1. Overview and Estimated Timeline

Service Provider will provide final implementation and onboarding services to Client. The following timeline is an estimate and may vary based on Client responsiveness, scheduling, and data readiness. Client responsibilities and timing dependencies are described in Section 5.

No	Phase	Estimated Start	Description
1	Software Configuration Clean-up	Week 1-3	Any remaining workflow configuration, task and document templates
2	Data Import Finalized	Week 3	Import any remaining Client -provided data and conduct iterative validation runs for accuracy and to identify inconsistencies
3	Training	Week 4	Client training sessions
4	System Review	Week 5-6	Client review of the system, issue resolution, refinements
5	Rollout	Week 7	Production launch coordination

3.2. Phase 1 – Software Configuration Clean-up

- Any remaining Task Templates and Requirements customized to match Client standard procedures, within the standard capabilities of CivicBound Core and add-on modules.
- Any remaining Workflow States mapped to Client described processes.
- Any remaining document templates set-up with Client branding applied (logo, formatting, etc.) based on assets provided by Client.

3.3. Phase 2 – Data Import and Validation Finalized

- Service Provider will import any remaining Client data provided in a digital, tabular format (for example CSV, Excel, or a database export). CivicBound may provide import templates for Client to populate (including contacts, agencies, and applications).
- This phase includes reasonable iterative validation imports to confirm field alignment, identify inconsistencies, and correct issues identified during onboarding.
- Service Provider does not scan documents or perform manual extraction or transcription from PDFs, images, paper records, or other unstructured materials as part of standard onboarding

3.4. Phase 3 - Training

- Client will have the standard training available to staff as follows if needed:
  - an admin onboarding session covering system setup, user management, and report generation;
  - up to five initial staff onboarding sessions covering core workflows and daily use; and;
  - access to standard training materials (for example user guides and recordings).
- During the first Paid Subscription Year (as defined in the Subscription Agreement), Service Provider intends to provide additional onboarding assistance beyond the included onboarding training hours as reasonably needed for successful adoption.

3.5. Phase 4 - System Review

- Client staff will utilize the software system to track real-time data and applications, noting any inconsistencies or errors within the data imported and inform Service Provider of any issues. Service Provider will address issues as they arise in a commercially reasonable manner.

3.6. Phase 5 - Rollout

- Service Provider will provide a stabilization period to address configuration refinements, resolve issues identified during early use, and confirm that workflows and templates reflect Client's day-to-day operations.
- Service Provider will promptly address any material defects that are reported during the Rollout Phase in a commercially reasonable manner.

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4. ONGOING SERVICES & SUPPORT

4.1. Scheduled Maintenance

- **Uptime Target:** 99.9% per calendar month (excluding Scheduled Maintenance)

- Scheduled Maintenance:
  - Maintenance windows: generally, 10pm-2am PST
  - Emergency maintenance: As needed with best-effort notification

4.2. Support Services

- Service Provider to provide support via email, phone, and optional online ticketing system

Support Channels:

- Online ticketing system: Ticket system access can be provided upon implementation
- Email: support@civicbound.com
- Phone: (916) 999-9004

Support Hours:

- Monday-Friday, 9am-5pm PST (excluding Service Provider holidays)

Support Time Targets:

The following are support time targets used to set expectations and operational priorities. They are not warranties. If the Subscription Agreement includes service levels that differ, the Subscription Agreement controls.

Priority	Definition	Response Time*
Critical	Service unavailable, data loss, security breach	4 business hours
High	Major feature unavailable, significant workflow disruption	1 business day
Medium	Minor feature issues, non-critical bug	2 business days
Low	General questions, feature requests, cosmetic issues	3 business days

**Response times are goals, not guarantees. Response time = initial acknowledgment, not resolution time.*

4.3. Updates and Upgrades

- Included in Client Subscription:
  - Security patches and bug fixes
  - Minor feature enhancements and updates
  - Platform updates and infrastructure improvements
  - Major feature releases (upgrades) will be offered as optional add-on modules at no additional cost.
- Not Included:
  - Custom development or integrations (quoted separately)

5. CLIENT RESPONSIBILITIES

Client agrees to provide the following to enable successful implementation and ongoing operations:

5.1. During Implementation

- Designated Client Contract Manager and primary technical contact.
- Access to legacy systems, data, and documentation (if data migration required).
- Timely responses to information requests (target: 2 business days).
- Approval decisions within 3 business days of request.
- Staff availability for scheduled training sessions.

5.2. Ongoing Operations

- Maintain accurate user roster and promptly communicate staffing changes.
- Maintain client-side hardware/software to access cloud-based Services.
- Designate an administrative user for user provisioning and configuration changes.
- Provide feedback on system issues, bugs, and enhancement requests.

5.3. Data accuracy

- Client remains responsible for the accuracy and completeness of Client Data imported into the Services, consistent with the Agreement's allocation of responsibility for Client Data.

6. ASSUMPTIONS AND EXCLUSIONS

6.1. Assumptions

This SOW assumes:

- Client has adequate internet connectivity (minimum 10 Mbps recommended)
- Client users have compatible devices (modern web browser: Chrome, Firefox, Safari, Edge)
- Client will provide timely responses and approvals during implementation
- Client's existing processes align with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000

6.2. Exclusions

The following are explicitly excluded from this SOW:

- Any hosting or deployment outside Service Provider's standard cloud environment, including on premise, Client managed cloud, private cloud, dedicated instances, or single tenant environments.
- Legal advice regarding CKH Act compliance, PRA requests, or CEQA requirements
- Data entry services or scanning of paper records
- Hardware, software, or infrastructure on Client's side

Any work outside the scope of this SOW requires a separate agreement or change order.

7. TERMS AND GOVERNANCE

7.1. Statement of Work Term

This SOW is effective as of the Effective Date of the Subscription Agreement and continues through the expiration or termination of the Term (as defined in the Subscription Agreement).

7.2. Relationship to Subscription Agreement

This SOW is incorporated into and governed by the Subscription Agreement dated August 12, 2026 between the parties. In the event of a conflict between this SOW and the Subscription Agreement, the Subscription Agreement will control unless the parties expressly state in this SOW that a specific provision is intended to control.

7.3. Change Orders

Changes to this SOW require written amendment signed by both parties. Minor administrative updates (contact changes, minor schedule adjustments) may be made via email confirmation.

7.4. Authorized Representatives

Client Contract Manager: Name: Brian Spaunhurst Title: Executive Officer Email: bspaunhurst@fresnocountyca.gov Phone: 559-600-0604	**Service Provider Contract Manager:** Name: Ryder Ross Title: Co-Founder Email: ryder@civicbound.com Phone: 916-999-9004

END OF STATEMENT OF WORK