

LOCAL AGENCY FORMATION COMMISSION
COUNTY OF KERN, STATE OF CALIFORNIA

Hybrid In-Person/Video-Conference Special Meeting
To be held at Kern Council of Governments (Kern COG)
1401 19th Street Suite #300
Bakersfield, CA 93301
Regular Meeting of **August 19, 2026** – 5:15 p.m.

COMMISSIONERS		ALTERNATE COMMISSIONERS	
David Couch	- Kern County BOS	Vacant	- Kern County BOS
Jeff Flores	- Kern County BOS	Kyle Blades	- City of Ridgecrest
Gustavo Olvera	- City of Shafter	Martin Hernandez	- Special District
Travis Endicott	- City of Ridgecrest	Vacant	- Public Member
Gary McKibbin**	- Special District Member	Vacant	- Restricted Public Member
Les Clark III	- Special District Member		
Vince Zaragoza*	- Public Member		
Virginia Mello	- Restricted Public Member		
*Chair **Vice Chair			

AGENDA

SPECIAL NOTICE REGARDING REMOTE PUBLIC PARTICIPATION

This meeting will be held both at a physical location and as a video conference to assist any health and safety concerns of the panelist and/or participants. The LAFCo Commission, staff and public may choose to participate in-person, or by video conference using the following:

Please use the link below to join the webinar:

<https://us06web.zoom.us/j/84122937600?pwd=T7QSTrnmlv7buoYvThze690Glc78FM.1>

Passcode: **7161076** Webinar ID: **841 2293 7600**

Members of the public who wish to make written comments during the meeting please email the Clerk at: clerk@kernlafco.org. Every effort will be made to read your comment into the record. If a comment is received after the comment portion of the meeting but before the meeting is adjourned, the comment will still be included as a part of the record of the meeting but will not be read into the record.

- 1. **ROLL CALL**
- 2. **INVOCATION**
- 3. **PLEDGE OF ALLEGIANCE**
- 4. **VIDEO CONFERENCE EMERGENCY REQUEST (if required)** *Vote Required*
Possible requests from commissioners to attend remotely pursuant to Government Code Section 54953(f)(1)
- 5. **APPROVAL OF THE MINUTES**
 - a. *June 17, 2026, Meeting Minutes* *Vote Required*
- 6. **PUBLIC COMMENTS**

This portion of the meeting is reserved for persons desiring to address the Commission on any matter not on this agenda and over which the Commission has jurisdiction. Speakers are limited to two minutes. Please state your name and address for the record before making your presentation.

7. **DETERMINATION PROCEEDING**

- a. [1877 City of Bakersfield:](#) [Vote Required](#)

Annexation 710 (S. Real Road No. 1)

This proposal is to annex approximately 1.75 acres located at the Northeast intersection of Brave Avenue and South Real Road. This annexation was initiated by the property owner to allow for use of city services. This proposal has 100% landowner consent. The applicant has requested that notice, hearing, and protest hearing be waived. **(Resolution)**

8. **NOTICED PUBLIC HEARINGS**

- a. [1869 County Service Area 87 \(Continued\)](#) [Vote Required](#)

Sphere of Influence

Consideration of the proposed sphere of influence amendment to encompass the area presented in the corresponding annexation area (proceeding 1873) and properties currently being served by the district as required by [GC. § 56428](#). CEQA: Mitigated Negative Declaration. **(Resolution)**

- b. [1872 County Service Area 87: \(Continued\)](#) [Vote Required](#)

Municipal Services Review

Municipal Service Review update of the County Service Area 87 Sphere of Influence boundary. In order to prepare and to update spheres of influence in accordance with [GC. § 56425](#), the commission shall conduct a service review of the municipal services provided in the county or other appropriate areas designated by the commission. [GC. § 56430.\(a\)](#) **(Resolution)**

- c. [1873 County Service Area 87: \(Continued\)](#) [Vote Required](#)

Annexation 8 (Lamont)

This proposal is to annex approximately 48.25 acres located North of Panama Road and West of Main Street, South of Collison Street. This annexation was initiated by the County to annex a parcel requesting drainage maintenance, landscape maintenance, street sweeping, block wall maintenance, and street lighting. This proposal has 100% landowner consent. The applicant has requested that notice, hearing, and protest hearing be waived. **(Resolution)**

- d. [1875 Mojave Public Utility District:.....](#) [Vote Required](#)

Municipal Services Review

Municipal Service Review update of the Mojave Public Utility District Sphere of Influence boundary. In order to prepare and to update spheres of influence in accordance with [GC. § 56425](#), the commission shall conduct a service review of the municipal services provided in the county or other appropriate areas designated by the commission. [GC. § 56430.\(a\)](#) **(Resolution)**

- e. [1874 Mojave Public Utility District:.....](#) [Vote Required](#)

Annexation 29

This proposal is to annex approximately 121.42 acres located at the corner of Silver Queen Road and United Street. The vacant undeveloped land site will be developed for the operation of high solids anaerobic digestion (HSAD”) facility with aerated static pile composting for the management and processing of residential, commercial, and industrial organic food and green material. This proposal has 100% landowner consent. The applicant has requested that notice, hearing, and protest hearing be waived. **(Resolution)**

9. **COMMISSION ITEMS**

- a. Commissioner comments, questions, referrals or announcements

10. **GENERAL BUSINESS**

- a. [Approval of Monthly Expense List No. 26-06.....](#)*Vote Required*
- b. [Approval of Monthly Expense List No. 26-07.....](#)*Vote Required*
- c. [Disposal of Documents for Consideration \(Resolution\) \(Round 3\).....](#)*Vote Required*
- d. [SDRMA Health Benefits MOU 2026](#)*Vote Required*
- e. [Senate Bill \(SB\) 827 Fiscal and Financial Training.....](#)*Informational*
- f. [Sustainable Groundwater Management Act \(SGMA\) Overview.....](#)*Informational*
- g. [Public Member Alternate Noticing and Possible Appointment](#)*Informational*
- h. [Executive Officer Miscellaneous Items](#)Informational

11. **ADJOURNMENT**

Next scheduled meeting **Wednesday, September 16, 2026**

NOTE TO THE PUBLIC

CAMPAIGN CONTRIBUTION - If you are an applicant for, or a participant in (actively supporting or opposing) any proceeding on the agenda and have made a campaign contribution of \$250 or more to or for any of the Commission members, state law provides for disqualification of Commissioner voting, or even prohibition of such gifts. These restrictions also apply to agents of applicants or participants. Please consult with LAFCo staff as to the requirements of the Political Reform Act (Gov. Code § 84308). This statement is not a comprehensive summary of the section.

DISABILITY ACCOMODATIONS - A request for disability-related accommodations should be made to the Executive Officer no later than 8 days before the need for the accommodation.

For additional information on the above items please contact the Kern Local Agency Formation Commission at 5300 Lennox Ave Suite 303, Bakersfield CA 93309, or phone us at 661-716-1076

**KERN LOCAL AGENCY FORMATION COMMISSION
STATE OF CALIFORNIA
MINUTES**

Kern Council of Governments (Kern COG) Conference Room
1401 19th Street Suite 300
Bakersfield, CA 93301
In-Person and Videoconference
Meeting of June 17, 2026

Pursuant to the Government Code § 54963. et seq., meetings were held both at a physical location and by video/teleconference to attend to any health and safety concerns of the panelist and/or participants.

Regular scheduled meeting was called to order at 5:20 p.m., with. Chair Zaragoza presiding.

ROLL CALL

Present: *Clark, Couch, *Endicott, Flores, McKibbin, Olvera, Zaragoza
Absent: Gonzales
Staff: Knox, Menchaca, Munoz
Counsel: Schroeter

Item 06/17/26-1: *No Determination Required*

INVOCATION: (Agenda Item 2) Led by Commissioner Zaragoza

Item 06/17/26-2: *No Determination Required*

VIDEO CONFERENCE EMERGENCY REQUEST (if necessary): (Agenda Item 4)

Chair Zaragoza announced that Commissioners were present in-person, therefore the item is not necessary.

Item 06/17/26-3: *Approved as Presented*

APPROVAL OF MINUTES: (Agenda Item 5) April 15, 2026, Meeting

*Chair Zaragoza presented the April minutes; Upon motion of Commissioner **McKibbin** seconded by Commissioner **Flores**, IT IS ORDERED: April 15, 2026, Minutes are approved as presented by the following votes:*

AYES: Couch, Flores, McKibbin, Olvera, Zaragoza
NAYS: None
ABSTAIN: None
ABSENT: Clark, Endicott, Gonzales

Item 06/17/26-4: *No Public Comments*

PUBLIC COMMENTS: (Agenda Item 6)

None

* *Chair Zaragoza announced we will now skip down to 9B for the purpose of possibly seating a Restricted public Commissioner.*

* *5:24 Commissioner Clark arrived and joined meeting*

COMMISSION ITEMS: (Agenda Item 9)

Item 06/17/26-5: *Approved as Motioned Resolution 26-13*

Restricted Public Member and Alternate (Agenda Item 9b)

*Executive Officer Knox recommended the Commission appoint Virginia Mello as Restricted Public Member and appoint an Alternate Restricted Public Member for another 4-year term. No other applications were received and so the Alternate seat will remain vacant. Upon motion of Commissioner **Couch**, seconded by Commissioner **Flores**, IT IS ORDERED: Virginia Mello was appointed as Restricted Public Member for a 4-year term ending in 2030 and Alternate seat will remain vacant approved as presented by the following votes:*

AYES: Clark, Couch, Flores, McKibbin
NAYS: None
ABSTAIN: None
ABSENT: None

DETERMINATION PROCEEDING: (Agenda Item 7)

Item 06/17/26-6:

None

*Agenda Item *8a, 8b and 8c were all heard at the same time with one vote.

NOTICE OF PUBLIC HEARING: (Agenda Item 8)

Item 06/17/26-7: *Continued as Motioned*

1869 County Service Area 87 (Agenda Item 8a)

Sphere of Influence

*Executive Officer Knox announced to the Commission this item will need to be continued because the original application relied on a Notice of Exemption for CEQA compliance purposes. County Public Works is in agreement to continue this item. Commissioner Flores motioned to continue. Upon motion of Commissioner **Flores**, seconded by Commissioner **Couch**, IT IS ORDERED: 1869 County Service Area 87 Sphere of Influence is continued as presented by the following votes:*

AYES: Clark, Couch, Flores, McKibbin, Mello, Olvera, Zaragoza
NAYS: None
ABSTAIN: None
ABSENT: Endicott, Gonzales

Item 06/17/26-8: *Continued as Motioned*

1872 County Service Area 87 Municipal Service Review (Agenda Item 8b)

*Executive Officer Knox announced to the Commission this item will need to be continued because the original application relied on a Notice of Exemption for CEQA compliance purposes. County Public Works is in agreement to continue this item. Commissioner Flores motioned to continue. Upon motion of Commissioner **Flores**, seconded by Commissioner **Couch**, IT IS ORDERED: 1872 County Service Area 87 Municipal Service Review is continued as presented by the following votes:*

AYES: Clark, Couch, Flores, McKibbin, Mello, Olvera, Zaragoza
NAYS: None
ABSTAIN: None
ABSENT: Endicott, Gonzales

Item 06/17/26-9: Continued as Motioned

1873 County Service Area 87 Annexation 8 (Agenda Item 8c)

*Executive Officer Knox announced to the Commission this item will need to be continued because the original application relied on a Notice of Exemption for CEQA compliance purposes. County Public Works is in agreement to continue this item. Commissioner Flores motioned to continue. Upon motion of Commissioner **Flores**, seconded by Commissioner **Couch**, IT IS ORDERED: The 1873 County Service Area 87 Annexation 8 is continued as presented by the following votes:*

AYES: Clark, Couch, Flores, McKibbin, Mello, Olvera, Zaragoza
 NAYS: None
 ABSTAIN: None
 ABSENT: Endicott, Gonzales

* 6:17pm Commissioner Endicott joined the meeting via zoom

* Commissioner Zaragoza informed Commissioner Endicott that, during his absence from the meeting, the Commissioners appointed Ginger Mello to serve as the Restricted Public Member Commissioner.

* Commissioner Zaragoza made a comment regarding SB 827 Financial training. Executive Blair Knox announced LAFCo staff and Commissioners need to comply and is working on training options.

GENERAL BUSINESS: (Agenda Item 10)

Item 06/17/26-10: Approved as Presented

EXPENSE LIST 26-04 (Agenda Item 10a)

*Chair Zaragoza presented Expense List 26-04. Upon motion of Commissioner **Couch**, seconded by Commissioner **Zaragoza**, IT IS ORDERED: The general claim set forth in Expense List No. 26-04 is approved for payment, and the Chairman is authorized to certify said list by the following votes:*

AYES: Clark, Couch, Endicott, Flores, McKibbin, Mello, Olvera, Zaragoza
 NAYS: None
 ABSTAIN: None
 ABSENT: Gonzales

Item 06/17/26-11: Approved as Presented

EXPENSE LIST 26-05 (Agenda Item 10b)

*Chair Zaragoza presented Expense List 26-05. Upon motion of Commissioner **Couch**, seconded by Commissioner **Clark**, IT IS ORDERED: The general claim set forth in Expense List No. 26-05 is approved for payment, and the Chairman is authorized to certify said list by the following votes:*

AYES: Clark, Couch, Endicott, Flores, McKibbin, Mello, Olvera, Zaragoza
 NAYS: None
 ABSTAIN: None
 ABSENT: Gonzales

Item 06/17/26-12: *Approved as Presented*

Artificial Intelligence Policy Guidelines Training & Framework (Agenda Item 10c)

*Executive Officer Knox explains the Artificial Intelligence Policy Guidelines with its four primary functions: First, it defines authorized uses. Second, it defines restricted uses. Third and most importantly it establishes accountability. Fourth, indicates to the State Legislature that this is an issue that can be handled at the local level. Executive Officer Knox informs Commissioners that we have been using software called Copilot which we have now transitioned from the basic public version to a government version which gives us more protection. It is Executive Officers Knox's recommendation that we adopt the Artificial Intelligence Policy Training Manual and Governance Framework as presented. Upon motion of Commissioner **McKibbin**, seconded by Commissioner **Olvera**, IT IS ORDERED: Artificial Intelligence Policy Guidelines Training and Framework is approved as presented by the following votes:*

AYES: Clark, Couch, Endicott, Flores, McKibbin, Mello, Olvera, Zaragoza
 NAYS: None
 ABSTAIN: None
 ABSENT: Gonzales

Item 06/17/26-13: *Approved as Presented Resolution 26-14*

Disruption of Electronic Communications Policy (Agenda Item 10d)

*Executive Officer Knox explains to Commission the policy and how we will respond if there is an interruption to telephonic or internet and resume service during a meeting. Executive Officer Knox recommends to adopt the resolution as presented. Upon motion of Commissioner **Endicott**, seconded by Commissioner **Couch**, IT IS ORDERED: Disruption of Electronic Communication Policy is approved as presented by the following votes:*

AYES: Clark, Couch, Endicott, Flores, McKibbin, Mello, Olvera, Zaragoza
 NAYS: None
 ABSTAIN: None
 ABSENT: Gonzales

Item 06/17/26-14: *Approve as Presented Resolution 26-15*

Disposal of Documents for Consideration: (Agenda Item 10e)

*Executive Officer Knox advised the Commission that included in their packet was a list of documents put together by Rebecca Moore for destruction. Mr. Knox recommended the Commission approve the documents as presented. Upon motion of Commissioner **Clark**, seconded by Commissioner **Endicott**, IT IS ORDERED: The Disposal of Documents for Consideration is approved as presented by the following votes:*

AYES: Clark, Couch, Endicott, Flores, McKibbin, Mello, Olvera, Zaragoza
 NAYS: None
 ABSTAIN: None
 ABSENT: Gonzales

Item 06/17/26-15: *Informational*

City Select Committee Appointment of City Representation: (Agenda Item 10f)

Executive Officer Knox reported to the Commission that the City of McFarland has completed its 4-year term leaving both a commissioner and alternate seat open. City Select Committee has made the appointment to LAFCo commission. Results are as follows: City of Shafter will serve as city

representative with Mayor Pro-Tem Gustavo Olvera. The City of Ridgecrest will continue for 2 more years with council member Kyle Blades serving as the alternate. No vote conducted or necessary.

Item 06/17/26-16: *Informational*

Strategic Plan 2025-2030 Review: (Agenda Item 10g)

Executive Officer Knox reported to the commission that included in their packet is a periodic update of the strategic plan noting that we have transitioned from the planning phase to the early stages of implementation. The recent staff restructuring has both created opportunities and highlighted areas that need to build capacity and refine processes as part of the progression.

Item 06/17/26-17: *Informational*

Executive Officer Miscellaneous Items: (Agenda Item 10h)

- Form 700 reminder
- Ethic Certificate reminder
- Purchasing Cards
- Conference table and chairs
- Full-time replacement for Monya Jameson
- Rebecca Moore will be leaving
- No meeting in July

Item 06/17/26-19: *Adjournment*

ADJOURNMENT: (Agenda Item 11)

Chair Zaragoza announced the next meeting being August 19, 2026. There being no further business to come before the Commission. IT IS ORDERED: The meeting is adjourned at 6:00 p.m.

Clerk

Executive Officer

Proceeding No. 1877

CITY OF BAKERSFIELD

Annexation No. 710

(S. Real Road No. 1)

Report & Presentation Documents

- [Report & Recommendation](#)
- [LAFCo Resolution \(DRAFT\)](#)

Application Packet

- [Application Form](#)
- [Plan for Providing Services](#)
- [Resolution of Application](#)
- [Environmental Documentation](#)
- [Exhibit A – Legal Description](#)
- [Exhibit B – Map](#)

Supporting Documentation

- [Report of Auditor](#)
- [Assessor's Landowners within](#)
- [Certificate of Filing](#)

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

In the Matter of
City of Bakersfield (South Real Road No. 1):
Annexation No. 710

Proceeding No. 1877

REPORT AND RECOMMENDATION
August 19, 2026

In the above-entitled matter the staff report and the recommendation of the Executive Officer are respectfully submitted as follows:

PROPOSAL BACKGROUND AND ANALYSIS:

On December 13, 2023, the City of Bakersfield submitted Annexation No. 710. The process required by the Cortese-Knox-Hertzberg Local Government Reorganizational Act of 2000 has been followed including notices to affected agencies and any notices and publications required by law.

This proposal is to annex approximately 1.87 acres of land located at the northeast corner of Brave Avenue south Real Road. APN: APNs: 149-240-08, 149-240-09, and 149-240-10. This annexation was initiated by the City at the request of the property owner for the purpose of a need for city services. With the General Plan designation of High Density Residential and pre-zoning of R-3 Multiple family dwelling, the landowner could possibly remove two single family residences and build multifamily housing at some future date. This proposal has 100% landowner consent. CEQA: Notice of Exemption. (*Resolution*)

Surrounding uses are an existing multi-family housing to the north and a church to the south. The property to the west is a single-family residential community and to the east is vacant land belonging to the city of Bakersfield for Highway 99 maintenance. Existing Kern County General Plan is HR – (High Density Residential). County Zoning is R-3 (High Density Residential). The existing City General Plan designation is HR (High Density Residential). City of Bakersfield Pre-zoning for the entire annexation area is R-3 (Multiple Family Dwelling).

The applicant has requested that the noticed protest hearing be waived under Gov Code § 56663.

STANDARD INDEMNITY AGREEMENT CONDITION:

The Applicant has signed an agreement to actively defend or indemnify and hold harmless the Kern County Local Agency Formation Commission or its agents, officers, and employees, from any liability or loss connected with the approval of this proceeding.

ENVIRONMENTAL IMPACT STATEMENT:

The City of Bakersfield, as lead agency, has prepared and adopted a Notice of Exemption. The Commission has been provided with a copy of the City's environmental documents.

TAXATION:

The City of Bakersfield has a current Master Tax Split Agreement with the County of Kern that covers annexations within the current sphere of Influence. A letter of tax affirmation from the City is included and a Resolution of intension from the County is scheduled to be heard at the first Board of Supervisor meeting in September. As such a condition of completion will be a signed Master Tax Agreement letter by the County before recordation. Property tax will not increase due to annexation.

RECOMMENDATION:

It is recommended that the Commission consider the Notice of Exemption filed by the applicant.

It is further recommended that the Commission approve annexation 710 (S Real No. 1) to the City of Bakersfield, waiving noticed protest hearing as required by Gov. Code section 56663 and subject to conditions recommended by Executive Officer.

Respectfully Submitted



Blair Knox
Executive Officer

The following are the considerations required by Gov. Code §56668:

a) POPULATION AND POPULATION DENSITY; LAND AREA AND LAND USE; PER CAPITA ASSESSED VALUATION; TOPOGRAPHY, NATURAL BOUNDARIES, AND DRAINAGE BASINS; PROXIMITY TO OTHER POPULATED AREAS; THE LIKELIHOOD OF SIGNIFICANT GROWTH IN THE AREA, AND IN ADJACENT INCORPORATED AND UNINCORPORATED AREAS, DURING THE NEXT 10 YEARS.

The property proposed for annexation is uninhabited (12 or more registered voters). The proposal is adjacent to a Disadvantaged Unincorporated Community (DUC) as identified in the City of Bakersfield *Municipal Service Review* (MSR) (2023).

The areas are serviced by the Tulare Lake drainage basin.

ASSESSED VALUATION: Secured: \$535,500 Unsecured: \$0.00

b) THE NEED FOR ORGANIZED COMMUNITY SERVICES

Essential governmental services and controls now provided, or which may be provided in the future by local governmental agencies within subject territory include the following:

SERVICES	AGENCY CURRENTLY PROVIDING SERVICES	AGENCY THAT WILL PROVIDE SERVICES
Planning	Kern County	City of Bakersfield
Parks & Recreation	Kern County	City of Bakersfield
Library	Kern County	Same
Police	Sheriff & Highway Patrol	City of Bakersfield
Fire	Kern County	City of Bakersfield
Street Construction	Kern County	City of Bakersfield
Refuse	Kern County	City of Bakersfield
Street Sweeping	Kern County	City of Bakersfield
Lighting	Kern County	City of Bakersfield
Flood Control	Kern County	City of Bakersfield
Sewerage	Private - Septic	City of Bakersfield
Water	City of Bakersfield (Cal Water)	City of Bakersfield (Cal Water)

c) THE EFFECT OF THE PROPOSED ACTION AND OF ALTERNATIVE ACTIONS ON ADJACENT AREAS, ON MUTUAL SOCIAL AND ECONOMIC INTERESTS AND ON THE LOCAL GOVERNMENTAL STRUCTURE OF THE COUNTY.

As the use of the property will not immediately change with this annexation. If, at a future date, the properties are developed into high density residential, as zoned, there will be no changes in the social and economic effects on the area. This change is consistent with surrounding uses. The alternative of not approving the proposal would result in the County continuing to provide services.

d) THE CONFORMITY OF BOTH THE PROPOSAL AND ITS ANTICIPATED EFFECTS WITH BOTH THE ADOPTED COMMISSION POLICIES ON PROVIDING PLANNED, ORDERLY EFFICIENT PATTERNS OF URBAN DEVELOPMENT AND THE POLICIES AND PRIORITIES SET FORTH IN SECTION 56377.

The proposal is consistent with Commission policies in that the site is contiguous to the existing City limits and included in their sphere of influence. The property consists of two residences.

e) THE EFFECT OF THE PROPOSAL ON MAINTAINING THE PHYSICAL AND ECONOMIC INTEGRITY OF AGRICULTURAL LANDS AS DEFINED BY SECTION 56016

“AGRICULTURAL LANDS” MEANS LANDS CURRENTLY USED FOR THE PURPOSE OF PRODUCING AN AGRICULTURAL COMMODITY FOR COMMERCIAL PURPOSES, AND LEFT FALLOW UNDER A CROP ROTATIONAL PROGRAM OR LAND ENROLLED IN AN AGRICULTURAL SUBSIDY OR SET-ASIDE PROGRAM”

This proposal does not convert Prime Agricultural Land. The properties are not in the Williamson Act or other preserve programs.

f) THE DEFINITENESS AND CERTAINTY OF THE BOUNDARIES OF THE TERRITORY.

The boundary of the proposed annexation conforms to the assessor parcel.

g) A REGIONAL TRANSPORTATION PLAN ADOPTED PURSUANT TO SECTION 65080 AND CONSISTENCY WITH CITY OR COUNTY GENERAL AND SPECIFIC PLANS

This proposal does not conflict with the County’s General Plan, Regional Transportation Plan or any Specific Plans.

h) THE SPHERE OF INFLUENCE OF ANY LOCAL AGENCY WHICH MAY BE APPLICABLE TO THE PROPOSAL BEING REVIEWED

The area is within the sphere of the following districts:

AREA NO. 12.01 (BAKERSFIELD CITY SCH) COUNTY SERVICE
 BAKERSFIELD ELEM. SCHOOL
 GOLDEN EMPIRE TRANSIT
 GREATER BAKERSFIELD SEPARATION OF GRADE
 KERN COUNTY CITRUS PEST CONTROL DIST.
 KERN COUNTY WATER AGENCY
 KERN COUNTY, ZONE NO. 07 WATER AGENCY
 KERN COUNTY, ZONE NO. 17 WATER AGENCY
 KERN COUNTY, ZONE NO. 19 WATER AGENCY
 KERN COUNTY-IMP. NO. 04 WATER AGENCY
 KERN JT(14,15,26,36,54) COMM. COLLEGE
 KERN JT-SFID (SAFETY,REPAIR,IMP), JT(15,36,54) COMM. COLLEGE

KERN MOSQ & VECTOR CONTRL
 KERN RIVER SUBSIDIARY LEVEE
 KERN ROAD-PERMANENT
 KERN UNION HIGH SCHOOL
 SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DIST.

i) COMMENTS OF ANY AFFECTED LOCAL AGENCY OR OTHER PUBLIC AGENCY:

A copy of the proposal was sent to the County Assessor, County Planning and County Surveyor comments were received and used for this report. A copy of the map along with a memo was sent to Kern Council of Governments for review. In a letter they indicated that there are no conflicts with the existing Regional Transportation Plan.

j) THE ABILITY OF THE NEWLY FORMED OR RECEIVING ENTITY TO PROVIDE THE SERVICES WHICH ARE THE SUBJECT OF THE APPLICATION TO THE AREA, INCLUDING THE SUFFICIENCY OF REVENUES FOR THOSE SERVICES FOLLOWING THE PROPOSED BOUNDARY CHANGE.

The applicant has submitted a plan outlining the services to be provided. In addition, the City has a current Municipal Services Review outlining the fees for services that are associated with development within the City. There is no indication that the City cannot provide the services as planned.

k) TIMELY AVAILABILITY OF WATER SUPPLIES ADEQUATE FOR PROJECTED NEEDS AS SPECIFIED IN GOV CODE SECTION 65352.5

This project will not likely facilitate an increase in water usage. The City of Bakersfield is the primary water purveyor.

l) THE EXTENT TO WHICH THE PROPOSAL WILL AFFECT A CITY AND THE COUNTY IN ACHIEVING THEIR RESPECTIVE FAIR SHARE OF THE REGIONAL HOUSING NEEDS.

If approved, this proposal will not initially result in or facilitate an increase in the number of housing units, but is zoned for multi-housing.

m) ANY INFORMATION OR COMMENTS FROM THE LANDOWNER OR OWNERS, VOTERS OR RESIDENTS OF THE AFFECTED TERRITORY.

None

n) ANY INFORMATION RELATING TO EXISTING LAND USE DESIGNATIONS.

This proposal is consistent with existing land use designations.

o) THE EXTENT TO WHICH THE PROPOSAL WILL PROMOTE ENVIRONMENTAL JUSTICE (FAIR TREATMENT OF PEOPLE OF ALL RACES CULTURES, AND INCOMES WITH RESPECT TO THE LOCATION OF PUBLIC FACILITIES AND THE PROVISION OF PUBLIC SERVICES).

The project does not result in unfair treatment with respect to the location of public facilities and provision of public services.

**BEFORE THE LOCAL AGENCY FORMATION COMMISSION
COUNTY OF KERN, STATE OF CALIFORNIA**

In the Matter of:

Resolution No. 26-XX

**THE CITY OF BAKERSFIELD:
ANNEXATION 710 (S. Real Road No.1)**

Proceeding No. 1877

Minute Book 73

I, Blair Knox, Executive Officer, of the LOCAL AGENCY FORMATION COMMISSION, COUNTY OF KERN, STATE OF CALIFORNIA, hereby certify that the following resolution, proposed by Commissioner **XXXX**, seconded by Commissioner **XXXX**, was duly adopted by the Commission at an official meeting thereof held on the **19th day of August 2026**, by the following vote:

AYE: XXXX

NAYE: XXXX

ABSTAIN: XXXX

ABSENT: XXXX

Blair Knox, Executive Officer

RESOLUTION MAKING DETERMINATION

Whereas, pursuant to the Government Code § 54963. et seq., meetings were held both at a physical location and by video conference to attend to any health and safety concerns of the panelist and/or participants;

Whereas pursuant to Government code § 56658. a proposal for the annexation of territory to the City of BAKERSFIELD (“APPLICANT”), designated as Annexation No. 710 (S. Real Road No. 1), was initiated by Resolution of Application to the Local Agency Formation Commission of Kern County (“COMMISSION”);

Whereas on August 19, 2026, the COMMISSION held a public meeting on the proposed Resolution of Application submitted by the APPLICANT;

Whereas pursuant to Government code § 56662, the APPLICANT's application qualifies for waiver of hearing, notice and protest hearing;

Whereas pursuant to Government code § 56079.5, the proposed territory is uninhabited;

Whereas the application for annexation has 100% land owner consent;

Whereas pursuant to Government code § 56658. (b) all affected public agencies were notified;

Whereas pursuant to Government code § 56665, the Executive Officer prepared a Report and Recommendation considering all the factors in conformance with Government code § 56668;

Whereas on said 19st day of August 2026, this Commission considered the Notice of Exemption, adopted by the lead agency;

Whereas the COMMISSION is fully advised in the premises; now therefore, be it
Resolved that the Local Agency Formation Commission, County of Kern, State of California, on behalf of its members, finds and determines as follows:

1. *specific reference is hereby made to all the papers, documents, files and proceedings heretofore and now taken, had and filed in this matter have been and now are in all respects as required by law with particular reference to Minute Item 08/19/26-X as appears upon the official minutes of the proceedings of this COMMISSION;*

2. *all of the proceedings heretofore and now taken and had in this matter have been and now are in all respects as required by law;*

3. *the facts set forth in the Executive Officer Report and Recommendation, presented to the COMMISSION are true;*

4. *Notice, hearing and protest hearing have been waived;*

5. *the territory proposed for annexation is uninhabited (fewer than 12 registered*

voters);

6. *the annexation will be in the best public interest;*
7. *the application has 100% landowner consent;*
8. *the Notice of Exemption, was considered;*
9. *the proposed affected territory, is all within the County of Kern, State of California*
10. *no subsequent change may be made to the general plan for the annexed territory or zoning that is not in conformance to the pre-zoning designations for a period of two years after the completion of the annexation, unless the legislative body for the city makes a finding at a public hearing that a substantial change has occurred in circumstances that necessitate a departure from the pre-zoning in the application to the commission.*

11. *pursuant to the authority granted by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, said territory set forth in the Application for Proceeding on Resolution, by Legislative body, filed herein on August 10, 2026, hereby assigned to the territory proposed to be annexed the following distinctive short form designation, to wit: "City of BAKERSFIELD: Annexation No. 710 (S. Real Road No.1)", particularly described and delineated in Exhibit "A", attached hereto and by reference made apart hereof; is hereby approved and subject to the following conditions:*

- a. *the APPLICANT has signed an agreement to actively defend or indemnify and hold harmless the COMMISSION or its agents, officers, and employees, from any liability or loss connected with the approval of this proceeding; and*

- b. *the annexation is contingent upon the Board of Supervisors' approval of the Master Tax Agreement with the City of Bakersfield and*

12. *the COMMISSION authorizes and directs the Executive Officer to file and record all documentation required by law upon completion of all directives set forth in regard to this proceeding.*

KERN LOCAL AGENCY FORMATION COMMISSION

Application for Annexations, Detachments and Reorganizations

(Attach additional sheets as necessary)



Application Type: check all that apply

- ☒ Annexation
 ☐ Consolidation
 ☐ Detachment
 ☐ Dissolution
 ☐ Formation
☐ Incorporation
☐ Merger
☐ Name Change
☒ Reorganization
☐ Subsidiary District

1.	<u>Type of Application:</u> ☒ Local Agency (resolution) ☐ Land Owner (petition) ☐ Registered Voter (petition) ☐ Other <i>Resolution of Application - City of Bakersfield Planning</i>
2.	<u>Name of Application:</u> (The name should match the title on the map and legal description) A. List the reference name that identifies the subject agency and type of reorganization: <i>e.g. Annexation No. XX. If more than one agency involved, include all agencies with corresponding reorganization reference: e.g. Agency Name 1: Annexation No. XX, Agency Name 2: detachment X, etc...</i> <i>Annexation No. 710, S. Real Road No. 1</i> B. List all proposed service and boundary changes for this application: <i>Refer to Plan for Services form provided in the application packet.</i>
3.	<u>Nature of proposal:</u> (Why is this proposal being filed?) <i>The annexation was initiated by the property owner to allow for the use of City services.</i>
4.	<u>Describe the acreage and general location:</u> (description will be used on notices and publications) A. Number of proposed areas (acres of each area) & (total acreage): <i>The proposed annexation has a total of 1.87 acres.</i> B. Describe the general location; (include streets, direction, postal address if available, and Accessor Parcel Number/s) <i>Generally located at the northeast of the intersection of Brave Avenue and South Real Road. APNs: 149-240-08, 149-240-09, and 149-240-10</i>
5.	<u>Land Use - Present and Future:</u> A. Describe the <u>current</u> physical land use of the proposed area? E.G. vacant, residential, agriculture, etc. <i>The annexation area contains two single-family homes. One is occupied while the other is vacant.</i> B. Describe any <u>planned development</u> that would result from or be facilitated by this proposed boundary change. <i>Applicant plans to build condominium complex.</i> C. Describe the current physical land use of the area <u>surrounding</u> the proposal: E.G. vacant, residential, commercial, industrial, agriculture, etc. <i>There is existing multi-family housing to the north and a church to the south. The property to the west is a single-family residential community and to the east is vacant land belonging to the city</i>

of Bakersfield for Highway 99 maintenance.

6. Zoning - Present and Future:

A. List the existing County/City zoning land use designation/s.
Kern County zoning designation is R-3 (High Density Residential)

B. List and attach adopted pre-zoning. (CITIES ONLY - mark attachment 6B)
Pre-zoning is R-3 (Limited Multiple Family Dwelling Zone - 1 unit/1,250 sq. ft.)

7. Conformity with County and City General Plans:

A. List the existing County General Plan designation/s for the proposal area.
The existing County General Plan designation is HR (High Density Residential)

B. List the City general plan designation for the area (CITIES ONLY).
The existing City of Bakersfield General Plan designation is HR (High Density Residential, 17.42 units $\leq$ 72.6 dwelling units/net acre)

C. Do the proposed uses conform with the above listed plans? ☒ YES ☐ NO
If "NO"; please explain:

8. Criteria for Determination without Notice and Hearing (Gov. Code § 56662)

A. Is the affected area uninhabited territory? ☒ YES ☐ NO
"Uninhabited territory" means territory within which there reside fewer than 12 registered voters. Gov. Code §56079.5
Provide any notations indicating possible voters. (LAFCo will verify registered voters with most current election data)

B.- PETITION

Is the petition signed by all of the owners of land within the affected territory?
OR ☐ YES ☐ NO

C.- RESOLUTION Do all (100%) of the Land Owner/s consent to the reorganization?

☒ YES ☐ NO
If "YES"; attach letter/s of consent for each land owner (include land owner name, Assessor Parcel Number/s) or any additional documents that would be satisfactory to the commission, that all the owners of land within the affected territory have given their written consent to the proposal. Label the attachment/s 8C-1, 8C-2, etc.

D. Is the affected area uninhabited territory? ☒ YES ☐ NO
"Uninhabited territory" means territory within which there reside fewer than 12 registered voters. Gov. Code §56079.5
Provide any notations indicating possible voters. (LAFCo will verify registered voters with most current election data)

9. Conformity with Spheres of influence:

Is the proposal area within the sphere of influence of the annexing agency?
☒ YES ☐ NO

If "NO"; include a proposal to amend the agency's sphere of influence.

Provide the following:

- (1) agency resolution/petition
- (2) sphere of influence amendment application
- (3) sphere of influence amendment map.

10. Impact on Agriculture:

A. Is the affected property "Agricultural Lands" as defined in Gov. Code §56016?

1) Is the affected property currently producing a commercial agricultural commodity?

☐ YES ☒ NO

2) Is the affected property fallow under a crop rotational program?

☐ YES ☒ NO

3) Is the affected property enrolled in an agricultural subsidy or set-aside program?

☐ YES ☒ NO

B. Is the affected property "Prime Agricultural Lands" as defined in Gov. Code §56064?

☐ YES ☒ NO

If "YES" to any of A or B above; provide an explanation as to the reasoning for possible removal of the property from agriculture status.

C. Is any portion of the property within a Land Conservation Act contract? (Williamson Act)

☐ YES ☒ NO

1) If "YES"; provide the contract number and the date the contract was executed.

Contract No.

Contract Date:

2) If "YES"; has a notice of non-renewal been filed? ☐ YES ☐ NO

Non-renewal filing Date:

D. Will the city succeed to the contract pursuant to Section 51243? (CITIES ONLY).

☐ YES ☒ NO

If "YES"; has County Planning been notified and agree with the modification?

☐ YES ☐ NO

If "YES"; please provide documentation from County Planning regarding any modification agreement.

11. Impact on Open Space:

Is the affected property Open Space land as defined in Gov. Code §65560(h)(1-6)?

☐ YES ☒ NO

If "YES"; please provide an explanation as to the reasoning for possible removal of the property from open space status.

12. Relationship to Regional Housing Goals and Policies: (CITIES ONLY)

Will this proposal result in or facilitate a credit/debit towards the City's most recent Regional Housing Need Allocation (RHNA) number provided by Kern Council of Governments?

☒ YES ☐ NO

If "YES"; has County Planning been notified and agree with the allocation modification?

☐ YES ☒ NO

If "YES"; please provide documentation from County Planning regarding any RHNA allocation modification agreement.

13. Population:

B. Provide the population of residents within the affected area: 4

C. List the number of existing dwelling units within the proposal area: 2

D. Describe the type of existing dwelling units within the proposal area i.e. house, apartment, etc:
Two single-family homes

14. Dependability of Water Supply for Projected Needs & Existing Water Plans:

A. Will the proposal result in or facilitate an increase in water usage?

☐ YES ☒ NO

If "YES"; please provide the projected amount of increase and identify any resources that would be a factor in the support of the proposal i.e. Master Water Plans, Expansion Plans, etc.

* If necessitated: attach a statement from the retail water purveyor that describes the timely availability of potable water supplies that will be adequate for the projected needs.

B. Is the proposal area within the boundaries of an Adjudicated Basin as per California Department of Water Resources (DWR) Bulletin 118?

☒ YES ☐ NO

If "YES"; please provide the name of the Adjudicated Basin?

C. Is the proposal area within the boundaries of an identified Critically Overdraft Basin as per California Department of Water Resources (DWR) Bulletin 118?

☒ YES ☐ NO

If "YES"; please provide the name of the Basin?

D. Is the proposal area within the boundaries of a Groundwater Sustainability Area (GSA)?

☒ YES ☐ NO

If "YES"; please provide the name of the Groundwater Sustainability Area (GSA)?

Kern River GSA

E. Is the proposal area within the boundaries of a Groundwater Sustainability Plan (GSP)?

☒ YES ☐ NO

If "YES"; please provide the name of the Groundwater Sustainability Plan (GSP)?

Kern River GSA

15. Environmental Impact of the Proposal

A. What type of environmental document has been prepared?

☒ Notice of Exemption (NOE)

☐ Negative Declaration (ND) - Include all Studies and Reports

☐ Mitigated Negative Declaration (MND) - Include all Studies and Reports

☐ Environmental Impact Report (EIR) - Include Full Report

If necessitated: attach the lead agency's resolution listing significant impacts anticipated from the project, mitigation measures adopted to reduce or avoid significant impacts and, if adopted, a "Statement of Overriding Considerations."
Include a copy of receipt for Fish and Game payment.

B. Who is the "lead agency" for this proposal?

Agency: City of Bakersfield

Contact Name: Yazid Alawgarey

Title: Planner I

Address: 1715 Chester Ave

City: Bakersfield

State: CA

Zip Code: 93301

email: yalawgarey@bakersfieldcity.us

Phone Number:

6613263191

- C. Was LAFCo notified/involved with the CEQA process prior to an environmental document as identified ?

☒ YES

☐ NO

The Lead Agency's decision whether to prepare an ND, MND, or an EIR is binding on all Responsible and Trustee Agencies, except in unusual circumstances (PRC Section 21080.1(a); State CEQA Guidelines Section 15050(c)). Therefore, a Lead Agency is required to consult with and involve all Responsible and Trustee Agencies throughout the CEQA process. First, the Lead Agency must consult with Responsible and Trustee Agencies prior to determining whether a negative declaration or an EIR is required for a project (PRC Section 21080.3(a); State CEQA Guidelines Section 15063(g)). If a Lead Agency determines an EIR is required for a project, the Lead Agency must send a Notice of Preparation to all Responsible and Trustee Agencies, who will then specify to the Lead Agency "the scope and content of the environmental information that is germane to the statutory responsibilities" of that agency in connection with the proposed project and which must be included in the EIR (PRC Section 21080.4; State CEQA Guidelines Section 15082(b)).

16. Property Tax/Bonded Indebtedness

- A. ☐ There will be no exchange of property tax

☒ Master property tax exchange agreement should apply. (CITIES ONLY- Provide Letter)

☐ Other agreement is to be negotiated.

- B. Will the proposal area assume any existing bonded indebtedness upon annexation?

☐ YES

☒ NO

If "YES"; how will the indebtedness be repaid? (e.g. property taxes, special tax, assessments, service fees):

- C. Are their plans to establish any new special taxes, fees, or assessment districts in order to pay for new or extended service(s) to the proposal area?

☐ YES

☒ NO

If "YES"; describe which services and status of new funding source(s):

17. Plan for Services

- A. Description of services to be extended to the affected area.

(Please use Plan for Services form provided in the application packet) List the services that are to be provided by your agency and provide in detail any services's that your agency is authorized to provide but will be provided by another agency.

- B. Indicate any improvements or upgrading of infrastructure regarding roads, sewers, water, facilities or other conditions that will be a result of the proposal.

No improvements are required at this time. If new development occurs, all improvements as required will be to City of Bakersfield development standards.

- C. What effects, if any, would annexation of this territory have on the existing level of city/district services (i.e. need for additional emergency service personnel or construction of new facilities, etc.)?

The City can provide adequate services to the property as indicated in the attached Plan for Services.

- D. How will these services be financed? Include both capital improvements, maintenance and operation?

Services will be financed through Capital Improvements, General and Gas Tax revenues, and Fire Fund as needed.

- E. Are any services currently being provided in the affected area that the planned (proposed) services will now be providing i.e. overlapping services?

☐ YES ☒ NO

If "YES"; has the current providing agency/s been contacted and an agreement been reached regarding service delivery between all agencies involved?

☐ YES ☒ NO

If "YES"; please provide a "letter of overlapping agreement" or a "resolution for detachment" of the affected area or a "resolution of dissolution" of a special district, from the current service provider/s board, commission or council.

- F. If detachment, indicate any services which will no longer be available to the affected area and who will take over provision of these services.

No detachment is proposed.

18. Services Provided by other Public Agencies

- A. Are there any Cities or Special Districts whose services will require that they be annexed, detached or dissolved due to your agency providing services?

(include County Service Areas)

☒ YES ☐ NO

If "YES"; list public agency/ies name, type of service/s in question and specify if annexation, detachment or dissolution is required for each public agency:

County of Kern (Public Works, Sheriffs, Fire)

- B. If "YES" to 9-A; has the public agency/ies been informed of the proposal?

☒ YES ☐ NO

19. Boundaries

- A. Why are these particular boundaries being used?

The annexation boundary is drawn to include property surrounded by existing City jurisdiction per the request.

- B. Does the proposed boundary create an island, peninsula or curricula? please provide letter of justification?

☒ YES ☐ NO

If "YES"; please provide a letter of justification.

- C. Is the affected area adjacent to a Disadvantaged Unincorporated Community?

☒ YES ☐ NO

If "YES" and a annexation greater than ten (10) acres is proposed, please answer the following questions:

1) Has an application to annex the DUC been filed in the past five (5) years?

☐ YES ☒ NO

If "YES"; provide date of application:

2) Is there written evidence that a majority of registered voters within the affected territory are opposed to annexation?

☐ YES ☒ NO

If "YES"; attach documentation.

20. Final Comments

A. Describe any conditions that should be included in LAFCo's resolution of approval.

N/A

B. Provide any other comments or justifications regarding the proposal.

The annexation will bring the property into the City limits, which will eliminate the overlapping of services.

21. Notices and Staff Reports

List up to three persons to receive copies of the LAFCo notice of hearing and staff report.

A. Name: Kassandra Gale email: kgale@bakersfieldcity.us
Title: Principal Planner Phone: (661) 326-3411

B. Name: Yazid Alawgarey email: yalawgare@bakersfieldcity.us
Title: Associate Planner I Phone: (661) 326-3191

C. Name: Robert Wilson email: rwilson@bakersfieldcity.us
Title: Public Works Supervisor II Phone: (661) 326-3566

22. Contact Person

Who should be contacted if there are questions about this application?

A. Name: Yazid Alawgarey email: yalawgare@bakersfieldcity.us
Title: Associate Planner I Phone: (661) 326-3191

Signature Field: _____

SAVE FORM AS PDF OR PRINT TO PDF AND EMAIL TO:

deo@kernlafco.org or eo@kernlafco.org

LAFCo Internal Use Only

☐ Municipal Service Review on File

☐ Master Tax Agreement on File

☐ Municipal Service Review is Current

☐ Master Tax Agreement is Current

☐ Municipal Service Review Requires Updating

☐ Sphere of Influence Requires Amendment

B.

PLAN FOR PROVIDING SERVICES

<u>SERVICE</u> Only provide information on services authorized for applying district.	<u>CURRENT PROVIDER</u> Agency Which Presently Provides Services	<u>BEGIN DATE</u> City/District Will Provide Services		<u>FINANCED</u> Indicate How Services Provided by City/District will be Financed (i e , general tax rate or special assessment)
		Upon Annexation	Future Date (Specify)	
Planning	County of Kern	☒		General Tax Revenues
Sewage	no current service	☒		General Tax Revenues
Water	California Water Service	☐		User Fee
Planning	County of Kern	☒		General Tax Revenues
Parks & Recreation	County of Kern	☒		General Tax Revenues
Library	County of Kern	☐		N/A
Police Protection	County of Kern Sheriff Dept.	☒		General Tax Revenues
Street/Curb/Sidewalk Maintenance	County of Kern	☒		General and Gas tax Revenues
Street Sweeping	County of Kern	☒		General and Gas tax Revenues
Street Lighting	County of Kern	☒		General Tax Revenues
Flood	County of Kern	☒		General Tax Revenues
Solid Waste	County of Kern	☒		User Fee
Other		☐		
Other		☐		
Other		☐		
Other		☐		

ORIGINAL
CITY OF BAKERSFIELD

RESOLUTION NO. 162 - 2022

**A RESOLUTION OF APPLICATION PROPOSING
PROCEEDINGS FOR ANNEXATION OF TERRITORY TO THE
CITY OF BAKERSFIELD IDENTIFIED AS ANNEXATION NO.
710, GENERALLY LOCATED AT THE NORTHEAST CORNER OF
BRAVE AVENUE AND SOUTH REAL ROAD (WARD 2).**

WHEREAS, the City of Bakersfield desires to propose a change of organization, to wit, the annexation to the City of Bakersfield of the hereinafter-described territory, pursuant to Section 56654 of the Government Code of the State of California; and

WHEREAS, the proposed annexation territory is within and consistent with the City of Bakersfield Sphere of Influence boundary; and

WHEREAS, the City of Bakersfield agrees to annex the territory generally located at the northeast corner of Brave Avenue south Real Road; and

WHEREAS, the City agrees to serve the territory upon annexation; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Bakersfield that it hereby finds and determines as follows:

1. The above recitals, incorporated herein, are true and correct.
2. That the City of Bakersfield hereby proposes the annexation to the City of Bakersfield of the territory in Exhibit A and shown on map marked Exhibit B for the project attached hereto, and made a part of this resolution as though fully set forth herein, generally located at the northeast corner of Brave Avenue south Real Road.
3. That a plan for providing services within the affected territory of the proposed annexation, in accordance with the provisions of Section 56653 of the Government Code, is marked as Exhibit C, attached hereto and made a part hereof as though fully set forth herein.
4. That this proposal for change of organization, to wit, annexation, is made pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, and it is requested that proceedings be authorized for annexation in accordance therewith.
5. That the reasons for the proposed change of organization are that owners of the affected territory desire to receive municipal services from the City of Bakersfield.
6. That the laws and regulations relating to the preparation of a notice of exemption as set forth in the California Environmental Quality Act have been duly followed.
7. That the territory proposed for annexation as described herein has been determined to be inhabited pursuant to Section 56046 of the Government Code.

CITY OF BAKERSFIELD
ORIGINAL

8. That the territory proposed for annexation as described herein has been determined to have 100% property owners consenting to annexation.
9. That the territory proposed for annexation as described herein is within the City of Bakersfield Sphere of Influence boundary.
10. That the names of the officers of the City of Bakersfield who are to be furnished with copies of the Executive Officer's Report and who are to be given mailed Notice of Hearing, if any, are:

Julie Drimakis
City Clerk
City of Bakersfield
1600 Truxtun Avenue
Bakersfield, CA 93301

Christian Clegg
City Manager
City of Bakersfield
1600 Truxtun Avenue
Bakersfield, CA 93301

Virginia Gennaro
City Attorney
City of Bakersfield
1600 Truxtun Avenue
Bakersfield, CA 93301

12. That the appropriate City officials shall file the (10) copies of this Resolution, with Exhibits, with the Executive Officer of the Local Agency Formation Commission of Kern County at 5300 Lennox Street, Suite 303, Bakersfield, and CA 93309.

-----o0o-----

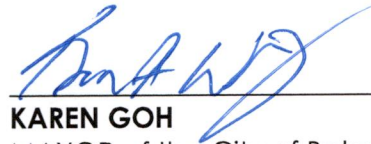
I HEREBY CERTIFY that the forgoing Resolution was passed and adopted by the City Council of the City of Bakersfield at a regular meeting thereof held on OCT 19 2022, by the following vote:

AYES:	COUNCILMEMBER: ☒ ARIAS, ☒ GONZALES, ☒ WEIR, ☒ SMITH , ☒ FREEMAN, ☒ GRAY, ☒ PARLIER
NOES:	COUNCILMEMBER: _____
ABSTAIN:	COUNCILMEMBER: _____
<u>ABSENT:</u>	COUNCILMEMBER: <u>Smith</u>

JULIE DRIMAKIS, CMC

CITY CLERK and Ex Officio Clerk
of the Council of the City of Bakersfield

APPROVED OCT 19 2022



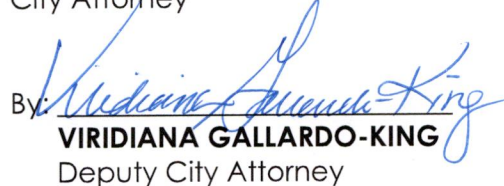
KAREN GOH

MAYOR of the City of Bakersfield

APPROVED as to form:

VIRGINIA GENNARO

City Attorney

By: 

VIRIDIANA GALLARDO-KING

Deputy City Attorney

EXHIBITS: A – Map
B – Legal Description
C – Plan for Services

S:\Advance Planning\02_Annexations\03_Active\710 - S. Real Road No.1\Res_Ord\ROA\ROA_Annex 710.docx

CEQA

1178-45

RECEIVED
KERN COUNTY

Transmittal Memorandum for 2022

NOV 04 2022

MARTIN D. BEDARD
JUDITOR CONTROLLER-COUNTY CLERK
BY W.H. DEPUTY

Attach one transmittal memorandum to the front of the original CEQA document. Clip copies in back.
 1) If notice requires F&W receipt, you must provide a minimum of 3 copies of the document.
 2) If notice does not require F&W receipt, you must provide a minimum of 2 copies of the document.

TYPE OR PRINT CLEARLY

LEAD AGENCY City of Bakersfield - Development Services DepartmentPROJECT TITLE Annexation No. 710 (S. Real Road No. 1)PROJECT APPLICANT Development Services Department - Planning DivisionPHONE NUMBER (661) 326-3733PROJECT APPLICANT ADDRESS 1715 Chester AvenueCITY Bakersfield STATE CA ZIP CODE 93301WORK ORDER # _____ ☒ 30-Day Posting ☐ 35-Day Posting ☐ 45-Day Posting ☐ Other _____CONTACT PERSON Yazid Alawgarey PHONE NUMBER (661) 326-3191

CHECK DOCUMENT BEING FILED:

- ☐ Notice of Availability.....No Fee
- ☐ Notice of Intent.....No Fee
- ☐ Notice of Preparation.....No Fee
- ☐ Notice of Public Hearing.....No Fee
- ☐ Other _____ No Fee
- ☐ Environmental Impact Report (EIR).....\$3539.25
- ☐ Previously paid F&W (must attach F&W receipt) F&W Receipt Number# _____
- ☐ DFG No Effect Determination (F&W letter must be attached).....No Fee
- ☐ County Administrative Fee.....\$50.00
- ☐ Mitigated Negative Declaration or Negative Declaration.....\$2548.00
- ☐ Previously paid F&W (must attach F&W receipt) F&W Receipt Number# _____
- ☐ DFG No Effect Determination (F&W letter must be attached).....No Fee
- ☐ County Administrative Fee.....\$50.00
- ☒ Notice of Exemption.....No Fee
- ☒ County Administrative Fee.....\$50.00

TOTAL \$ 50.00*Additional copies to be returned to: City of Bakersfield - Planning*Method of return: ☐ Hold for pick-up/Call # _____ ☒ Interoffice Mail

PAYMENT METHOD: ALL APPLICABLE FEES MUST BE PAID AT THE TIME OF FILING

☒ JV - Trans Code _____ Dept 4212 Fund 20105☐ Money Order☐ Check

Notice of Environmental Document
 Posted by County Clerk on 11-07-2022
 and for 30 days thereafter, Pursuant to
 Section 21152(C), Public Resources Code

22676

Kern County
Clerks Office
1115 Truxtun Ave
Bakersfield CA 93301
661-868-3588

CEQA

County Clerk Fee
#22676

1 @ \$50.000
\$50.00

Total

\$50.00

JV #828486

\$50.00

Change

\$0.00

ORDER NO: 538126

MAIL

11/7/2022 3:37:02 PM

BAKERSFIELD

MARICELA HERNANDEZ

Notice of Exemption

RECEIVED WITH FEE

RECEIPT # 17118672

TO: Office of Planning and Research
PO Box 3044, 1400 Tenth Street, Room 222
Sacramento, CA 95812-3044

FROM:

City of Bakersfield
Planning Division

1715 Chester Avenue
Bakersfield, CA 93301
BY MARY B. BEDARD
AUDITOR-CONTROLLER-COUNTY CLERK
DEPUTY

FILED
KERN COUNTY

NOV 07 2022

■ County Clerk
County of Kern
1115 Truxtun Avenue
Bakersfield, CA 93301

Project Title: Annexation No. 710 (S. Real Road No. 1)

Project Location-Specific: Located along south Real Road, generally between Navajo Avenue and Brave Avenue.

Project Location-City: Bakersfield

Project Location-County: Kern

Description of Nature, Purpose, and Beneficiaries of Project: The project is a request to annex three lots into the City of Bakersfield.

Name of Public Agency Approving Project: City of Bakersfield

Name of Person or Agency Carrying Out Project: Development Services Department, Planning Division

Exempt Status (check one):

- ☐ Ministerial (Sec. 21080(b)(1); 15268);
- ☐ Declared Emergency (Sec. 21080(b)(3); 15269(a));
- ☐ Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- ☒ Categorical Exemption. State type and section number: 15319(a) Annexations
- ☐ Statutory Exemptions. State code number:

Reasons why project is exempt: The action is the annexation of three parcels encompasses approximately 1.87 acres. The area contains two residential structures and one vacant lot. There is no possibility that this type of action would have a significant effect on the environment and therefore, the action is not subject to CEQA.

Lead Agency Contact Person: Yazid Alawgarey

Area Code/Telephone/Extension: (661) 326-3191

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a notice of exemption been filed by the public agency approving the project?
Yes ☒ No ☐

Signature: 

Date: November 3, 2022

Title: Associate Planner I

- ☒ Signed by Lead Agency
- ☐ Signed by Applicant

Date received for filing at OPR:

Authority cited: Sections 21083 and 21110, Public Resources Code.

Reference: Sections 21108, 21152, and 21152.1, Public Resources Code.

Notice of Environmental Document
Posted by County Clerk on 11-07-2022
and for 30 days thereafter, Pursuant to
Section 21152(C), Public Resources Code

22676



State of California - Department of Fish and Wildlife

2022 ENVIRONMENTAL FILING FEE CASH RECEIPT

DFW 753.5a (Rev. 1/01/22) Previously DFG 753.5a

RECEIPT NUMBER:

15 — 11072022 — 15148673

STATE CLEARINGHOUSE NUMBER (if applicable)

SEE INSTRUCTIONS ON REVERSE. TYPE OR PRINT CLEARLY.

LEAD AGENCY CITY OF BAKERSFIELD - DEVELOPMENT SERVICES DEPT	LEAD AGENCY EMAIL	DATE 11/7/2022
COUNTY/STATE AGENCY OF FILING Kern	DOCUMENT NUMBER 22676	

PROJECT TITLE

ANNEXATION NO. 710 (S. REAL ROAD NO. 1)

PROJECT APPLICANT NAME DEVELOPMENT SERVICES DEPARTMENT - PLANNING DIV	PROJECT APPLICANT EMAIL	PHONE NUMBER (661) 326-3733
PROJECT APPLICANT ADDRESS 1715 CHESTER AVENUE	CITY BAKERSFIELD	STATE CA
		ZIP CODE 93301

PROJECT APPLICANT (check appropriate box)

☒ Local Public Agency
 ☐ School District
 ☐ Other Special District
 ☐ State Agency
 ☐ Private Entity

CHECK APPLICABLE FEES:

☐ Environmental Impact Report (EIR)	\$3,539.25	\$	0.00
☐ Mitigated/Negative Declaration (MND)(ND)	\$2,548.00	\$	0.00
☐ Certified Regulatory Program document (CRP)	\$1,203.25	\$	0.00

☐ Exempt from fee☒ Notice of Exemption (attach)☐ CDFW No Effect Determination (attach)☐ Fee previously paid (attach previously issued cash receipt copy)

☐ Water Right Application or Petition Fee (State Water Resources Control Board only)	\$850.00	\$	0.00
☒ County documentary handling fee		\$	50.00
☐ Other		\$	

PAYMENT METHOD:

☐ Cash
 ☐ Credit
 ☐ Check
 ☒ Other

TOTAL RECEIVED \$ 50.00

SIGNATURE

X *m. h*

AGENCY OF FILING PRINTED NAME AND TITLE

M. HERNANDEZ, KERN COUNTY CLERK, FSS

EXHIBIT A

ANNEXATION LEGAL DESCRIPTION

BEING A PORTION OF LAND LOCATED IN THE SOUTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 2, TOWNSHIP, 30 SOUTH, RANGE 27 EAST, M.D.B.&M. IN THE COUNTY OF KERN, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF THE SURVEY OF SAID LAND RECORDED JUNE 1, 1855, ON FILE IN THE OFFICE OF THE KERN COUNTY RECORDER, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PROPOSED ANNEXATION

COMMENCING AT THE INTERSECTION OF S. REAL RD. (COUNTY ROAD NO. 1069) AND NAVAJO AVE THENCE; SOUTH 00°03'30" WEST ALONG THE CENTERLINE OF S. REAL RD. (COUNTY ROAD NO. 1069), A DISTANCE OF 105.39 FEET, THENCE; AT RIGHT ANGLES SOUTH 89°56'30" EAST, A DISTANCE OF 30.00 FEET TO THE POINT OF BEGINNING.

1. THENCE; SOUTH 89°17'36" EAST ALONG THE NORTHERLY LINE OF PARCEL 3 AND PARCEL 2 DESCRIBED IN DEED NO. 221192638, A DISTANCE OF 466.40 FEET TO THE WESTERLY LINE OF THAT PARCEL OF LAND DESCRIBED IN DEED 13206 RECORDED IN BOOK 3821, PAGE 189 IN THE OFFICE OF THE KERN COUNTY RECORDER.
2. THENCE; SOUTH 02°43'30" WEST ALONG SAID EASTERLY LINE OF PARCEL 2 AND PARCEL 1 DESCRIBED SAID DEED NO. 221192638, A DISTANCE OF 165.10 FEET.
3. THENCE; NORTH 89°17'36" WEST ALONG THE SOUTHERLY LINE OF PARCEL 1 DESCRIBED IN SAID DEED NO. 221192638, A DISTANCE OF 458.72 FEET, TO THE EASTERN RIGHT-OF-WAY OF S. REAL RD. (COUNTY ROAD NO. 1069).
4. THENCE; NORTH 00°03'30" EAST ALONG THE WESTERLY LINE OF PARCEL 1 AND PARCEL 3 DESCRIBED IN SAID DEED NO. 221192638, A DISTANCE OF 165.01 FEET, TO THE POINT OF BEGINNING.

CONTAINING 1.75 ACRES, MORE OR LESS.



5-16-23

CHECKED BY
KERN COUNTY SURVEYOR'S OFFICE

2023-05-25

Approved by:

CHECKED BY
KERN COUNTY SURVEYOR'S OFFICE
2023-05-25
Approved by:

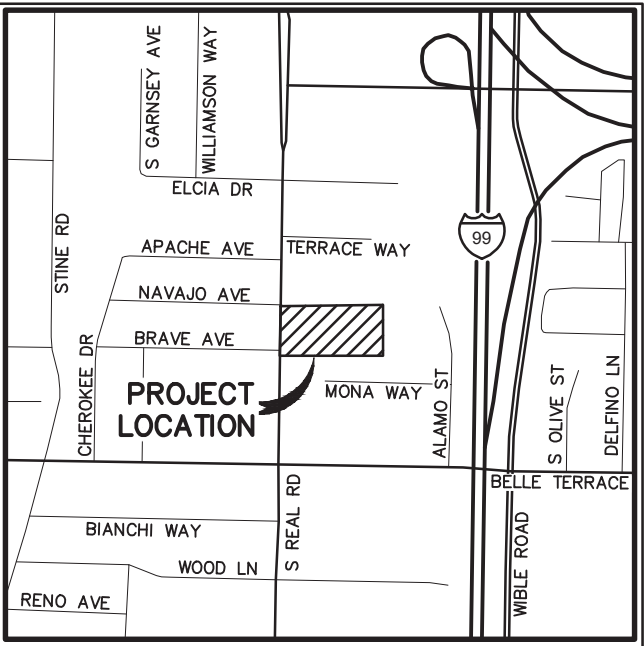
[Signature]



5-16-23

ANNEXATION EXHIBIT

EXHIBIT B



VICINITY MAP
NO SCALE

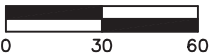
LEGEND:

- ANNEXATION BOUNDARY
- EXISTING PARCEL/LOT LINE
- EXISTING STREET RIGHT OF WAY
- STREET CENTERLINE
- APN ASSESSOR'S PARCEL NUMBER
- POB POINT OF BEGINNING
- POC POINT OF COMMENCEMENT
- = FOUND MONUMENT AS DESCRIBED

BASIS OF BEARINGS

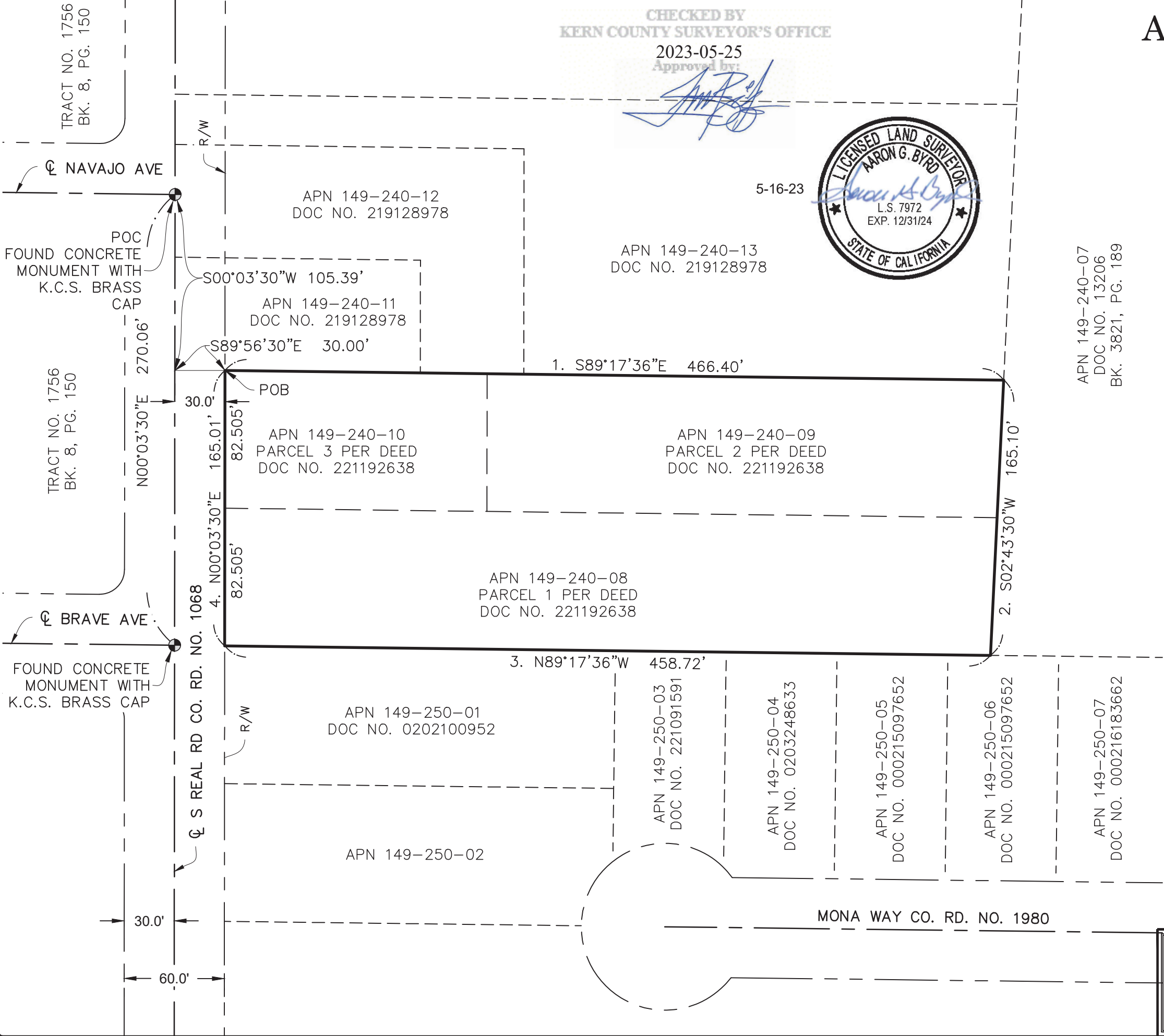
THE BEARING OF N00°03'30"E SHOWN FOR THE CENTERLINE OF S REAL ROAD PER PARCEL MAP 3456 RECORDED IN BOOK 16, PAGE 84, IN THE OFFICE OF THE KERN COUNTY RECORDER WAS USED FOR THE BASIS OF BEARINGS SHOWN ON THIS MAP.

SCALE: 1" = 60'



LAV// PINNACLE

Consulting & Engineering Services
Planning • Engineering • Surveying • Project Management
12418 Rosedale Hwy., Suite B, Bakersfield, CA 93312
Phone: (661) 869-0184 // LAV@lavpinnacle.com





Auditor
Controller

Aimee X. Espinoza
AUDITOR-CONTROLLER-COUNTY CLERK



July 29, 2026

Kern County Administrative Office
1115 Truxtun Ave., 5th Floor
Bakersfield, CA 93301

Re: City of Bakersfield Annexation No. 710, LAFCO Proceeding No. 1877

In accordance with Section 99 of the Revenue and Taxation Code, your Agency is subject to a service area or service responsibility change due to an annexation proposal filed with the Local Agency Formation Commission (LAFCO) as indicated above.

Reflected on the attached is an estimated amount of property tax revenue and factors within the Tax Rate Area(s) involved which is attributable to the county general and fire agency funds during the current fiscal year.

A **60-day** negotiation period starts as of the date of this letter and all tax revenue exchanges must be adopted by Agency Resolution by the completion of this 60-day period. If the negotiations are not completed within the 60-day period, the annexation proceedings are terminated and must be re-filed with LAFCO.

If your agency has any questions, please call me at (661) 868-3515.

Sincerely,
Aimee X. Espinoza
Auditor-Controller-County Clerk

By 
Corina Camarillo
Property Tax Division



ANNEXATION COMPUTATION

ANNEXATION #	710
PROCEEDING #	1877
ANNEXATION DESC:	City of Bakersfield Annex No. 710 (S. Real Road No. 1), Proc No. 1877
Annexation Letter Date:	7/29/2026
	60 Days
Negotiation Period Ending Date:	September 27, 2026
ANNEXATION VALUE	557,132
TRA	056-005
GROSS SECURED	198,857,498
GROSS UNSECURED	997,335
Total Gross Value by Tra	199,854,833
Annexation Value/Total Gross Value of TRA	0.002788

Current Year TRA
Base Dollars/1% Factor

Base Dollars Pre-ERAF	
County General Fund	578,215.55
County Fire Fund	202,507.81
1% Factors Pre-ERAF	
County General Fund	0.325219
County Fire Fund	0.095135

Estimates Related to Annexed Area per MOU Agreement 830-2015

Base Dollars

	MOU:	Total Base Value of Annexation	Entitlement
City of Bakersfield	100.00%	1,612.06	1,612.06
County Fire Fund			564.59

1% Factors

City of Bakersfield	100.00%	0.325219	0.325219
County Fire Fund			0.095135

2025 City Tax Shift Factor	(0.191055)
----------------------------	------------

PROCEEDING No. 1877

Date: June 30, 2026

In the matter of: City of Bakersfield
Annexation No. 710 (S. Real Road No. 1)

Total Assessed Value for Annexation**Before Exemptions: \$557,132****Breakdown of Value per TRA:**

<u>TRA</u>	<u>Secured AV</u>	<u>Unsecured AV</u>	<u>Subv Exmpt AV</u>	<u>NonSubv Exmpt AV</u>
056-005	\$557,132	\$0	\$0	\$0

B207 - INQUIRE COMPLETED

NEXT FUNC: KEY:

KEY DATA PROMPT

KIPS DSTVLINQ INQUIRE DISTRICT VALUES AS OF: 07/24/26 P42232

FUND NO: _____ TRA NO: 056 - 005 TAX YR: 2025 J/B STR: J STAB/CORR AV: S

FUND NAME:

	CURRENT AV	RDA BASE AV	RDA INC
SECURED RL1	198,857,498		
MINERAL RL2	0		
MOBHOME RL6	0		
GROSS AV LA	198,857,498		
UTILITY RL3	0		
GROSS SECUR	198,857,498		
S HOMEOWNER	2,247,000		
NET SECURED	196,610,498		
GROSS UNSEC	997,335		
US HOMEOWNR	0		
NET UNSECUR	997,335		
TL GROSS AV	199,854,833		
TL HOMEOWNR	2,247,000		
TL NET AV	197,607,833		

PF1=HELP 2=MENU 3=RTRN 4=SMNU

PF13=NEW 16=TRAXREF 22=PRT

07/29/26 11:52

NEXT-FUNC: KEY:

KEY DATA PROMPT

KIPS TRA1%INQ INQUIRE TRA 1% FACTORS

P42242

TRA NO: 056 - 005 TAX YEAR 2025 TRA NAME BAKERSFIELD OUTSIDE
STATUS ACTIVE

FUND NAME	FUND NO	FACTOR	PRIOR YR ADJ BASE DOLLARS	INCREMENT	CURRENT YEAR BASE DOLLARS
CO. GENE	00001	0.325219	541,466.90	36,748.65	578,215.55
CO ADVER	00002	0.001110	2,150.36	125.43	2,275.79
CO. ROAD	00007	0.000000	.00	.00	.00
CO. FIRE	00011	0.095135	191,757.87	10,749.94	202,507.81
* CSA 12	40560	0.000000	.00	.00	.00
KERN VEC	42315	0.014576	28,363.92	1,647.04	30,010.96
BKSFLD S	42530	0.002808	5,464.30	317.29	5,781.59
GOLDEN E	42915	0.000000	.00	.00	.00
KERN RIV	42922	0.000831	1,617.00	93.90	1,710.90
KERN CO	60220	0.007985	15,538.40	902.28	16,440.68
KCWA ZN	60229	0.000000	.00	.00	.00
KCWA ZN	60239	0.000000	.00	.00	.00

TOTALS: 1.000000 1,861,150.54 112,996.65 1,974,147.19

PF1=HELP 2=MENU 3=RTRN 4=SMNU 7=BKWD 8=FWD 10=TOP 11=BOT

PF13=NEW PF18=OLRR 22=PRT

07/29/26 11:53



ASSESSOR
RECORDER

Laura Avila
Kern County Assessor-Recorder

Memorandum

TO: Aimee X. Espinoza
Auditor-Controller-County Clerk
Attention: Janelle Austin
Date: June 30, 2026

FROM: Laura Avila, Kern County Assessor-Recorder
by: Yesenia Sifuentes, GIS Tech II

SUBJECT: Jurisdictional Changes
RE: City of Bakersfield
Annexation No. 710 (S. Real Road No. 1)

Here is a copy of our report to LAFCO RE: Proceeding No. 1877 together with a report to you showing the breakdown of both Secured & Unsecured AV per TRA . Also included & itemized, are any Exemption Values, if applicable.

Values are Gross, unless noted.

If you require any additional information, please let us know.

REPORT OF KERN COUNTY ASSESSOR

Jon Lifquist, Assessor-Recorder



**Kern Local Agency
Formation Commission**
5300 Lennox Ave. Suite 303
Bakersfield, CA 93309
661-716-1076
www.co.kern.ca.us/lafco/

Proceeding No. 1877
In the Matter of: City of Bakersfield
Annexation No. 710
(S. Real Road No. 1)

Date: 6/30/2026
By: Yesenia Sifuentes
GIS Tech II

-
1. The number of assessment parcels within subject territory is: 3
 2. Subject territory is within the following Tax Rate Area(s): 056-005
 3. Assessed valuation: (**Attach Sheet** Breakdown) Secured: \$ 557,132 Unsecured: \$ -
 4. Do the subject territory boundaries correspond with lines of ownership in the last equalized assessment roll? ☒ YES ☐ NO
 - a. List APN of non-corresponding parcels:
 5. Do the subject territory boundaries correspond with lines of ownership in the current assessment roll being prepared? ☒ YES ☐ NO
 - a. List APN of non-corresponding parcels:
 6. Do the subject territory boundaries correspond with Tax Rate Area boundaries? ☒ YES ☐ NO
 - a. List APN of non-corresponding TRA's:
 7. Identify all incorporated cities who's city limit boundary is within three (3) miles of subject territory:
(If none, please enter word "NONE")
 8. Please **ATTACH SHEET** identifying all local agencies within, or partially within, the boundaries of the subject territory. (Including cities, special districts, school districts and county service areas)
 9. Please **ATTACH SHEET** identifying the parcels within the subject territory:
Include: Assessee name, billing name, APN, ATN, TRA, roll type, assessed values and exemptions
 10. Please **ATTACH SHEET** identifying the surface owners within the subject territory:
Include: Assessee name, billing name, and billing address
 11. Please **ATTACH SHEET** identifying property owners outside the subject territory, within 300 feet:
Include: Assessee name, billing name, and billing address
 12. Additional requested information:
 13. Please provide comments or recommendations:
NONE



BAKERSFIELD

THE SOUND OF *Something Better*

December 15, 2020

Kern County Local Area Formation Commission
Attn: Blair Knox, Executive Officer
5300 Lennox Avenue, Suite 303
Bakersfield, CA 93309

File: Annexation No. 710 (S. Real Road No. 1)

RE: Annexation No. 710 (S. Real Road No. 1)

Dear Mr. Knox:

The City of Bakersfield formally requests that the Local Area Formation Commission process the above referenced annexation by waiving notice, hearing, and protest hearing (or conduct authority proceedings) pursuant to Section 56663 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The waiver of notice, hearing, and protest hearing is because we have received 100% consent from the property owner of the affected territory.

Should you have additional inquiries, please do not hesitate to contact me at 661-326-3191 or yalawgarey@bakersfieldcity.us.

Sincerely,
Yazid Alawgarey
Yazid Alawgarey
Associate Planner I

City of Bakersfield
1715 Chester Avenue
Bakersfield, CA 93301

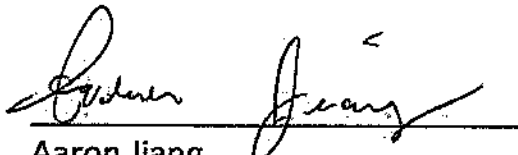
RE: Annexation of 434 South Real Road, Bakersfield (APN 149-240-08, 09 and 10)

To Whom It May Concern:

I hereby authorize LAV//Pinnacle Engineering to submit applications, supporting information, and exhibits to the City of Bakersfield for the referenced project on my behalf.

If you require any additional information, please feel to contact me at 661-447-5595 or jiang.aaron99@gmail.com.

Sincerely,



Aaron Jiang
Jiang Rental, LLC.

5/18/2022
Date

City of Bakersfield**Annexation No. 710 (S. Real Road No. 1)****NAME & ADDRESS OUTSIDE OF SUBJECT TERRITORY (WITHIN 300 FEET)**

ASSE_NAME	IN_CARE_OF	ADDR_BILL2
ASSURANCE DEV LLC		BAKERSFIELD CA 93303
BAKERSFIELD SCHOOL DIST		CA
BELTRAN CARMEN E		BAKERSFIELD CA 93309
BOCKENSTEDT ROBERT J		BAKERSFIELD CA 93309-3376
CASTANEDA LUIS H		BAKERSFIELD CA 93309-3356
CATES TAMMY L		BAKERSFIELD CA 93309
CHANTHAPAK SUPACHAI & CHANYONPATANAKUI JIRAN		LA CANADA FLINT CA 91011-3008
COUNTY OF KERN & CTY OF BKSFLD		CA
CRAIG STEVEN & JONES CAROL ANN FAMILY TRUST	JONES STEVEN C & CAROL ANN TTEE	BAKERSFIELD CA 93309
DOUGLAS JULIAN SR		BAKERSFIELD CA 93309
FELTUS WILMA MAE	FELTUS RAYMOND	BAKERSFIELD CA 93309
FRANKLIN ST INVS LLC		SAN FRANCISCO CA 94115-1800
GILSA HOLDINGS LLC		LOS ANGELES CA 90049
GONZALES JANET M		BAKERSFIELD CA 93309
GRACIDA RUBEN J		BAKERSFIELD CA 93309-3356
HANLEY DAVID B		BAKERSFIELD CA 93309
JIMENEZ DARLENE TRUST	JIMENEZ DARLENE TRS	BAKERSFIELD CA 93309-6037
KAMLINE DALE WAYNE		BAKERSFIELD CA 93309
KUDER MARK A		BAKERSFIELD CA 93309
MADISON HOMES INC		BAKERSFIELD CA 93304-2910
MONDRAGON LUIZ ARTURO & MELISSA MARLENE		BAKERSFIELD CA 93309-3356
MORAN ELISA BIBIAN		BAKERSFIELD CA 93309-3343
PECKHAM PH LLC		LOS ANGELES CA 90048
PEREN PABLO GILBERTO BAL		BAKERSFIELD CA 93309
PEREZ JOSE LUIS & LETICIA		NIPOMO CA 93444
PEREZ ROBERTO & CRUZ MIRNA JASMIN ROSALES		BAKERSFIELD CA 93313
PLASCENCIA MARTIN		BAKERSFIELD CA 93306
POSEY TINA R		BAKERSFIELD CA 93309
ROBLES KELLY A & ESMERALDA B		BAKERSFIELD CA 93309-3356

SANCHEZ JOSE GERARDO MUNOZ		INGLEWOOD CA 90301
SANTANA JOSEPH CHRISTOPHER		LOS ANGELES CA 90003
SARAVIA ROQUE E VELASCO		BAKERSFIELD CA 93309
SELEMAN S F N & GADALLAH V A H JOINT LIV TR	SELEMAN SAMEH F N & GADALLAH VIVIAN A H	CASTRO VALLEY CA 94546
SERVIN ESEQUIEL & MARGARET L		BAKERSFIELD CA 93309
SILVESTRE FLOR TRUST	TEHRANI JULIA M TRUSTEE	AUGUSTA GA 30904
WISEMAN DANNY GALE		BAKERSFIELD CA 93307-5572

KERN

LOCAL AGENCY FORMATION COMMISSION

Certificate of Filing

In the Matter of:

City of Bakersfield Annexation No. 710 (S. Real
Road No. 1)

Proceeding No.

1877

I, Blair Knox, Executive Officer of the Local Agency Formation Commission of the County of Kern, hereby certify that:

A proposal referenced and described above has been submitted to me and it has been found that:

- the proposal was initiated by a Resolution of Application;
(G.C. §56650)
- the proposed territory has been found to be uninhabited;
(G.C. §56046)
- all application contents as prescribed by law are presented;
(G.C. §56652)
- all affected agencies have been notified; and
(G.C. §56658)

It has been established that the application contains the information and data requested and required by this Commission and has been **accepted** for filing on 10 August, 2026 (G.C. §56651)

Date of Hearing: Wednesday, 19 August, 2026

Time of Hearing: 5:15 PM

Place of Hearing: Kern Council of Governments (KernCOG)

1401 19th Street Suite #300

Bakersfield, CA 93301

Affected/Noticed Public Agencies:

This Certificate of Filing is issued pursuant to California Government Code §56658 (f). All time requirements for processing and consideration of this application specified by state law and the rules and regulations of this Commission shall become effective on the date of issuance of this certificate.

Blair Knox

Digitally signed by Blair Knox

Date: 2026.08.11 15:18:34 -07'00'

Blair Knox, Executive Officer

Proceeding No. 1869 & 1872

COUNTY SERVICE AREA (CSA) 87 **Sphere of Influence (SOI)** **Amendment & Municipal Service** **Review Update**

Report & Presentation Documents

- [Report & Recommendation SOI](#)
- [Municipal Service Review Memo](#)
- [LAFCo Resolution \(DRAFT\)](#)

Application Packet

- [Application Form SOI](#)
- [Municipal Service Review](#)

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

In the Matter of

Proceeding No. 1869

COUNTY SERVICE AREA (CSA) 87:
REPORT AND RECOMMENDATION
SPHERE OF INFLUENCE AMENDMENT

June 17, 2026

In the above-entitled matter the staff report and the recommendation of the Executive Officer are respectfully submitted as follows:

PROPOSAL BACKGROUND AND ANALYSIS:

On December 15, 2025, Public Works, County of Kern operating County Service Area (CSA) 87 submitted an application for Annexation 8, activation of streetlight services, with a Sphere of Influence amendment, to Kern LAFCo. The process required by the Cortese-Knox-Hertzberg Reorganization Act of 2000 has been followed including notices to affected agencies and any notices and publications required by law.

This proposal is to amend the Sphere of Influence approximately 47.0 acres to match the expanded boundaries of the district included in Annexation . One parcel is generally located at the northeast corner of Weedpatch Highway and East Panama Lane, west of the East Side Canal, and south of Farmers Lane in the Lamont area. The District has a history of keeping the Sphere of Influence coterminous with the District boundaries.

CONDITIONS RECOMMENDED BY EXECUTIVE OFFICER:

1. The applicant has signed an agreement to actively defend or indemnify and hold harmless the Kern County Local Agency Formation Commission or its agents, officers and employees, from any liability or loss connected with the approval of County Service Area 87 sphere amendment.
2. It is recommended that the Sphere of Influence amendment not be approved unless and until Annexation No. 7 is approved and will not be effective until the final recording of Annexation No. 7.

ENVIRONMENTAL IMPACT STATEMENT:

The applicant, as lead agency, has prepared and filed a Notice of Exemption to review and consider.

GOVERNMENT CODES § 56430:

Gov. code § 56430 requires that when updating a Sphere of Influence the Commission conduct a services review of the municipal services provided. County Services Area 87 provides streetlights for domestic purposes. As the services being provided are defined as municipal service, a municipal service review update is required (See 1872 CSA 87-8 MSR).

All other sections of Gov. code § 56425. which apply to this proposal have been addressed in the Sphere of Influence Amendment Application, Resolution, Environmental Document or Municipal Services Review. "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."

CONSIDERATIONS

The following determinations are the result of utilizing the considerations as directed by Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

1. **Section 56425(e)(1):** *“The present and planned land uses in the area, including agricultural and open-space lands.”*

The parcels included are not currently enrolled in the Williamson Act. The land usage is expected to change to residential development in the future.

2. **Section 56425(e)(2):** *“The present and probable need for public facilities and services in the area.”*

The parcels included in this Sphere of Influence Amendment will receive multiple services from the District and will continue into the foreseeable future.

3. **Section 56425(e)(3):** *“The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.”*

The County is capable of providing services to this area.

4. **Section 56425(e)(4):** *“The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.”*

This area does not have current residents therefore is not a Disadvantaged Unincorporated Community (DUC).

5. **Section 56425(e)(5):** *“... public facilities or services related to sewers, municipal and industrial water, or structural fire protection, ... the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.”*

Annexation into the district and amendment of the Sphere of Influence will not affect the need for public services.

6. **Section 56425(i):** *“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.”*

No overlapping of services occurs with this annexation.

RECOMMENDATION:

It is recommended that the Commission consider the environmental document prepared by the district and approve the sphere amendment to County Service Area 87 with conditions recommended by Executive Officer. (Resolution)

Respectfully Submitted,
Blair Knox, Executive Officer





**Kern Local Agency
Formation Commission**
5300 Lennox Ave. Suite 303
Bakersfield, CA 93309
661-716-1076
www.kernlafco.org

To: Kern LAFCo Commission
From: Executive Officer
Date: June 17, 2026
Subject: Municipal Service Review – County Service Area 87

The Municipal Service Review (MSR) for County Service Area 87 evaluates service delivery, infrastructure, financial capacity, and governance in accordance with Government Code section 56430. The review is intended to inform Sphere of Influence determinations and assess the agency's ability to provide efficient and reliable services.

CSA 87 serves a limited function typical of county service areas, providing localized municipal services within an unincorporated area. Growth within the service area is modest, with development generally occurring through small-scale expansion or annexation.

Services and infrastructure are adequate for current needs. However, any expansion of services is dependent on securing funding, typically through assessments requiring property owner approval. Financial capacity is sufficient for ongoing operations but constrained for significant service expansion.

The CSA operates under County governance, with the Board of Supervisors serving as the governing body. This model provides administrative efficiency and clear accountability, though it limits local autonomy.

As a county-operated service provider, CSA 87 benefits from shared services and administrative support, minimizing overhead and avoiding duplication of functions.

The MSR concludes that CSA 87 is functioning as intended and remains an appropriate mechanism for delivering localized services. No major service deficiencies or governance issues were identified that would warrant reorganization.

Continued operation under the existing structure is recommended. Future annexations or service expansions should be considered on a case-by-case basis and supported by dedicated funding. The findings of this MSR support maintaining the current service model and inform any associated Sphere of Influence updates.

RECOMMENDATION

Approve and adopt the Municipal Service Review for CSA 87, including the written determinations contained therein, and direct staff to file the document.

**BEFORE THE LOCAL AGENCY FORMATION COMMISSION
COUNTY OF KERN, STATE OF CALIFORNIA**

In the Matter of:

**COUNTY SERVICE AREA 87: SPHERE
OF INFLUENCE AMENDMENT &
MUNICIPAL SERVICE REVIEW
UPDATE**

Resolution No. 26-XX

Proceeding No. 1869 & 1872

Minute Book 73

I, Blair Knox, Executive Officer, of the LOCAL AGENCY FORMATION COMMISSION, COUNTY OF KERN, STATE OF CALIFORNIA, hereby certify that the following resolution, proposed by Commissioner **XXXX**, seconded by Commissioner **XXXX**, was duly adopted by the Commission at an official meeting thereof held on the **19th day of August 2026**, by the following vote:

AYE: XXXX

NAYE: XXXX

ABSTAIN: XXXX

ABSENT: XXXX

Blair Knox, Executive Officer

RESOLUTION MAKING DETERMINATION

Whereas, pursuant to Government code § 56658, a proposal for the annexation of territory to County Service Area (CSA) 87 (“Applicant”), designated as Sphere of Influence Amendment was initiated by Resolution of Application to the Local Agency Formation Commission of Kern County (“Commission”);

Whereas, an amendment to the sphere of influence must be approved by the Commission prior to services being provided pursuant to Government Code Section 56133et. seq.;

Whereas, a Municipal Service Review (“MSR”) must be prepared prior to an update to the Sphere of Influence pursuant to Government Code Section 56430 et. seq.;

Whereas, on April 27, 2026, County Service Area 87 submitted a draft MSR;

Whereas, on July 29, 2026, pursuant to Government code § 56427. Notice, publication and affected local agency notification was performed;

Whereas, the MSR was reviewed to meet the criteria outlined pursuant to Government Code Section 56430 et. seq.;

Whereas, on August 19, 2026, the Commission heard and received all evidence which was made, presented or filed, and all person’s present were given the opportunity to be heard in respect to any matter relating to the MSR and

Whereas, the Commission is fully advised in the premises; now therefore, be it *Resolved that the Local Agency Formation Commission, County of Kern, State of California, pursuant to the authority provided by Government Code, Title 5, Division 3; Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and on behalf of its members, finds and determines as follows:*

1. *Specific reference is hereby made to all the papers, documents, files and proceedings heretofore and now taken, had and filed in this matter with particular reference to Minute Item 8/19/26-X, as appears upon the official minutes of the proceedings of this Commission.*

2. *All the proceedings heretofore and now taken and had in this matter have been and now are in all respects as required by law.*

3. *The County Service Area (CSA) 87 Municipal Service Review underwent a comprehensive review of all the agencies that provide the identified service or services within the designated geographic area.*

4. *the Sphere of Influence amendment will be in the best public interest;*

5. *The MSR was assessed for various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence.*

6. *Pursuant to the authority granted by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 the County Service Area (CSA) 87 Sphere of Influence Amendment and Municipal Service Review Update including all written determinations included in the MSR, particularly described and delineated attached hereto and by reference made apart hereof is hereby approved.*

7. *The Commission authorizes and directs the Executive Officer to accept, file and record any and all documentation required by law.*



**Kern Local Agency
Formation Commission**
5300 Lennox Ave. Suite 303
Bakersfield, CA 93309
661-716-1076
www.co.kern.ca.us/lafco/

SPHERE OF INFLUENCE AMENDMENT

Government Code Section 56428

(a) Any person or local agency may file a written request with the executive officer requesting amendments to a sphere of influence or urban service area adopted by the commission. The request shall state the nature of the proposed amendment, state the reasons for the request, include a map of the proposed amendment, and contain any additional data and information as may be required by the executive officer.

(b) After complying with the California Environmental Quality Act, Division 13 (commencing with Section 21000) of the Public Resources Code, the executive officer shall place the request on the agenda of the next meeting of the commission for which notice can be given. The executive officer shall give notice in the manner provided by Section 56427. On the date and time provided in the notice, the commission may do either of the following:

- (1) Without further notice, consider the amendments to a sphere of influence.
- (2) Set a future date for the hearing on the request.

(c) The executive officer shall review each requested amendment and prepare a report and recommendation. The report shall be completed not less than five days before the date specified in the notice of hearing. The executive officer shall send copies of the report to the person or agency making the request, each affected local agency, and each person who has filed a request for a report.

(d) At its meeting, the commission shall consider the request and receive any oral or written testimony. The consideration may be continued from time to time, but not to exceed 70 days from the date specified in the original notice. The person or agency which filed the request may withdraw it at any time prior to the conclusion of the consideration by the commission.

(e) At the conclusion of its consideration, the commission may approve with or without amendment, wholly, partially, or conditionally, or disapprove the request. The commission shall follow the procedures in Section 56425.

(f) The commission may require the person or agency making a request pursuant to this section to pay a fee to cover the commission's costs. The fee shall not exceed the estimated reasonable cost of providing the service and shall be set pursuant to Section 56383. The commission may waive the fee if it finds that the request can be considered and studied as part of the periodic review of spheres of influence required by Section 56425. In addition, the commission may waive the fee if it finds that payment would be detrimental to the public interest.

(g) The commission and executive officer may review and act on any request to amend a sphere of influence or urban service area concurrently with their review and determination on any related change of organization or reorganization. In case of a conflict between the provisions of this section and any other provisions of this part, the other provisions shall prevail.

SPHERE OF INFLUENCE AMENDMENT APPLICATION

INFORMATION REQUESTED

Agency seeking LAFCo Approval:
Kern County Public Works - CSA

Agency Address:
2700 M Street Suite 570

Contact Person: Miguel Munoz

Phone: (661) 862-8908

Email:munozmi@kerncounty.com

PROJECT INFORMATION

Please provide the following information. You may attach additional sheets as needed.

1. Purpose of the Proposal

Why is this proposal being filed? List all actions for LAFCo approval.

Annexation of TTM 6206 into CSA 87 for the purpose of Drainage Maintenance, Street Sweeping, Street Lights, Landscape Maintenance, Block Wall Maintenance

2. Consultation with the County (City Only)

Provide documentation regarding consultation that has occurred between the City and the County with regard to agreement on boundaries, development standards and zoning requirements for land in the proposed Sphere of Influence (SOI) as required by Government Code §56425

Please indicate if document is attached: ☐

3. Description of area to be included in the SOI

A. What is the acreage of the proposed addition? 47+/-

B. Why was it decided to use these particular boundaries?

The boundaries coincide with the boundaries of Tentative Tract Map 6206

C. List the existing land uses for the proposed amendment area?

gricultural, industrial

D. List the proposed land uses for the proposed amendment area?

residential

4. Relationship to Existing Plans

- A. List the current County/City General Plan designation/s for the proposal area?

County General Plan is LR: Low Density Residential and HMR: High Medium Density Residential

- B. List the current County/City Zoning designation/s for the proposal area?

County zoning is

- A: Exclusive Agriculture

- C. List the proposed General Plan designation/s for the proposal area?

- D. List the proposed (Pre-) Zoning designation/s for the proposal area?

- E. What is the current and estimated agency population?

Current Population: approximately 0 Estimated 2025: 0

Estimated 2030: Estimated 2035:

5. Services

- A. What is the range of services now provided by the agency?

Streetlights, Landscaping, Street Sweeping, Drainage, Firefighter Paramedic, Sewer, etc.

- B. Does the present range of services fulfill the present needs of the territory within the agency?

Yes: ☒ No:

If "No", describe inadequacies:

- C. What are the probable future service needs of the territory within the agency up to the year 2035?

Street Sweeping, Drainage

- D. Does your agency provide services to any area outside the boundaries of the agency?

Yes: No: ☒

If "Yes", describe the area/s and the services.

- E. Within the capacity of present agency facilities can your agency provide services to adjacent territory not now within the agency?

Yes: ☒ No:

If "Yes", describe the services and the potential service area.

If adjacent properties annex and request specific services, we can extend existing services.

- F. Are the services provided by other local agencies within the territory of your agency adequate?

Yes: ☒ No:

If "No", describe the nature of any asserted inadequacy.

- G. Are there any social or economic communities of interest adjacent to your SOI that would benefit from your services?

Yes: No: ☒

If "Yes", name the community/ies and location/s.

6. Future Needs & Plans

- A. What type of development is now occurring or planned for the territory within your agency including, but not limited to, residential, commercial and industrial development?

Present: Streetlights

Planned:

- B. Does the agency contemplate any annexation(s) within the next five years which total more than 100 acres?

Yes: ☒ No:

If "Yes", give a general description of the proposed annexation/s and acreage involved.

The County Service Areas has constant annexations throughout Kern County.

- C. Describe the existing facilities used by your agency in carrying out the functions of the agency.

The Public Services Building located at 2700 M Street, Suite 570., Bakersfield, CA 93301

- D. Describe any new facilities contemplated for use by your agency in the performance of its functions up to the year 2040:

N/A

7. Agricultural Conservation

- A. Are there agricultural preserves within the area being considered within the proposed sphere of influence?

Yes: No: ☒

- B. Can the physical and economic integrity of such preserves be maintained in the event such preserves are included within the sphere of influence of the agency?

Yes: ☒ No:

8. Finance

- A. What are the methods of financing your district? (i.e. service charges, etc.)

special assessment through property tax bill

Provide additional information that the agency deems relevant for the SOI amendment

ENVIRONMENTAL REVIEW

Please include a copy of environmental review and adopted environmental declaration conducted for the project.

If exempt, please provide a copy of the Notice of Exemption.

MAPS

Please provide a vicinity map showing the district or city boundary, district or city SOI, and proposed amendment area.

Date Completed: December 04, 2025

By:

Miguel Munoz Digitally signed by Miguel Munoz
Date: 2025.12.04 10:17:49 -08'00'

Kern Local Agency Formation Commission Municipal Service Review

**County Service Area (CSA) No. 87
Habecker Road**

**Initial Draft Prepared by:
Public Works Department
County of Kern**

**Revisions and Final Draft:
Blair Knox
Kern LAFCo Executive Officer**

**Date:
June 2026**

Executive Summary

This Municipal Service Review (MSR) evaluates County Service Area (CSA) No. 87, located in the unincorporated area of Kern County near the community of Lamont. The review has been prepared in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act to support consideration of a proposed Sphere of Influence (SOI) amendment and to assess the CSA's ability to provide authorized services.

CSA 87 was established in 1999 primarily to provide stormwater drainage sump maintenance and later expanded to include zones of benefit for street sweeping, landscaping and wall maintenance, and other related services. The CSA currently encompasses approximately 39.6 acres and includes about 129 parcels, consisting predominantly of residential properties with a limited number of commercial parcels. Active services are limited to drainage sump maintenance for the full CSA area and landscape and wall maintenance for a smaller subset of parcels within a designated zone of benefit.

The MSR evaluates all seven statutory service factors. Population and growth analysis indicates that the CSA and surrounding Lamont area have experienced limited growth and based on recent Census and American Community Survey data, a modest population decline. While proposed annexations may introduce additional residential development, overall growth in the area remains constrained by infrastructure limitations, particularly the availability of sewer service.

The review identifies that CSA 87 is located within and adjacent to disadvantaged unincorporated communities as defined by state criteria. Median household income levels and CalEnviroScreen data indicate socioeconomic conditions that warrant careful consideration of service costs and long-term financial impacts.

Infrastructure and public service analysis finds that existing drainage facilities are adequate for current development and are maintained by Kern County Public Works. CSA 87 does not provide sewer, water, or fire protection services, which are instead provided by the Lamont Public Utility District and the Kern County Fire Department. No significant deficiencies were identified that would impair current service delivery.

Financial analysis shows that CSA 87 has sufficient revenues and reserves to fund ongoing operations, administrative costs, and contingencies. The CSA's current budget is adequate to support the active zones of benefit, and inactive zones are not generating expenditures.

Governance and accountability structures are consistent with statutory requirements, with administration by Kern County staff and oversight by the Kern County Board of Supervisors. Public notice and participation procedures comply with applicable laws.

The MSR also evaluates service efficiency and the CSA's fragmented boundaries. Proposed SOI expansion and future annexations would extend services in a more logical and contiguous manner, particularly for street-related maintenance and lighting services, while recognizing the financial constraints of the affected communities.

Overall, the MSR concludes that CSA 87 is capable of providing its authorized services in a financially sustainable and efficient manner. The findings support consideration of the proposed SOI amendment and provide a basis for evaluating future annexations and service modifications consistent with statutory objectives and local conditions.

CSA 87 Description:

CSA No. 87, also known as Habecker Road, is located in the unincorporated County of Kern, in and near the area known as Lamont; bound on the north by Panama Road, on the south by the Di Giorgio Road, on the east by Kern Delta Water District canal and on the west by South Fairfax Road. The first (established) area and 2nd annexation were along Habecker Road in Lamont, CA.

CSA No. 87 provides the financing for the provision of drainage sump maintenance and landscape and wall maintenance within the CSA's boundaries. CSA 87 is approximately 39.59 acres in size and includes approximately 129 parcels. CSA 87 was formed primarily to establish drainage sump maintenance and street lighting by the original LAFCO Formation Commission in May of 1997. This initial formation of County Service Area No. 87 was driven by the developer's request for services for Tract No. 5686.

Currently there is 1 active separate zone of benefit. The largest number of zones of benefit for CSA 87 were as many as 3 separate services and 2 separate zones of benefit. The designated zone of benefits and their benefit uses are as follows:

Zone of Benefit (ZB) No. 1: Habecker Road

- Street Sweeping

Zone of Benefit (ZB) No. 2: Habecker Road

- Landscape and Wall Maintenance

Zone of Benefit (ZB) No. 3: Lamont (Fuller Acres) - Proposed

- Street Lighting Service and Maintenance

Zone of Benefit (ZB) No. 4: Lamont - Proposed

- Block Wall Maintenance

128 parcels within CSA 87 are considered for drainage sump maintenance with 126 parcels being residential and 2 parcels being commercial. 129 Parcels are currently paying into CSA 87 for drainage sump maintenance, 3 of which are commercial properties. Drainage in the form of surface and underground drainage generally terminating in drainage sumps that serve CSA 87. The drainage sumps and infrastructure are maintained by the Kern County Public Works – Roads Maintenance Division.

There are no parcels that currently receive the benefit – street sweeping. County records indicate that the parcels that potentially could receive the benefit have neither been charged for the services nor receiving the benefit of street sweeping since its establishment in 2010 from CSA 87. Currently, the Kern County Roads Maintenance Department provides on-call street sweeping

services when requested.

Landscaping & wall maintenance benefit 36 parcels within CSA 87. 1 development, 1 tract that receives this beneficial use. Landscaping & wall maintenance is maintained and serviced by private contractors under vendor contracts. The vendor contract includes CSA 87 as part of the contract. The current (2026) contract lists the services to be within "Area 1".

No streetlights within CSA 87 that are maintained by the CSA. As of April 2026, all streetlights in the public roadway or right-of-way in the area adjacent or near CSA 87 are generally maintained by Lamont Public Utility District (Lamont PUD). A portion of those streetlights along Weedpatch Hwy/Main Street/State Route (SR) 184 are most likely the responsibility of Caltrans. It is of special note that while most of these lights are the responsibility of Lamont PUD, the majority are actually owned and maintained by the Pacific Gas and Electric Company (PG&E).

No parcels receive a specific benefit from block wall maintenance within CSA 87. Block wall maintenance is maintained by Kern County Public Works staff and on occasion with the assistance of a vendor under a limited project or purchase order contract.

The Kern County Public Works Department prepares an annual budget for CSA 87, which is reviewed and approved by the Kern County Board of Supervisors as a part of the County's overall budget.

Expenditures for CSA 87 include maintenance, services, and supplies such as utility charges. Expenditures for CSA 87 also include vendor services such as those related to landscaping, wall maintenance and repair. There are other charges to the County for County staff performing duties on behalf of the CSA.

Sphere of Influence Expansion Proposal:

The proposal by the County of Kern, Development Division, CSA Section is to amend the Sphere of Influence (SOI) by 167 acres, which includes proposed Annexation 7 – Fuller Acres Tract (± 120 acres) & Annexation 8 – Tract 6206 (± 47 acres). The areas identified in the proposed annexations are within the jurisdiction of the County of Kern, with Annexation 8 being contiguous with the current boundary of CSA 87. The SOI amendment also includes requested streetlight services to a community that has been desiring said service for some time as part of Annexation No. 7. The SOI amendment would also create a logical extension of the boundary and continuation of services as part of Annexation No. 8. The subject property with the area proposed for Annexation 8 has been undeveloped and without active agricultural use for a few years. The development for the proposed Annexation No. 8 sought to continue with the development in that location for years as evidenced by County staff initially setting aside that development as separate annexations in the past.

Table of Past and Proposed CSA and related LAFCO Actions related to CSA 87

Annexation No.	Date Established	Resolution No.	Benefits Received
Formation – 23 acres	March 9, 1999	99-062	Drainage Sump Maintenance
Annexation 2 – 13.21 acres (Tract 6093)	September 14, 2010	2010-278	ZOB 1 – Street Sweeping ZOB 2– Landscape and Wall Maintenance
[Prev.] Proposed Annexation 3; [Prev] Proposed Former Annexation 7 (later); Currently Proposed Annexation 8 (Tract 6206)	TBD	TBD	ZOB 1 – Street Sweeping ZOB 2– Landscape and Wall Maintenance ZOB 3 - Street lighting (see ANX 8) ZOB 4 – Block Wall Maintenance (see ANX 8)
Proposed Annexation 4 – Not completed (Tract 6339) – Map time extension to 10-19-25	TBD	TBD	ZOB 1 – Street Sweeping ZOB 2– Landscape and Wall Maintenance
Annexation 5 – 3.38 acres (Parcel Map 11945)	October 9, 2012	2012-288	ZOB 1 – Street Sweeping
Potential Annexation 6 – 16.10 acres (Parcel Map 12303) LAFCO processes not completed	TBD – After the fact Processing	TBD – After the fact Processing	ZOB 1 – Street Sweeping
Proposed Annexation 7 – 120.00 acres (Fuller Acres). ANX 7 was originally proposed for Tract 6206 (formerly proposed ANX #3 and current proposed ANX #8)	TBD	TBD	ZOB 3 - Street lighting
Proposed Annexation 8 – 47 acres (Tract 6206); Previously Proposed Annexation 3 and Former Annexation 7;	TBD	TBD	ZOB 1 – Street Sweeping ZOB 2– Landscape and Wall Maintenance ZOB 3 - Street lighting ZOB 4 – Block Wall Maintenance
Annexation No.	Date Established	Resolution No.	Benefits Received
Formation – 23 acres	March 9, 1999	99-062	Drainage Sump Maintenance
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Annexation 7 (later); Currently Proposed Annexation 8 (Tract 6206)			Wall Maintenance ZOB 3 - Street lighting (see ANX 8) ZOB 4 – Block Wall Maintenance (see ANX 8)
Proposed Annexation 4 – Not completed (Tract 6339) – Map time extension to 10-19-25	TBD	TBD	ZOB 1 – Street Sweeping ZOB 2– Landscape and Wall Maintenance
Annexation 5 – 3.38 acres (Parcel Map 11945)	October 9, 2012	2012-288	ZOB 1 – Street Sweeping
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Proposed Annexation 7 – 120.00 acres (Fuller Acres). ANX 7 was originally proposed for Tract 6206 (formerly proposed ANX #3 and current proposed ANX #8)	TBD	TBD	ZOB 3 - Street lighting
Proposed Annexation 8 – 47 acres (Tract 6206); Previously Proposed Annexation 3 and Former Annexation 7;	TBD	TBD	ZOB 1 – Street Sweeping ZOB 2– Landscape and Wall Maintenance ZOB 3 - Street lighting ZOB 4 – Block Wall Maintenance

Table of CSA 87 Zone of Benefits and Benefits/Services Received

Zone of Benefit	Date Established	Resolution No.	Benefits Received
1 – 13.21 acres	September 14, 2010	2010-278	Street Sweeping
2 – 13.21 acres	September 14, 2010	2010-278	Landscape and Wall Maintenance
3 – 120.00 acres (Proposed)	TBD	TBD	Street lighting
4 – 48.25 acres (Proposed)	TBD	TBD	Block Wall Maintenance

MSR Component No. 1

Growth and population projections for the affected area

Determination

No.

1:

County Service Area (CSA) No. 87 includes two residential developments and a limited number of commercial properties. Land use within and surrounding the CSA and the broader Lamont area are predominantly agricultural and industrial, with residential uses representing the second-largest land use category by area. Since the formation of CSA 87, several developments have initiated the entitlement or construction process; however, relatively few have reached full build-out.

With the exception of the Proposed Annexation No. 8 (Tract 6206), CSA 87 and the Lamont community have not experienced a substantial increase in new households since approximately 2009. Population data from the 2010 and 2020 U.S. Censuses, as well as the 2024 American Community Survey five-year estimates, indicate an overall population decline in the area. Potential growth north of Panama Road is constrained by existing canal infrastructure that limits expansion east and west.

Proposed Annexation No. 8 represents the most significant potential population increase in the area since 2009. The proposed development is planned in multiple phases, with occupancy expected to occur gradually due to financing and construction sequencing. Given demographic trends, infrastructure limitations, and the phased nature of development, large or rapid population increases within CSA 87 are not anticipated.

CSA87 is comprised of the following Census Tracts:

Census Tract	2010 Population	2020 Population	Change**	% Change**
64.01	8,320 (total)			
64.05* (see 64.01 for 2010)	3,365**	2,997*	-368	-10.94%
64.06*	4,955**	4,413*		
62.01 (ANX #8)	2,877	2,587	-290	-10.08%
TOTAL (Current CSA)	3,365**	2,997	-368	- 10.94%
(Total w/ Proposed Annexations)	6,242**	5,584	-658	- 10.54%

*2020 Census Separated the 64.01 Census Tract and removed areas west of Habecker Road north of Segrue Road and south of Segrue Road to Di Giorgio Road west of Myrtle Avenue to create the new Census Tract 64.05 and the now removed portion that is Census Tract 64.06

**An estimated proportion based on land area of the census tract within CSA-87 and the total

census tract was utilized to best estimate these census tracts that are not completely within the CSA-87 sphere of influence. If the proportion of population was equal in change the following would be the estimated changes. The combined total of the two census tracts that had been combined would have been 7,410, the changes are weighted averages based on that ratio to the total in 2020 compared with the 2010 population.

- a) According to the U.S. Census (2010) the population within the boundaries of CSA-87 and the related census tract (No. 64.01) the estimated population of the unincorporated Kern County areas was 8,320. At or before the 2020 Census, Census Tract 64.01 was divided into Census Tracts 64.05 and 64.06 with Census Tract 64.05 including the areas within existing CSA 87 boundaries. According to the U.S. Census (2020) the population for Census Tract 64.05 was 2,997 amounting to a decrease in population of nearly 11%.
- b) CSA-87 has seen minimal growth. Since its establishment, the CSA has had several tentative developments started, but very few complete developments. The bulk of developments that have been recorded are commercial developments with few newly created parcels for development. In the area in and around CSA 87 (Lamont), the bulk of proposed developments since 2015 have been along Main Street/Weedpatch Hwy (Hwy-184) and others along Panama Road east of Main Street (Hwy-184).
- c) The lack of sewer services has limited development in the area within and near CSA 87. This will stunt growth for the area within the CSA and the community of Lamont until sewer can be extended north to Mountain View Road connecting the more northerly portion of Lamont PUD to the core portion of the Lamont community. As well if water and sewer could be installed to serve the Fuller Acres community, one of the proposed annexations of CSA 87, the reach of Lamont PUD could extend to the next largest residential community in the general Lamont area. However, if the proposed annexations to CSA 87 and other communities that will be served along the way are serviced may require expansion of Lamont PUD sewer and, or water facilities.

There is an anticipated significant increase in population with the inclusion of the proposed annexations within CSA 87 when compared with the existing CSA-87 population. Annexation No. 8 will have a development that has 2 phases with the second having the majority of the properties of Tract 6206. The funding and building mechanism(s) for the development are likely to have a slow building process that would in the end result in slower occupancy than with most developments. Given the Census and other population trends available, significant increases are not anticipated to occur within CSA 87 due to the balancing of reducing population and increased population due to new homes.

MSR Component No. 2: Location and characteristics of disadvantaged unincorporated communities.

Determination No. 2: CSA 87 is located within and contiguous to areas identified as disadvantaged unincorporated communities based on state criteria, including SB 535 and CalEnviroScreen indicators. Relevant census tracts exhibit median household income levels below statewide and county thresholds and score within the top quartile for cumulative environmental

and socioeconomic burden.

These conditions indicate that communities within and adjacent to CSA 87 are economically sensitive. As a result, service planning and future annexation considerations must give careful attention to affordability, cost effectiveness, and the potential financial impacts of additional services or assessments.

Please see the corresponding table of disadvantaged communities based on census tract:

Census Tract (CT)	CSA-87 2020 Population	CSA-87 2022 Population*	Disadvantaged Communities Category ¹	CalEnviroScreen 4.0 Percentile ¹
64.01	8,320	7,230	Top 25%	89.02
64.05	Currently a portion of the former 64.01 Census Tract			
64.06^	Not part of CSA 87, currently a portion of the former 64.01 Census Tract			
62.01	2,587	2,923	Top 25%	97.47
TOTAL	10,907	10,153	Top 25%	91.45**

^CSA 87 includes an area (Census Tract 64.06) that has been excluded from this (CT 64.01) total.

*2022 Population from given population from the SB 535 Map

**Weighted average of census tracts as per the map for 64.05 and 62.01 based on total populations provided by the map.

- a) The California Statewide Annual Median Household Income (MHI) per Census.gov was \$99,122 in 2024 inflation adjusted dollars. Considering that 80% of the California MHI is the set limit of a disadvantaged community, this limit would be \$79,297.60. Considering that 60% of the California MHI is the set limit of a severely disadvantaged community, this limit would be \$59,473.20. Census Tract 64.05 has a MHI of \$64,563, per the 2024 American Community Survey (ACS) 5-Year Estimate, making this census tract a disadvantaged community. The proposed annexation #7 (Fuller Acres) is within Census Tract 62.01 with the ACS 5-Year Estimate MHI at \$64,779, which also makes that area a disadvantaged community. To also compare this community with the County as a whole, the 2025 Median Family Income (MFI) for Kern County is set at \$93,900 for a four-person household. Census Tract 64.05 and the proposed Annexation #7 (Census Tract 62.01) are both below the Low-Income MFI threshold.

Median Family Income based on number of persons per household (California Department of Housing and Community Development)²

Number of Persons in Household:		1	2	3	4	5	6	7	8
Kern County Area Median Income: \$93,900	Acutely Low	9850	11300	12700	14100	15250	16350	17500	18600
	Extremely Low	19750	22550	26650	32150	37650	43150	48650	54150
	Very Low Income	32900	37600	42300	46950	50750	54500	58250	62000
	Low Income	52600	60100	67600	75100	81150	87150	93150	99150
	Median Income	65750	75100	84500	93900	101400	108900	116450	123950
	Moderate Income	78900	90150	101450	112700	121700	130750	139750	148750

MSR Component No. 3: Present and planned capacity of public facilities, adequacy 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.

Determination No. 3:

CSA 87 provides one infrastructure-related service: stormwater drainage sump maintenance. Drainage facilities serving the CSA include surface and underground systems that convey runoff to drainage sumps maintained by Kern County Public Works – Roads Maintenance Division. These facilities are designed, operated, and maintained in accordance with Kern County Development Standards and are sufficient to serve existing development. No capacity deficiencies were identified.

Block wall maintenance is an authorized service but is not provided as an active stand-alone program. Existing block walls were installed as part of development requirements, and maintenance needs have been minimal.

CSA 87 does not provide sewer, municipal water, or structural fire protection services. Sewer and water services within and contiguous to the CSA are provided by the Lamont Public Utility District, while fire protection services are provided by the Kern County Fire Department. Existing water and sewer facilities are adequate for present demand; however, the absence of sewer infrastructure outside the Lamont community core constrains future growth within and near the CSA.

Street lighting within the area is provided by the Lamont Public Utility District, Caltrans, and Pacific Gas and Electric Company. Lighting levels meet County Development Standards. Proposed annexations would extend CSA-administered street lighting services to areas that are underserved.

Overall, public facilities and services within CSA 87 are adequate, and no significant infrastructure deficiencies affecting service delivery were identified.

MSR Component No. 4: Financial ability of agencies to provide services.

Determination No. 4: CSA 87 has sufficient financial resources to fund its services. The Fiscal Year 2025–2026 budget, as adopted by the Kern County Board of Supervisors, provides adequate funding for drainage sump maintenance, landscape and wall maintenance, and administrative costs. Active zones of benefit meet or exceed projected expenditures.

CSA policy emphasizes maintaining reserve balances sufficient to fund approximately one year of operating costs and emergency expenditures. Available reserves are adequate to meet these objectives. Inactive zones of benefit do not generate expenditures and do not adversely affect the CSA's financial condition.

See CSA budget for 2025-2026 below:

State Controller Schedules		COUNTY OF KERN		Schedule 15	
County Budget Act January 2010		Special Districts and Other Agencies Financing Sources			
Edition,		and Uses by Budget Unit by Object			
revision #1		Fiscal Year 2025-26		COUNTY SERVICE AREA #87	
				HABECKER DRAINAGE	
				Fund 40911	
				Budget Unit 9337	
				Workday Fund 1279FD Workday	
				Cost Center 1856CC	
Detail by Revenue Category		Actual	Actual	CAO	Adopted by the
and Expenditure Object		2023-24	2024-25	Recommended	Board of
				2025-26	Supervisors
					2025-26
1		2	3	4	5
TAXES		\$ 8,879	\$ 8,851	\$ 8,830	8,830
FINES AND FORFEITURES		2	3	5	5
USE OF MONEY/PROPERTY		1,708	1,499	1,400	1,400
CHARGES FOR SERVICES		(28)	(26)	(30)	(30)
TOTAL REVENUE		\$ 10,561	\$ 10,327	\$ 10,205	10,205

SERVICES & SUPPLIES	\$	695	\$ 9,104	\$ 12,000	12,000
OTHER CHARGES		-	-	107	107

TOTAL EXPENDITURES/APPROPRIATIONS	\$ 695 \$	9,104 \$	12,107 \$	12,107
NET COST \$	9,866 \$	1,223 \$	(1,902) \$	(1,902)

State Controller
Schedules County Budget
Act January 2010 Edition,
revision #1

COUNTY OF KERN
Special Districts and Other Agencies Financing
Sources and Uses by Budget Unit by Object
Fiscal Year 2025-26

Schedule 15

COUNTY SERVICE AREA #87.2

LAMONT LANDSCAPE AND WALL
MAINTENANCE

Fund 40910

Budget Unit 9338

Workday Fund 1277FD Workday
Cost Center 1854CC

Detail by Revenue Category and Expenditure Object	Actual 2023-24	Actual 2024-25	CAO Recomme nded 2025-26	Adopted by the Board of Supervisors 2025-26
1	2	3	4	5

TAXES	\$	3,608 \$	3,607 \$	3,650 \$	3,650
FINES AND FORFEITURES		-	-	250	250
USE OF MONEY/PROPERTY		338	300	300	300
CHARGES FOR SERVICES		(8)	(7)	(10)	(10)
TOTAL REVENUE	\$	3,938 \$	3,900 \$	4,190 \$	4,190
SERVICES & SUPPLIES	\$	1,704 \$	1,337 \$	1,815 \$	1,815
OTHER CHARGES		185	73	457	457
TOTAL EXPENDITURES/APPROPRIATIONS	\$	1,889 \$	1,410 \$	2,272 \$	2,272
NET COST \$		2,049 \$	2,490 \$	1,918 \$	1,918

MSR Component No. 5: Status of, and opportunities for, shared facilities.

Determination No. 5: Opportunities for shared facilities within CSA 87 are limited due to the nature of its services and the CSA's geographic context. Street lighting infrastructure in the Lamont area is contiguous with facilities maintained by the Lamont Public Utility District but is not shared operationally.

CSA areas served by Lamont PUD will continue to receive service through that provider. Future development is anticipated to rely on CSA-provided street lighting, consistent with Lamont PUD policies requiring the County or CSA to assume responsibility for lighting in new developments. No additional shared facility opportunities were identified.

MSR Component No. 6: Accountability for community service needs, including governmental structure and operational efficiencies.

Determination No. 6: CSA 87 is administered by the Kern County Public Works Department, with the Kern County Board of Supervisors serving as the CSA's governing body. Board of Supervisors meetings are open to CSA residents and the general public. Affected property owners and residents receive notice of Board actions involving changes to the CSA, as required by Proposition 218 and the Brown Act. When fees are proposed or adjusted, particularly in the case of fee increases, the County conducts at least one public information meeting for affected residents. Property owners also receive mailed notices when assessments are proposed to be increased. Notices are provided to residents and other stakeholders when CSA 87 considers adoption of a new regional service study. If such a document is proposed, interested parties are afforded opportunities for public comment, including at least one informational meeting and a public hearing before the Board of Supervisors.

Street sweeping services authorized within CSA 87 are provided through a third-party vendor under contract with the County. The vendor is required to maintain tracking systems for service equipment, typically using GPS technology. CSA staff periodically review vendor tracking data to verify compliance with contractual service requirements. Storm drain infrastructure maintenance, including both CSA-specific and County General Fund sumps, is performed by Kern County Roads Maintenance staff. CSA staff coordinate with the Roads Maintenance Division to ensure efficient operation and maintenance of drainage infrastructure.

Landscape and wall maintenance services within CSA 87 are performed by a third-party vendor under County-administered agreements. These services are provided through a single vendor covering all applicable areas within the CSA. The Kern County General Services Department prepares service agreements between the CSA and third-party vendors. Kern County Public Works – Finance processes vendor payments based on approved invoices and executed contracts. Vendor invoices are reviewed and approved by CSA staff prior to payment.

County purchasing procedures govern the scope and authorization of work performed by contractors, consultants, and vendors. Depending on the procurement mechanism and dollar amount, approvals may be required from management staff in addition to Public Works Finance

Division authorization. Additional or special maintenance activities associated with CSA 87, such as supplemental street sweeping or landscape improvements, are reviewed by CSA staff and approved when appropriate. In some circumstances, CSA staff may complete minor projects directly when doing so is determined to be more efficient or cost-effective.

CSA staff respond to public inquiries and service requests and manage the operational aspects of vendor contracts related to landscaping and maintenance services. When landscaping or wall maintenance for a new development cannot be added to an existing vendor agreement mid-term, CSA staff provide interim services until the next contract term allows inclusion of the additional areas.

Block wall maintenance, if implemented as a service, would be administered by CSA staff. Minor repairs and routine maintenance would be performed in-house, while larger repairs or replacements—most often associated with vehicle damage—would be completed by licensed contractors or consultants. When outside services are required, CSA staff obtain multiple cost quotes and follow County purchasing policies.

Streetlight maintenance services, if implemented, would be administered by CSA 87, with all operational maintenance performed by Pacific Gas and Electric Company in accordance with PG&E-owned streetlight service standards (LS-1). Streetlight-related complaints, including outages or flickering lights, are received by CSA staff and forwarded to PG&E for investigation, repair, or equipment replacement as needed.

MSR Component No. 7: Any other matter related to effective and efficient service delivery, as required by commission policy.

Determination No. 7:

- A. Establish a formal CSA Program Management Model that designates a single lead position (by classification, not by individual) as the long-term program coordinator for all County Service Areas, supported by documented procedures and cross-training to ensure continuity during staff transitions.

Rationale

All County Service Areas including CSA 87 has experienced assignments of multiple staff members over the last decade. While service delivery has remained largely uninterrupted, frequent staff turnover poses risks to institutional knowledge retention, consistency in administrative practices, and long-term planning continuity. CSAs rely heavily on familiarity with historical agreements, assessment structures, vendor relationships, and informal operational knowledge that can be difficult to reconstruct following repeated transitions.

Formalizing a program management structure reduces dependence on individual staff members and shifts key knowledge and responsibility to the institutional level. This approach supports governance stability while recognizing the realities of County staffing, promotions, and reassignments.

Key Elements

- Designate a CSA Program Manager role with responsibility for overall coordination, regardless of individual assignment changes.
- Develop and maintain standard operating procedures (SOPs) for CSA administration, contract oversight, assessment management, and interdepartmental coordination.
- Implement cross-training and succession documentation so interim or new staff can assume responsibilities with minimal disruption.
- Maintain a centralized CSA institutional record, including service histories, contracts, assessments, and key decisions, accessible beyond a single staff assignment.

MSR Policy Alignment

This recommendation supports efficient service delivery, enhances accountability and transparency, and promotes a stable and sustainable governance structure without altering service levels or creating additional agencies.

B. Establish a Formal Service Performance Reporting Mechanism

Implement a simple, recurring service performance report for CSA 87 covering:

- street sweeping frequency and compliance,
- drainage and stormwater maintenance activities,
- landscape and wall maintenance status,
- complaint volume and resolution time.

MSR Policy Alignment

CSA services are monitored, but metrics are largely internal. A periodic summary report (even annually) enhances transparency to stakeholders, supports defensible fee and assessment decisions, and strengthens the administrative record if service levels are questioned.

C. Strengthen Long-Term Infrastructure and Asset Planning

Prepare a basic, multi-year infrastructure and asset management outlook for:

- landscaped areas,
- walls,
- drainage facilities,
- streetlight assets (where applicable).

MSR Policy Alignment

CSA services are infrastructure-heavy and long-lived. Even a high-level asset outlook improves reserve planning, supports Proposition 218 compliance, and reduces the risk of deferred maintenance.

D. Periodically Review CSA Boundary and Service Scope Alignment

Conduct periodic internal reviews to confirm that:

- CSA boundaries remain aligned with service responsibilities, and
- services provided match the original formation intent and adopted assessments.

MSR Policy Alignment

Over time, incremental changes can create misalignment between boundaries, services, and funding. Proactive review prevents the need for corrective action later. Supports orderly governance and alignment with statutory intent.

CONCLUSION

CSA 87 is effectively administered and provides services in an efficient and fiscally responsible manner. Opportunities exist to further strengthen governance clarity, standardize contract oversight, enhance performance reporting, and improve long-term planning. These recommendations do not necessitate changes in service levels or organizational structure but would enhance transparency, accountability, and operational resilience.

REFERENCES

1. SB 535 Disadvantaged Communities – OEHHA
<https://oehha.ca.gov/calenviroscreen/sb535>
2. California Department of Housing and Community Development – 2025 Income Limits
<https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/income-limits-2025.pdf>
3. Census.gov – United States Census <https://www.census.gov/>
4. [United States - Census Bureau Profile](#) (Census Tract 64.05)
5. [United States - Census Bureau Profile](#) (Census Tract 62.01)

Proceeding No. 1873

COUNTY SERVICE AREA (CSA) 87

Annexation No. 8 (Lamont)

Drainage Maintenance, Street Sweeping

Landscape Maintenance & Streetlights

Report & Presentation Documents

- Report & Recommendation
- LAFCo Resolution (DRAFT)

Application Packet

- Application Form
- Plan for Providing Services
- Resolution of Application
- Environmental Documentation
- Exhibit A – Legal Description
- Exhibit B – Map

Supporting Documentation

- Report of Auditor
- Assessor's Landowners within
- Certificate of Filing

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

In the Matter of

Proceeding No. 1873

COUNTY OF KERN; COUNTY SERVICE
AREA (CSA 87): ANNEXATION NO. 8

REPORT AND RECOMMENDATION

June 17, 2026

In the above-entitled matter the staff report and the recommendation of the Executive Officer are respectfully submitted as follows:

PROPOSAL BACKGROUND AND ANALYSIS:

On December 15, 2025, the County of Kern Public Works operating County Service Area (CSA) 87 submitted an application for Annexation No. 8 to Kern LAFCo. The application was deemed complete on May 27, 2026. The process required by the Cortese-Knox-Hertzberg Reorganization Act of 2000 has been followed including notices to affected agencies and any notices and publications required by law.

The purpose is to modify the existing boundary of the district to establish four Zones of Benefit for streetlight services, street sweeping, landscape maintenance, block wall maintenance and drainage in an unincorporated area north of Panama Road, west of Main Street, South of Collison Street. The territory comprises approximately 48.25 acres of one assessment parcels.

Parcels/Population: 1 assessment parcels; zero residents with no dwelling units. The property is vacant.

The proposal area is outside CSA 87's sphere of influence; does not create islands or peninsulas. The City of Bakersfield city limit is the nearest incorporated boundary within three miles.

Existing land uses within the territory are predominantly agricultural with surrounding residential, agricultural, and industrial uses. County zoning designations include A: Exclusive Agriculture. The Kern County General Plan designations are LMR (Low-Medium Residential) and HMR: (High Medium Density Residential). The proposed services are consistent with existing and planned uses.

The action does not convert prime agricultural land nor open space as defined by Government Code. No Williamson Act contracts are implicated.

Drainage maintenance and street sweeping will be provided through Zone of Benefit 1; Landscape maintenance will be provided through Zone of Benefit 2; Streetlighting will be provided through Zone of Benefit 3. Block wall maintenance will be provided through Zone of Benefit 4. Operations and maintenance costs will be funded by a separate assessment placed on the property tax roll, calculated per the Engineer's Report. PG&E will furnish light fixtures after annexation.

Assessed valuation within the annexation area totals approximately \$449,225 (secured). The proposal does not require a property tax exchange; no bonded indebtedness is assumed. The assessment will provide a dedicated revenue stream for ongoing services.

The parcel is vacant with plans to build residential housing. The annexation extends basic municipal-level services (streetlighting, street sweeping, landscape maintenance, drainage, wall maintenance) and does not trigger extension of water, sewer, or fire protection. The action is consistent with LAFCo policies to improve health and safety services in disadvantaged communities.

The applicant has requested waiver of Protest Hearing under §56662 based on no landowner

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objections. Staff recommends waiving notice and hearing and ordering the annexation without election.

STANDARD INDEMNITY AGREEMENT CONDITION:

The Applicant has signed an agreement to actively defend or indemnify and hold harmless the Kern County Local Agency Formation Commission or its agents, officers and employees, from any liability or loss connected with this proceeding approval.

ENVIRONMENTAL IMPACT STATEMENT:

County of Kern, as the lead agency, has prepared and filed a Notice of Exemption for this project. The Commission has been given a copy of the County's environmental document to review. In review of the application, and later confirmed by County Public Works staff, this annexation is part of a larger residential development project with potential environmental effects. As such, the NoE is likely not an adequate document for this annexation.

TAXATION:

No change in taxes will occur with this annexation. Fees for services will be created during a Proposition 218 process.

RECOMMENDATION:

It is recommended that the Commission continue Annexation No. 8 to County Service Area (CSA) 87 until CEQA can be adequately addressed.

Respectfully Submitted



Blair Knox
Executive Officer

Proceeding No. 1873

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The following are the considerations required by Gov. Code §56668:

a) POPULATION AND POPULATION DENSITY; LAND AREA AND LAND USE; PER CAPITA ASSESSED VALUATION; TOPOGRAPHY, NATURAL BOUNDARIES, AND DRAINAGE BASINS; PROXIMITY TO OTHER POPULATED AREAS; THE LIKELIHOOD OF SIGNIFICANT GROWTH IN THE AREA, AND IN ADJACENT INCORPORATED AND UNINCORPORATED AREAS, DURING THE NEXT 10 YEARS.

The property proposed for annexation has 100% landowner consent. This area is uninhabited. The surrounding areas are agriculture. The area is vacant. There is no unusual topography. This area is served by the Tulare Lake (drainage basin).

ASSESSED VALUATION: Secured: \$449,225 Unsecured: \$ 0.00

b) THE NEED FOR ORGANIZED COMMUNITY SERVICES

Essential governmental services and controls now provided, or which may be provided in the future by local governmental agencies within subject territory include the following:

Type	Now provided by:	After proposed action future needs provided by:
Planning	County of Kern	Same
Parks and Recreation	County of Kern	Same
Library	County of Kern	Same
Police Protection	County of Kern	Same
Fire Protection	County of Kern	Same
Streets	County of Kern	Same
Flood Control/Drainage	CSA 87	CSA 87
Sweeping	None	CSA 87
Lighting	None	CSA 87
Street Sweeping	None	CSA 87
Sewerage	None	Same
Water	Fuller Acres MWC	Same
Refuse	County of Kern	Same
Landscape Maintenance	None	CSA 87

c) THE EFFECT OF THE PROPOSED ACTION AND OF ALTERNATIVE ACTIONS ON ADJACENT AREAS, ON MUTUAL SOCIAL AND ECONOMIC INTERESTS AND ON THE LOCAL GOVERNMENTAL STRUCTURE OF THE COUNTY.

No negative impacts on the area associated with the proposed annexation have been identified. The alternative action would be to not provide services needed for the proposed residential development.

d) THE CONFORMITY OF BOTH THE PROPOSAL AND ITS ANTICIPATED EFFECTS WITH BOTH THE ADOPTED COMMISSION POLICIES ON PROVIDING PLANNED, ORDERLY EFFICIENT PATTERNS OF URBAN DEVELOPMENT AND THE POLICIES AND PRIORITIES SET FORTH IN SECTION 56377.

The proposal is consistent with local adopted Commission policies and Government Code §56377

Proceeding No. 1873

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e) THE EFFECT OF THE PROPOSAL ON MAINTAINING THE PHYSICAL AND ECONOMIC INTEGRITY OF AGRICULTURAL LANDS AS DEFINED BY SECTION 56016

“AGRICULTURAL LANDS” MEANS LANDS CURRENTLY USED FOR THE PURPOSE OF PRODUCING AN AGRICULTURAL COMMODITY FOR COMMERCIAL PURPOSES, AND LEFT FALLOW UNDER A CROP ROTATIONAL PROGRAM OR LAND ENROLLED IN AN AGRICULTURAL SUBSIDY OR SET-ASIDE PROGRAM”

This proposal does not convert prime agricultural lands as defined by Gov. Code § 56016. As no commercial agricultural commodities are contained in the annexation there will be no changes to production or operations.

f) THE DEFINITENESS AND CERTAINTY OF THE BOUNDARIES OF THE TERRITORY.

The boundary of the proposed annexation conforms to the Assessor’s parcel.

g) A REGIONAL TRANSPORTATION PLAN ADOPTED PURSUANT TO SECTION 65080 AND CONSISTENCY WITH CITY OR COUNTY GENERAL AND SPECIFIC PLANS

No conflicts have been identified with the County’s General Plan, Regional Transportation Plan or any Specific Plans.

h) THE SPHERE OF INFLUENCE OF ANY LOCAL AGENCY WHICH MAY BE APPLICABLE TO THE PROPOSAL BEING REVIEWED

There is no functional overlap with another agency.

i) COMMENTS OF ANY AFFECTED LOCAL AGENCY OR OTHER PUBLIC AGENCY:

A notice was sent to affected local agencies. No comments were received. A copy of the proposal was sent to the Kern Council of Governments (KernCOG) County Assessor, County Planning and County Surveyor comments were received and used for this report. A copy of the map along with a memo was sent to Kern Council of Governments for review. No negative comments were received.

AREA NO. 12.04 (LAMONT SCHOOL) COUNTY SERVICE

BEAR MT. PARK & REC

KERN COUNTY CITRUS PEST CONTROL DIST.

KERN COUNTY WATER AGENCY

KERN COUNTY, ZONE NO. 17 WATER AGENCY

KERN COUNTY, ZONE NO. 19 WATER AGENCY

KERN DELTA WATER

KERN JT(14,15,26,36,54) COMM. COLLEGE

KERN JT-SFID (SAFETY,REPAIR,IMP), JT(15,36,54) COMM. COLLEGE

KERN MOSQ & VECTOR CONTRL

KERN ROAD-PERMANENT

KERN UNION HIGH SCHOOL

LAMONT ELEM. SCHOOL

SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DIST.

SOUTH KERN PUBLIC CEMETERY

j) THE ABILITY OF THE NEWLY FORMED OR RECEIVING ENTITY TO PROVIDE THE SERVICES WHICH ARE THE SUBJECT OF THE APPLICATION TO THE AREA, INCLUDING THE SUFFICIENCY OF REVENUES FOR THOSE SERVICES FOLLOWING THE PROPOSED

Proceeding No. 1873

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BOUNDARY CHANGE.

The applicant has submitted a plan outlining the services to be provided. Services provided by the CSA are fee based, with Pacific Gas & Electric providing maintenance and power for streetlights.

k) TIMELY AVAILABILITY OF WATER SUPPLIES ADEQUATE FOR PROJECTED NEEDS AS SPECIFIED IN GOV CODE SECTION 65352.5

This annexation will eventually have an effect on water quality, supplies or availability when development occurs. For that reason, a CEQA document that provides analysis is recommended.

l) THE EXTENT TO WHICH THE PROPOSAL WILL AFFECT A CITY AND THE COUNTY IN ACHIEVING THEIR RESPECTIVE FAIR SHARE OF THE REGIONAL HOUSING NEEDS.

This proposal will have an effect on the City or County in achieving their fair share of the regional housing needs.

m) ANY INFORMATION OR COMMENTS FROM THE LANDOWNER OR OWNERS, VOTERS OR RESIDENTS OF THE AFFECTED TERRITORY.

100% of the property owners have consented to being included in the District.

n) ANY INFORMATION RELATING TO EXISTING LAND USE DESIGNATIONS.

This proposal is consistent with existing land use designations.

o) THE EXTENT TO WHICH THE PROPOSAL WILL PROMOTE ENVIRONMENTAL JUSTICE (FAIR TREATMENT OF PEOPLE OF ALL RACES CULTURES, AND INCOMES WITH RESPECT TO THE LOCATION OF PUBLIC FACILITIES AND THE PROVISION OF PUBLIC SERVICES).

The project does not result in unfair treatment with respect to the location of public facilities and provision of public services.

**BEFORE THE LOCAL AGENCY FORMATION COMMISSION
COUNTY OF KERN, STATE OF CALIFORNIA**

In the Matter of:	Resolution No. 26-XX
COUNTY SERVICE AREA (CSA) 87: ANNEXATION 8 (LAMONT) DRAINAGE MAINTENANCE STREET SWEEPING, LANDSCAPE MAINTENANCE AND STREETLIGHTS	Proceeding No. 1873
	Minute Book 73

I, Blair Knox, Executive Officer, of the LOCAL AGENCY FORMATION COMMISSION, COUNTY OF KERN, STATE OF CALIFORNIA, hereby certify that the following resolution, proposed by Commissioner **XXXX**, seconded by Commissioner **XXXX**, was duly adopted by the Commission at an official meeting thereof held on the **19th day of August 2026**, by the following vote:

AYE: XXXX

NAYE: XXXX

ABSTAIN: XXXX

ABSENT: XXXX

Blair Knox, Executive Officer

RESOLUTION MAKING DETERMINATION

Whereas, pursuant to the Government Code § 54963. et seq., meetings were held both at a physical location and by video conference to attend to any health and safety concerns of the panelist and/or participants;

Whereas pursuant to Government code § 56658. a proposal for the annexation of territory to the County Service Area (CSA) 87 (“APPLICANT”), designated as Annexation No. (8 Lamont), was initiated by Resolution of Application to the Local Agency Formation Commission of Kern County

(“COMMISSION”);

Whereas on August 19, 2026, the COMMISSION held a public meeting on the proposed Resolution of Application submitted by the APPLICANT;

Whereas pursuant to Government code § 56662, the APPLICANT’s application has requested for waiver of hearing, notice and protest hearing;

Whereas pursuant to Government code § 56046, the proposed territory is uninhabited;

Whereas, pursuant to Government code § 56662 (3)(b), the application for annexation has 100% land owner consent;

Whereas pursuant to Government code § 56658, (b) all affected public agencies were notified;

Whereas pursuant to Government code § 56665, the Executive Officer prepared a Report and Recommendation considering all the factors in conformance with Government code § 56668;

Whereas on said 19th day of August 2026, this Commission considered the Notice of Exemption, adopted by the lead agency;

Whereas the COMMISSION is fully advised in the premises; now therefore, be it

Resolved that the Local Agency Formation Commission, County of Kern, State of California, on behalf of its members, finds and determines as follows:

1. *specific reference is hereby made to all the papers, documents, files and proceedings heretofore and now taken, had and filed in this matter have been and now are in all respects as required by law with particular reference to Minute Item 8/19/26-X as appears upon the official minutes of the proceedings of this COMMISSION;*

2. *all of the proceedings heretofore and now taken and had in this matter have been and now are in all respects as required by law;*

3. *the facts set forth in the Executive Officer Report and Recommendation, presented to the COMMISSION are true;*

Resolution No. 26-XX

8/19/2026

4. *Notice, hearing and protest hearing have been waived;*
5. *the territory proposed for annexation is uninhabited (less than 12 registered voters);*
6. *the annexation will be in the best public interest;*
7. *the Notice of Exemption, was considered;*
8. *the application has 100% landowner consent;*
9. *the proposed affected territory, is all within the County of Kern, State of California,*
10. *pursuant to the authority granted by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, said territory set forth in the Application for Proceeding on Resolution, by Legislative body, filed herein on July 29, 2026, hereby assigned to the territory proposed to be annexed the following distinctive short form designation, to wit: "County Service Area (CSA) 87 Annexation No. 8 (Lamont) Drainage Maintenance Street Sweeping, Landscape Maintenance & Streetlights", particularly described and delineated in Exhibit "A", attached hereto and by reference made apart hereof; is hereby approved and subject to the following conditions:*
 - a. *the APPLICANT has signed an agreement to actively defend or indemnify and hold harmless the COMMISSION or its agents, officers, and employees, from any liability or loss connected with the approval of this proceeding; and*
11. *the COMMISSION authorizes and directs the Executive Officer to file and record all documentation required by law upon completion of all directives set forth in regard to this proceeding.*

KERN LOCAL AGENCY FORMATION COMMISSION

Application for Annexations, Detachments and Reorganizations

(Attach additional sheets as necessary)



Application Type: check all that apply

- ☒ Annexation ☐ Consolidation ☐ Detachment ☐ Dissolution ☐ Formation
☐ Incorporation ☐ Merger ☐ Name Change ☐ Reorganization ☐ Subsidiary District

1. Type of Application:

- ☒ Local Agency (*resolution*) ☐ Land Owner (*petition*) ☐ Registered Voter (*petition*) ☐ Other

2. Name of Application: (The name should match the title on the map and legal description)

- A. List the reference name that identifies the subject agency and type of reorganization: *e.g. Annexation No. XX. If more than one agency involved, include all agencies with corresponding reorganization reference: e.g. Agency Name 1: Annexation No. XX, Agency Name 2: detachment X, etc...*

County Service Area 87: Annexation 8

- B. List all proposed service and boundary changes for this application:

Drainage Maintenance, Zone of Benefit 1 - Street Sweeping, Zone of Benefit 2 - Landscape Maintenance, Zone of Benefit 3 - Streetlights, & Zone of Benefit 4 - Block Wall Maintenance

3. Nature of proposal: (Why is this proposal being filed?)

New Development requesting drainage maintenance, landscape maintenance, street sweeping, block wall maintenance, & street lighting benefits.

4. Describe the acreage and general location: (description will be used on notices and publications)

- A. Number of proposed areas (acres of each area) & (total acreage):

47 acres +/-

- B. Describe the general location; (include streets, direction, postal address if available, and Accessor Parcel Number/s)

*Tentative Tract Map 6206, parcel located at the N of Panama Rd/ W of Main St., South of Collision St
APN 174-160-23*

5. Land Use - Present and Future:

- A. Describe the current physical land use of the proposed area? E.G. vacant, residential, agriculture, etc.

vacant

- B. Describe any planned development that would result from or be facilitated by this proposed boundary change.

New housing tract would be developed on said parcel, resulting in subdivision of land into residential parcels.

C.	Describe the current physical land use of the area <u>surrounding</u> the proposal: E.G. vacant, residential, commercial, industrial, agriculture, etc. <i>residential, agriculture, industrial</i>
6.	<u>Zoning - Present and Future:</u> A. List the existing County/City zoning land use designation/s. <i>County zoning is</i> <i>- A: Exclusive Agriculture</i>
	B. List and attach adopted pre-zoning. (CITIES ONLY - mark attachment 6B) <i>N/A</i>
7.	<u>Conformity with County and City General Plans:</u> A. List the existing County General Plan designation/s for the proposal area. <i>County General Plan is LR: Low Density Residential and HMR: High Medium Density Residential</i>
	B. List the City general plan designation for the area (CITIES ONLY). <i>N/A</i>
	C. Do the proposed uses conform with the above listed plans? ☒ YES ☐ NO If "NO"; please explain:
8.	<u>Criteria for Determination without Notice and Hearing</u> (Gov. Code § 56662) A. Is the affected area uninhabited territory? ☒ YES ☐ NO "Uninhabited territory" means territory within which there reside fewer than 12 registered voters. Gov. Code §56079.5 Provide any notations indicating possible voters. (LAFCo will verify registered voters with most current election data)
	B.- PETITION Is the <u>petition</u> signed by all of the owners of land within the affected territory? OR ☐ YES ☐ NO
	C.- RESOLUTION Do all (100%) of the Land Owner/s consent to the reorganization? ☒ YES ☐ NO If "YES"; attach letter/s of consent for each land owner (include land owner name, Assessor Parcel Number/s) or any additional documents that would be satisfactory to the commission, that all the owners of land within the affected territory have given their written consent to the proposal. Label the attachment/s 8C-1, 8C-2, etc.
	D. Is the affected area uninhabited territory? ☒ YES ☐ NO "Uninhabited territory" means territory within which there reside fewer than 12 registered voters. Gov. Code §56079.5 Provide any notations indicating possible voters. (LAFCo will verify registered voters with most current election data)
9.	<u>Conformity with Spheres of influence:</u> Is the proposal area within the sphere of influence of the annexing agency? ☐ YES ☒ NO

If "NO"; include a proposal to amend the agency's sphere of influence.

Provide the following:

- (1) agency resolution/petition
- (2) sphere of influence amendment application
- (3) sphere of influence amendment map.

10. Impact on Agriculture:

A. Is the affected property "Agricultural Lands" as defined in Gov. Code §56016?

1) Is the affected property currently producing a commercial agricultural commodity?

☐ YES ☒ NO

2) Is the affected property fallow under a crop rotational program?

☐ YES ☒ NO

3) Is the affected property enrolled in an agricultural subsidy or set-aside program?

☐ YES ☒ NO

B. Is the affected property "Prime Agricultural Lands" as defined in Gov. Code §56064?

☐ YES ☒ NO

If "YES" to any of A or B above; provide an explanation as to the reasoning for possible removal of the property from agriculture status.

C. Is any portion of the property within a Land Conservation Act contract? (Williamson Act)

☐ YES ☒ NO

1) If "YES"; provide the contract number and the date the contract was executed.

Contract No.

Contract Date:

2) If "YES"; has a notice of non-renewal been filed? ☐ YES ☐ NO

Non-renewal filing Date:

D. Will the city succeed to the contract pursuant to Section 51243? (CITIES ONLY).

☐ YES ☐ NO

If "YES"; has County Planning been notified and agree with the modification?

☐ YES ☐ NO

If "YES"; please provide documentation from County Planning regarding any modification agreement.

11. Impact on Open Space:

Is the affected property Open Space land as defined in Gov. Code §65560(h)(1-6)?

☐ YES ☒ NO

If "YES"; please provide an explanation as to the reasoning for possible removal of the property from open space status.

12. Relationship to Regional Housing Goals and Policies: (CITIES ONLY)

Will this proposal result in or facilitate a credit/debit towards the City's most recent Regional Housing Need Allocation (RHNA) number provided by Kern Council of Governments?

☐ YES ☐ NO

If "YES"; has County Planning been notified and agree with the allocation modification?

☐ YES ☐ NO

	If "YES"; please provide documentation from County Planning regarding any RHNA allocation modification agreement.
13.	<u>Population:</u> B. Provide the population of residents within the affected area: N/A C. List the number of existing dwelling units within the proposal area: N/A D. Describe the type of existing dwelling units within the proposal area i.e. house, apartment, etc: <i>Vacant Lot</i>
14.	<u>Dependability of Water Supply for Projected Needs & Existing Water Plans:</u> A. Will the proposal result in or facilitate an increase in water usage? ☒ YES ☐ NO If "YES"; please provide the projected amount of increase and identify any resources that would be a factor in the support of the proposal i.e. Master Water Plans, Expansion Plans, etc. * If necessitated: attach a statement from the retail water purveyor that describes the timely availability of potable water supplies that will be adequate for the projected needs. B. Is the proposal area within the boundaries of an Adjudicated Basin as per California Department of Water Resources (DWR) Bulletin 118? ☒ YES ☐ NO If "YES"; please provide the name of the Adjudicated Basin? Kern River GSA C. Is the proposal area within the boundaries of an identified Critically Overdraft Basin as per California Department of Water Resources (DWR) Bulletin 118? ☒ YES ☐ NO If "YES"; please provide the name of the Basin? Kern River GSA D. Is the proposal area within the boundaries of a Groundwater Stainability Area (GSA)? ☒ YES ☐ NO If "YES"; please provide the name of the Groundwater Stainability Area (GSA)? <i>Kern River GSA</i> E. Is the proposal area within the boundaries of a Groundwater Stainability Plan (GSP)? ☒ YES ☐ NO If "YES"; please provide the name of the Groundwater Stainability Plan (GSP)? <i>Kern River GSA</i>
15.	<u>Environmental Impact of the Proposal</u> A. What type of environmental document has been prepared? ☒ Notice of Exemption (NOE) ☐ Negative Declaration (ND) - Include all Studies and Reports ☐ Mitigated Negative Declaration (MND) - Include all Studies and Reports ☐ Environmental Impact Report (EIR) - Include Full Report If necessitated: attach the lead agency's resolution listing significant impacts anticipated from the project, mitigation measures adopted to reduce or avoid significant impacts and, if adopted, a "Statement of Overriding Considerations." Include a copy of receipt for Fish and Game payment. B. Who is the "lead agency" for this proposal?

Agency: Kern County Public Works - CSA

Contact Name: Miguel Munoz

Title: Planner

Address: 2700 M Street

City: Bakersfield

State: CA

Zip Code: 93301

email: munozmi@kerncounty.com

Phone Number:

6618628908

- C. Was LAFCo notified/involved with the CEQA process prior to an environmental document as identified ?

☐ YES

☐ NO

The Lead Agency's decision whether to prepare an ND, MND, or an EIR is binding on all Responsible and Trustee Agencies, except in unusual circumstances (PRC Section 21080.1(a); State CEQA Guidelines Section 15050(c)). Therefore, a Lead Agency is required to consult with and involve all Responsible and Trustee Agencies throughout the CEQA process. First, the Lead Agency must consult with Responsible and Trustee Agencies prior to determining whether a negative declaration or an EIR is required for a project (PRC Section 21080.3(a); State CEQA Guidelines Section 15063(g)). If a Lead Agency determines an EIR is required for a project, the Lead Agency must send a Notice of Preparation to all Responsible and Trustee Agencies, who will then specify to the Lead Agency "the scope and content of the environmental information that is germane to the statutory responsibilities" of that agency in connection with the proposed project and which must be included in the EIR (PRC Section 21080.4; State CEQA Guidelines Section 15082(b)).

16. Property Tax/Bonded Indebtedness

- A. ☒ There will be no exchange of property tax

☐ Master property tax exchange agreement should apply. (CITIES ONLY- Provide Letter)

☐ Other agreement is to be negotiated.

- B. Will the proposal area assume any existing bonded indebtedness upon annexation?

☐ YES

☒ NO

If "YES"; how will the indebtedness be repaid? (e.g. property taxes, special tax, assessments, service fees):

- C. Are their plans to establish any new special taxes, fees, or assessment districts in order to pay for new or extended service(s) to the proposal area?

☒ YES

☐ NO

If "YES"; describe which services and status of new funding source(s):

Drainage Maintenance, Street Sweeping, Landscape Maintenance, Block Wall Maintenance, & Streetlights

17. Plan for Services

- A. Description of services to be extended to the affected area.

(Please use Plan for Services form provided in the application packet) List the services that are to be provided by your agency and provide in detail any services's that your agency is authorized to provide but will be provided by another agency.

- B. Indicate any improvements or upgrading of infrastructure regarding roads, sewers, water, facilities or other conditions that will be a result of the proposal.

None

C.	What effects, if any, would annexation of this territory have on the existing level of city/district services (i.e. need for additional emergency service personnel or construction of new facilities, etc.)? <i>None</i>
D.	How will these services be financed? Include both capital improvements, maintenance and operation? <i>Separate Assessment on property tax bill calculated on Engineer's Report</i>
E.	Are any services currently being provided in the affected area that the planned (proposed) services will now be providing i.e. overlapping services? ☐ YES ☒ NO If "YES"; has the current providing agency/s been contacted and an agreement been reached regarding service delivery between all agencies involved? ☐ YES ☐ NO If "YES"; please provide a "letter of overlapping agreement" or a "resolution for detachment" of the affected area or a "resolution of dissolution" of a special district, from the current service provider/s board, commission or council.
F.	If detachment, indicate any services which will no longer be available to the affected area and who will take over provision of these services. <i>N/A</i>
18.	<u>Services Provided by other Public Agencies</u>
A.	Are there any Cities or Special Districts whose services will require that they be annexed, detached or dissolved due to your agency providing services? (include County Service Areas) ☐ YES ☒ NO If "YES"; list public agency/ies name, type of service/s in question and specify if annexation, detachment or dissolution is required for each public agency:
B.	If "YES" to 9-A; has the public agency/ies been informed of the proposal? ☐ YES ☐ NO
19.	<u>Boundaries</u>
A.	Why are these particular boundaries being used? <i>The boundaries are in conjunction with exiting boundaries of the Fuller Acres Tract Map</i>
B.	Does the proposed boundary create an island, peninsula or curricula? please provide letter of justification? ☐ YES ☒ NO If "YES"; please provide a letter of justification.
C.	Is the affected area adjacent to a Disadvantaged Unincorporated Community? ☒ YES ☐ NO If "YES" and a annexation greater than ten (10) acres is proposed, please answer the following questions: 1) Has an application to annex the DUC been filed in the past five (5) years? ☐ YES ☒ NO If "YES"; provide date of application:

B.

- 2) Is there written evidence that a majority of registered voters within the affected territory are opposed to annexation?

☐ YES ☒ NO

If "YES"; attach documentation.

20. Final Comments

- A. Describe any conditions that should be included in LAFCo's resolution of approval.

None

- B. Provide any other comments or justifications regarding the proposal.

None

21. Notices and Staff Reports

List up to three persons to receive copies of the LAFCo notice of hearing and staff report.

- A. Name: Miguel Munoz email: munozmi@kerncounty.com
Title: Planner Phone: (661) 862-8908

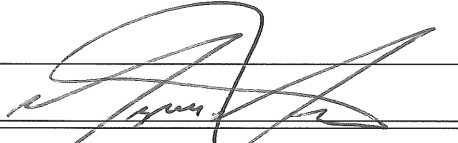
- B. Name: Kyle Perez email: perezky@kerncounty.com
Title: Senior Engineer Phone: (661) 862-8852

- C. Name: Cesar Ayon email: ayonc@kerncounty.com
Title: Engineering Manager Phone: (661) 862-8892

22. Contact Person

Who should be contacted if there are questions about this application?

- A. Name: Miguel Munoz email: munozmi@kerncounty.com
Title: Planner Phone: (661) 862-8908

Signature Field: 

SAVE FORM AS PDF OR PRINT TO PDF AND EMAIL TO:

deo@kernlafco.org or eo@kernlafco.org

LAFCo Internal Use Only

- | | |
|--|--|
| ☐ Municipal Service Review on File | ☐ Master Tax Agreement on File |
| ☐ Municipal Service Review is Current | ☐ Master Tax Agreement is Current |
| ☐ Municipal Service Review Requires Updating | ☐ Sphere of Influence Requires Amendment |

PLAN FOR PROVIDING SERVICES

<u>SERVICE</u> Only provide information on services authorized for applying district.	<u>CURRENT PROVIDER</u> Agency Which Presently Provides Services	<u>BEGIN DATE</u> City/District Will Provide Services		<u>FINANCED</u> Indicate How Services Provided by City/District will be Financed (i.e., general tax rate or special assessment)
		Upon Annexation	Future Date (Specify)	
Streetlights	None		Following 1-year maintenance agreement	Special Assessment
Drainage Maintenance	None		Following 1-year maintenance agreement	Special Assessment
Street Sweeping	None		Following 1-year maintenance agreement	Special Assessment
Landscape Maintenance	None		Following 1-year maintenance agreement	Special Assessment
Block Wall Maintenance	None		Following 1-year maintenance agreement	Special Assessment

Please provide the following information, when applicable, only for services which will be provided by the applicant City/District.

<u>SERVICE</u>	<u>LOCATION</u> Indicate location from which service will be provided (i.e., nearest fire station, library, etc.)	<u>SERVICE LEVEL CAPACITY</u> Indicate frequency and availability of service (i.e. street sweeping, emergency services response time, recreation programs, etc.)
Streetlights	Throughout proposed tract	Dusk to Dawn

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

In the matter of:

Resolution No. 2025-170

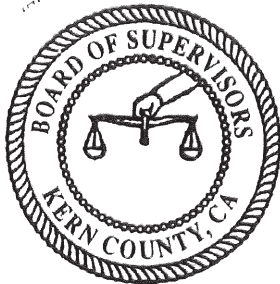
APPLICATION TO LAFCO; ANNEXATION NO. 8 TO COUNTY SERVICE AREA NO. 87, AND EXTENSION OF ZONE OF BENEFIT NO. 2, AND ESTABLISHMENT OF ZONE BENEFIT NOS. 1 AND 4 THROUGH THE EXERCISE OF LATENT POWERS; TRACT 6206; LAMONT

I, NANCY ANDERSON, Clerk of the Board of Supervisors of the County of Kern, State of California, certify that the following resolution, on motion of Supervisor Couch, seconded by Supervisor Flores, was duly passed and adopted by the Board of Supervisors of the County of Kern at a regular meeting on the 9th day of September, 2025, by the following vote:

AYES: Parlier, Flores, Couch, Perez

NOES: Peters

ABSENT: None



NANCY ANDERSON
County Administrative Officer
Clerk of the Board


Deputy Clerk

RESOLUTION

Section 1. WHEREAS:

(a) On March 9, 1999, with the adoption of Resolution No. 99-062, this Board ordered the establishment of County Service Area No. 87 to provide drainage facilities maintenance to a portion of the unincorporated area of Kern County; and

(b) The property owners of the hereinafter described territory, Tract 6206, have requested that the subject territory be annexed into County Service Area No. 87 to provide drainage facilities maintenance, and further requested establishment of Zone of Benefit No. 1 within County Service Area No. 87 to provide street sweeping service, and establishment of Zone of Benefit No. 4 for the purpose of block wall maintenance, and the extension of Zone of benefit No. 2 for the purpose of landscape maintenance; and

(c) A request to adopt a Resolution of Application to the Local Agency Formation Commission (LAFCO) is required by the Board of Supervisors; and

(d) The Director of the Public Works Department has recommended, and the Board of Supervisors concur that the hereinafter described territory be annexed into County Service Area No. 87 to provide drainage facilities maintenance, and extend Zone of Benefit No. 2 to provide landscape maintenance, and exercise latent powers to establish Zone of Benefit No. 1 to provide street sweeping service, and Zone of Benefit No. 4 to provide block wall maintenance; and

(e) The Public Works Department has evaluated the possible environmental impacts of this action and concluded that it can be seen with certainty there is no possibility the proposed action may have a significant effect on the environment pursuant to the provisions of Section 15061(b)(3) of the California Environmental Quality Act (CEQA) of 1970 Guidelines and the possible environmental impacts of the assessments are recommended to be found statutorily exempt from the requirements for preparation of environmental documents pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines for which reason no environmental evaluations or documents are recommended by the Department; and

(f) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code 56000 et seq.) as amended prescribes the procedure to exercise latent powers and for annexation of an area into a county service area and Government Code Section 56654, 56800 and 25211.4 empower this Board to initiate such an annexation and addition of latent powers by adopting a resolution of application.

Section 2. IT IS RESOLVED by the Board of Supervisors of the County of Kern, State of California, as follows:

1. Pursuant to Division 3 of Title 5 of the Government Code of the State of California, application is made for the annexation of the area described hereinafter to County Service Area No. 87, Tract 6206.

2. Other affected counties, cities, districts are:

- a. Counties: NONE
- b. Cities: NONE
- c. Districts:
 - Bear Mountain Park and Recreation District;
 - County Service Area No. 12.4 (Lamont School);
 - Kern County Air Pollution Control District;
 - Kern County Citrus Pest Control District;
 - Kern County Water Agency;
 - Kern County Water Agency, Zone Nos. 17 and 19;
 - Kern Delta Water Agency;
 - Kern JT (14,15,26,36,54) Community College District;
 - Kern JT (14,15,26,36,54) SFID Community College District;
 - Kern Mosquito and Vector Control;
 - Kern Road – Permanent;
 - Kern Union High School District;
 - Lamont Elementary School;
 - Lamont Public Utilities District;
 - Lamont Storm Water Storage; and
 - South Kern Cemetery District.

3. The territory proposed for annexation and additional extended services is habited. The exterior boundaries of said territory, Tract 6206, are all within the County of Kern and are more particularly described in Exhibit "A" and on a map showing said area marked as Exhibit "B", both of which are attached to this Resolution and incorporated herein by this reference.

4. The property owners within the territory described in Exhibit "A" have requested the annexation into County Service Area No. 87, and extension of Zone of Benefit No. 2 to provide landscape maintenance, and exercise latent powers to establish Zone of Benefit No. 1 to provide street sweeping service, and Zone of Benefit No. 4 to provide block wall maintenance. The property owners further request the Local Agency Formation Commission (LAFCO) to approve and authorize the conducting authority to conduct proceedings for the change of organization or reorganization.

5. The reason for requesting additional services for County Service Area No. 87, in the Lamont area, is due to property owner request. These services are not provided by any current district and County Service Area No. 87 hereby requests to provide these new services to Tract 6206.

6. The nature of the proposal is to extend the boundary of County Service Area 87 and establish the additional requested services within the County Service Area. The proposed additional services are:

STREET SWEEPING and BLOCK WALL MAINTENANCE

7. In accordance with the foregoing, it is requested that proceedings be undertaken (Government Code 56654 and 56700) to accomplish the change of organization proposed herein, i.e., annexation into County Service Area No. 87, and extend Zone of Benefit No. 2 to provide landscape maintenance, and establishment of Zone of Benefit No. 1 through the exercise of latent powers within County Service Area No. 87 to provide street sweeping, and establishment of Zone of Benefit No. 4 to provide block wall maintenance.

8. Pursuant to Government Code Section 25211.4(f)(2)(C) this proposed change of organization should be made subject to the following conditions:

Annexation and an additional extended service to this County Service Area is subject to the adoption and implementation of an ordinance to establish assessments on each parcel of property within such County Service Area to provide the services outlined in its annexation. In the absence of such adoption of assessments, the annexation into this County Service Area and the addition of an extended service shall be null and void.

9. This Board finds and determines that there will be no transfers of service responsibilities to the proposed annexation into County Service Area No. 87 from local agencies currently deriving general property tax revenues from the area of the proposed annexation. Pursuant to Revenue and Taxation Code Section 99, there will be no transfer of property tax revenues within the tax rate areas comprising the proposed annexation because the proposed district is funded by special assessments, not by ad valorem property taxes, and because there is no transfer of services.

10. This Board finds and determines that the action being taken is exempt from the requirements of the California Environmental Quality Act (CEQA) 1970, pursuant to Section 15061(b)(3) and the assessments are statutorily exempt pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA guidelines, because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, for which reason no environmental evaluations or documents will be required other than the Notice of Exemption which the Department will file with the Clerk of the Board of Supervisors.

11. Direct the Public Works Department to file a Notice of Exemption, pursuant to CEQA and said guidelines, with the County Clerk, if requested.

12. The Director of the Public Works Department is authorized and directed to:

- a. File an application for change of organization with the Local Agency Formation Commission (Government Code 56652);
- b. File a plan for providing services within the affected territory with the Local Agency Formation Commission (Government Code 56653); and
- c. Do all other things necessary to accomplish the purpose of this Resolution.

13. Chief petitioners: All County correspondence and transmittals pertaining to this matter should be directed to this Department and LAFCO:

Kern County Public Works
2700 "M" Street, Suite 570
Bakersfield, CA 93301

Local Agency Formation Commission
5300 Lennox Avenue, Suite 303
Bakersfield, CA 93309

14. The Clerk of the Board of Supervisors shall transmit copies of this to the following:

Public Works Department
County Counsel

#2879528-JHR

COPIES FURNISHED:
SEE ABOVE
9-11-05 MGS

NEGATIVE DECLARATION

TO WHOM IT MAY CONCERN:

Pursuant to the California Environmental Quality Act of 1970 (CEQA),* the State CEQA Guidelines,** and the Kern County Guidelines for Implementation of CEQA and State CEQA Guidelines,*** the Kern County Department of Planning and Development Services has made an Initial Study of possible environmental impacts of the following-described project:

APPLICANT: (1) Carriage Homes by Telstar Engineering, Inc.; (2) Carriage Homes by Frank Slinkard, L.S.

APPLICATION: (1) Tract 5583; (2) Tentative Tract Map No. 6206

LOCATION: (1) Portion of the S/2 of the SE/4 of Section 36, T30S, R28E, MDB&M; 47.5-acre site on the north side of Panama Road beginning 730 feet west of State Highway 184 (Weedpatch Highway), Lamont; (2) North side of Panama Road, approximately 730 feet west of Weedpatch Highway (State Route 184); being a portion of the S/2 of the SE/4 of Section 36, T30S, R28E, MDB&M, County of Kern, State of California

DESCRIPTION OF PROPOSED PROJECT: (1) Adoption of Tract 5583, a 159-acre lot, Type A subdivision in an R-1 FPS and R-2 FPS zone. This land division project will allow single-family homes on 146 lots between 6,000 to 7,500 square feet. Four one-acre parcels are adjacent to the railroad tracts. Nine lots (18,000 square feet each) are proposed in an R-2 zone (nine fourplex apartments). Three variances are proposed to the Land Division Ordinance. The Lamont Public Utility District will provide water and sewer service. Vehicular access to Panama Road and State Highway 184; (2) Tentative Tract 6206; proposing to divide a 47-acre parcel of record into 187 parcels for residential use and a 3.9-acre utility easement lot; four limited design variations; a development variation to allow lot depths less than 100 feet. The applicant is proposing Tentative Tract 6206 to divide the site into 188 lots ranging in size from approximately 6,000 square feet to approximately 12,738 square feet for single-family residential use and an approximate 1,848-square-foot lot for use as a utility easement. Water and sewer are proposed by the Lamont Public Utility District. Access is proposed from Panama Road and Weedpatch Highway.

MITIGATION MEASURES Included in the Proposed Project to Avoid Potentially Significant Effects (if required):

- (1) Prior to the recordation of any final land division map, the site shall be annexed into the Lamont Public Utility District to provide water and sewer services. On-site septic tanks are not permitted for project intensity.
- (2) The applicant shall provide a plan for the disposal of drainage waters originating on site and from adjacent road rights-of-way, subject to approval of Kern County Department of Engineering and Survey Services Department per the Kern County Subdivision standards.
- (3) The proposed disposal of on-site drainage water into the adjacent Lamont flood basin is subject to basin capacity enlargement as permitted by the Kern County Department of Engineering and Survey Services Department. The disposal of on-site drainage water into the adjacent 220 kilovolt easement is subject to permission from Southern California Edison Company.
- (4) The tract conditions of approval, shall incorporate the mitigation measures recommended by the Brown-Buntin acoustical report to comply with the exterior/interior noise standards per the Metropolitan Bakersfield 2010 Noise Element.
- (5) The applicant shall comply with the traffic mitigation measure listed as follows in the Traffic Study and Supplemental Traffic Studies dated March 30, 1993, by Crenshaw Traffic Engineering. (Item 5 shall be noted on Tract 5583.)
 - (a) The applicant shall pay a proportionate share of off-site and on-site traffic improvements created by this project. This measure is intended to mitigate the impact of the project on off-site and on-site intersections and roadways nearby the project vicinity that are not covered by the Bakersfield Traffic Impact Fee Program. The applicant shall form a CSA or other mechanism approved by the County to pay the applicant's share of off-site and on-site road improvements to Kern County. The following measures are recommended pursuant to

the Crenshaw Traffic Study (as approved by the Kern County Transportation Management Department) for this project. The applicant's percentage share of participation in traffic signals shall be as follows:

<u>Traffic Signal Location</u>	<u>Percentage</u>
State Hwy 184 & Panama Ln	4%
State Hwy 184 & Mountain View Ave	5%
State Hwy 184 & Panama Rd	3%

- (b) The applicant's percentage share of participation in street improvements shall be as follows:

<u>Road Segment Along State Highway 184</u>	<u>Percentage</u>
Panama Rd to Panama Ln (2 to 4 lanes)	4%

INCLUSION OF MITIGATION MEASURES AS PART OF PROJECT:

I, as applicant/authorized agent, have reviewed the mitigation measures noted above and agree to include said measures as part of this project.

Signed: Wayne Hughes Jr. Date: 4/2/08

FINDINGS: It has been found that this project, as described and proposed to be mitigated herein, will not have a significant effect on the environment and that an environmental impact report (EIR) is, therefore, not required. A brief statement of reasons supporting such findings is as follows:

- (1) Anticipated spatial distribution and consumptive use versus liquid effluent rates would not appear to substantially degrade existing or future water quality of the proposed project site and/or environs. Project would not appear to have a potential for public water supply contamination.
- (2) Proposed project would not appear to substantially affect a rare or endangered species of animal or plant or habitat of such species. Proposal would not diminish habitat for fish, wildlife, or plants.
- (3) Proposed project would not appear to have any potential for disruption or alteration of (1) an archaeological site over 200 years old, (2) a historic site of record, or (3) a paleontological site.
- (4) Proposed project design would not appear to disrupt or divide the existing geographic arrangement of an established community.

PUBLIC INQUIRY: Any person may object to dispensing with such EIR or respond to the findings herein. Information relating to the proposed project is on file in the office of the Department of Planning and Development Services at the address shown below. Any person wishing to examine or obtain a copy of that information or this document, or seeking information as to the time and manner to so object or respond, may do so by inquiring at said office during regular business hours.

A copy of the Initial Study is attached hereto.

PROPOSED NEGATIVE DECLARATION DATE: _____
FINAL NEGATIVE DECLARATION DATE: _____
 (2) Updated this 26th day of March, 2008. (sg)

TED JAMES, AICP, Director
 Planning and Development Services

Kern County Department of
 Planning and Development Services
 2700 "M" Street, Suite 100
 Bakersfield, CA 93301
 (805) 861-2615

_____/s/
 By Glenn A. Barnhill, Planning Division Chief

AGENCY CONSULTATION REQUIRED: ☒ Yes ☐ No **AGENCIES CONSULTED:** Kern County Engineering and Survey Services Department/Floodplain Management, Kern County Transportation Management Department/Roads, Kern County Fire Department, Kern County Environmental Health Services Department, Kern County Sheriff's Department/Crime Prevention Unit, Kern County Water Agency, Kern County Parks and Recreation Department, Kern County Engineering and Survey Services Department/Floodplain Management, Kern County Transportation Management Department/Roads, Resource Management Agency/Fiscal Impacts, Kern Union High School District, Bear Mountain Recreation and Park District, Lamont Public Utility District, Southern California Edison, Southern California Gas Company, CalTrans/District 6

INITIAL STUDY PREPARED BY: Glen G. Rains/Planning and Development Services
DATE POSTED: _____ **DATE OF NOTICE TO PUBLIC:** _____

- * Public Resources Code, Section 21000, et seq.
- ** Title 14, Division 6, California Administrative Code, as amended
- *** Resolution No. 77-109, adopted March 1, 1977

sjv (4/27/93; 5/6/93 - 4765B.ND)

Attachment

ADDENDUM

In accordance with Section 15164(b) of the California Environmental Quality Act (CEQA), the mitigated Negative Declaration prepared for Tract 5583 may be modified with the inclusion of an addendum. An addendum to the document may be used for proposed Tentative Tract 6206 since the land division will not result in the need for any additional mitigation and will require no changes to the original proposal.

The applicant has proposed Tentative Tract 6206 which would result in the subdivision of a 47-acre parcel of record into 187 residential lots and one utility easement lot.

EXHIBIT 'A'
COUNTY SERVICE AREA No. 87
ANNEXATION No. 8 – TENTATIVE TRACT No. 6206
EXTENSION OF ZOB BENEFITS No. 2
ESTABLISHMENT OF ZOB BENEFIT No. 1 & 4
GEOGRAPHIC DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED SECTION 36, TOWNSHIP 30 SOUTH, RANGE 28 EAST, MOUNT DIABLO BASE A MERIDIAN, IN THE UNINCORPORATED AREA OF COUNTY OF KERN, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL 2 OF LOT LINE ADJUSTMENT NO. 38-94 IN THE UNINCORPORATED AREA, COUNTY OF KERN, STATE OF CALIFORNIA AS EVIDENCED BY A CERTIFICATE OF COMPLIANCE RECORDED OCTOBER 17, 1994, AS INSTRUMENT NO. 150269 OF OFFICIAL RECORDS IN THE OFFICE OF THE KERN COUNTY RECORDER, BEING DESCRIBED AS FOLLOWS:

ALL THAT PORTION OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 30 SOUTH, RANGE 28 EAST, MOUNT DIABLO BASE & MERIDIAN, COUNTY OF KERN, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF PANAMA ROAD AND SAN GORGONIO STREET, THENCE;

1) WESTERLY ALONG THE SOUTH LINE OF SAID SECTION 36, NORTH 89°35'16" WEST, A DISTANCE OF 246.19 FEET, MORE OR LESS, TO THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 36, THENCE;

2) NORTHERLY ALONG THE EAST LINE OF SAID SOUTHWEST QUARTER OF SAID SOUTHWEST QUARTER OF SAID SOUTHEAST QUARTER, NORTH 00°36'20" EAST, A DISTANCE OF 662.68 FEET, MORE OR LESS, TO THE NORTHEAST CORNER OF SAID SOUTHWEST QUARTER OF SAID SOUTHWEST QUARTER OF SAID SOUTHEAST QUARTER, THENCE;

3) WESTERLY ALONG THE NORTH LINE OF SAID SOUTHWEST QUARTER OF SAID SOUTHWEST QUARTER OF SAID SOUTHEAST QUARTER, NORTH 89°35'34" WEST, A DISTANCE OF 661.66 FEET, MORE OR LESS, TO A POINT ON THE WEST LINE OF SAID SOUTHEAST QUARTER OF SAID SECTION 36, THENCE;

4) NORTHERLY ALONG SAID WEST LINE OF SAID SOUTHEAST QUARTER OF SAID SECTION 36, NORTH 00°35'52" EAST, A DISTANCE OF 662.62 FEET, MORE OR LESS, TO A POINT ON THE NORTH LINE OF THE SOUTH HALF OF SAID SOUTHEAST QUARTER OF SAID SECTION 36, THENCE;

5) EASTERLY ALONG SAID NORTH LINE OF SAID SOUTH HALF OF SAID SOUTHEAST QUARTER OF SAID SECTION 36, SOUTH 89°35'52" EAST, A DISTANCE OF 1,916.84 FEET, MORE OR LESS, TO THE WEST LINE OF THE EAST 730.00 FEET OF SAID SOUTH HALF OF SAID SOUTHEAST QUARTER OF SAID SECTION 36, THENCE;

6) SOUTHERLY ALONG SAID WEST LINE OF SAID EAST 730.00 FEET, SOUTH 00°37'03" WEST, A DISTANCE OF 1,325.58 FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF SAID SECTION 36, THENCE;

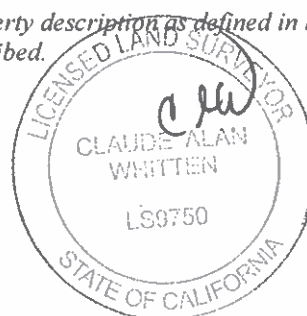
7) WESTERLY ALONG SAID SOUTH LINE OF SAID SECTION 36, NORTH 89°35'16" WEST, A DISTANCE OF 1,008.86 FEET, MORE OR LESS, TO THE POINT OF **BEGINNING**.

CONTAINING 48.25 ACRES, MORE OR LESS.

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

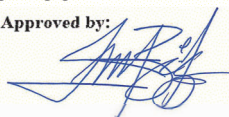

 Claude A. Whitten, PLS 9750

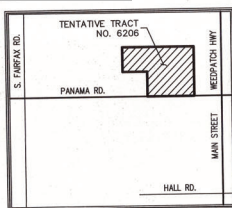
1/20/2024
 Date



CHECKED BY
 KERN COUNTY SURVEYOR'S OFFICE
 2026-01-30

Approved by:



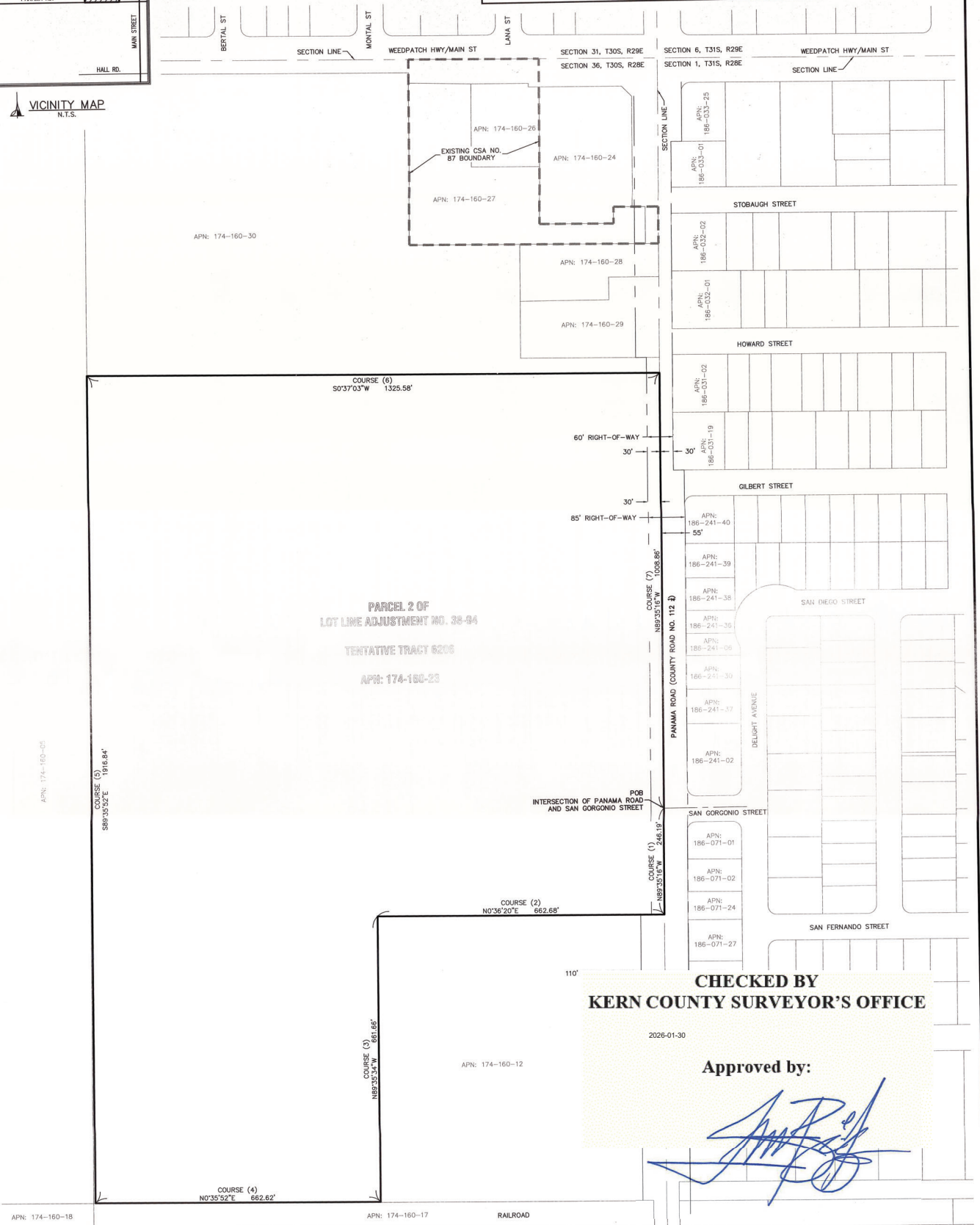


VICINITY MAP
N.T.S.

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

LEGEND
POB TRUE POINT OF BEGINNING

EXHIBIT 'B'
ANNEXATION No. 8 - TENTATIVE TRACT No. 6206
BEING AN ANNEXATION OF THE SUBJECT PARCEL SHOWN HEREON TO KERN COUNTY C.S.A. NO. 87.



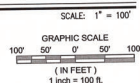
CHECKED BY
KERN COUNTY SURVEYOR'S OFFICE

2026-01-30

Approved by:

[Signature]

ANNEXED AREA



COUNTY SERVICE AREA No. 87
ANNEXATION No. 8 - TENTATIVE TRACT
No. 6206
EXTENSION OF ZOB BENEFITS No. 2
ESTABLISHMENT OF ZOB BENEFIT No. 1&4

PREPARED FOR:
LOCAL AGENCY FORMATION COMMISSION
COUNTY OF KERN
STATE OF CALIFORNIA

OWNED BY:
GATEWAY HOME, INC.
5301 OFFICE PARK DRIVE, STE 115
BAKERSFIELD, CA 93309

DEVELOPMENT BY:
GATEWAY HOME, INC.
5301 OFFICE PARK DRIVE, STE 115
BAKERSFIELD, CA 93309



CORNERSTONE
ENGINEERS & ADVISORS

5500 YOUNG STREET, BAKERSFIELD CA 93311
TEL: (805) 325-9474 FAX: (805) 322-0129
www.cornerstone-engineers.com

[Signature]
CLAUDE A. WHITTEN, P.L.S. 9750

1/23/2026
DATE



DESIGNER: MAS
CHECKED BY: CMW
DATE: 01/23/2026
DRAFTER: RAC
SCALE: AS SHOWN
COMP. NO.: 118000-ANNEXATION
JOB NO.: 1105-01-00
SHEET 1 OF 1

Date: 1/16/26



Auditor
Controller

Aimee X. Espinoza
AUDITOR-CONTROLLER-COUNTY CLERK



February 18, 2026

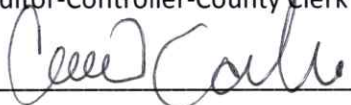
Kern County Administrative Office
1115 Truxtun Ave., 5th Floor
Bakersfield, CA 93301

Re: County Service Area (CSA) 87 Annexation No. 8 (Lamont), LAFCO Proceeding No. 1873

In accordance with Section 99 of the Revenue and Taxation Code, a jurisdictional change is being processed that affects the above-mentioned service area. To our knowledge, there is no exchange of property tax revenue from this annexation.

If you have any questions, please feel free to contact me at (661) 868-3515.

Sincerely,
Aimee X. Espinoza
Auditor-Controller-County Clerk

By 

Corina Camarillo
Property Tax Division

GROUND  BOUNDLESS

PROCEEDING No.

1873

Date:

February 17, 2026

In the matter of:

County Service Area (CSA) 87
Annexation 8 (Lamont)

Total Assessed Value for Annexation

Before Exemptions:

\$449,295

Breakdown of Value per TRA:

<u>TRA</u>	<u>Secured AV</u>	<u>Unsecured AV</u>	<u>Subv Exmpt AV</u>	<u>NonSubv Exmpt AV</u>
096-026	\$449,295	\$0	\$0	\$0



Laura Avila
Kern County Assessor-Recorder

Memorandum

TO: Aimee X. Espinoza
Auditor-Controller-County Clerk
Attention: Janelle Austin

FROM: Laura Avila, Kern County Assessor-Recorder
by: Yesenia Sifuentes , GIS Tech - I

SUBJECT: Jurisdictional Changes
RE: County Service Area (CSA) 87
Annexation 8 (Lamont)

Here is a copy of our report to LAFCO RE: Proceeding No. 1873 together with a report to you showing the breakdown of both Secured & Unsecured AV per TRA . Also included & itemized, are any Exemption Values, if applicable.

Values are Gross, unless noted.

If you require any additional information, please let us know.

REPORT OF KERN COUNTY ASSESSOR

Jon Lifquist, Assessor-Recorder



**Kern Local Agency
Formation Commission**
5300 Lennox Ave. Suite 303
Bakersfield, CA 93309
661-716-1076
www.co.kern.ca.us/lafco/

Proceeding No. 1873

Date: 2/17/2026

In the Matter of: County Service Area (CSA) 87
Annexation 8 (Lamont)

By: Yesenia Sifuentes
GIS Tech - I

1. The number of assessment parcels within subject territory is: 1
2. Subject territory is within the following Tax Rate Area(s): 096-026
3. Assessed valuation: (**Attach Sheet Breakdown**) Secured: \$ 449,295 Unsecured: \$ -
4. Do the subject territory boundaries correspond with lines of ownership in the last equalized assessment roll? ☒ YES ☐ NO
 - a. List APN of non-corresponding parcels:
5. Do the subject territory boundaries correspond with lines of ownership in the current assessment roll being prepared? ☒ YES ☐ NO
 - a. List APN of non-corresponding parcels:
6. Do the subject territory boundaries correspond with Tax Rate Area boundaries? ☒ YES ☐ NO
 - a. List APN of non-corresponding TRA's:
7. Identify all incorporated cities who's city limit boundary is within three (3) miles of subject territory:
(If none, please enter word "NONE") Bakersfield
8. Please **ATTACH SHEET** identifying all local agencies within, or partially within, the boundaries of the subject territory. (Including cities, special districts, school districts and county service areas)
9. Please **ATTACH SHEET** identifying the parcels within the subject territory:
Include: Assessee name, billing name, APN, ATN, TRA, roll type, assessed values and exemptions
10. Please **ATTACH SHEET** identifying the surface owners within the subject territory:
Include: Assessee name, billing name, and billing address
11. Please **ATTACH SHEET** identifying property owners outside the subject territory, within 300 feet:
Include: Assessee name, billing name, and billing address
12. Additional requested information:
None
13. Please provide comments or recommendations:
None

County Service Area (CSA) 87
Annexation 8 (Lamont)

NAME & ADDRESS INSIDE SUBJECT TERRITORY

ASSE_NAME	IN_CARE_OF	ADDR_BILL1	ADDR_BILL2
LAMONT SHOPPING CENTER LLC			LA QUINTA CA 92253

KERN

LOCAL AGENCY FORMATION COMMISSION

Certificate of Filing

In the Matter of:

Proceeding No.1869,1872,1873

County Service Area (CSA) 87: Annexation 8
 (Lamont) Drainage Maintenance, Street
 Sweeping, Landscape Maintenance, Streetlights
 & Sphere of Influence (SOI) Amendment &
 Municipal Service Review (MSR) Update

I, Blair Knox, Executive Officer of the Local Agency Formation Commission of the County of Kern, hereby certify that:

A proposal referenced and described above has been submitted to me and it has been found that:

- the proposal was initiated by a Resolution of Application;
 (G.C. §56650)
- the proposed territory has been found to be uninhabited;
 (G.C. §56046)
- all application contents as prescribed by law are presented;
 (G.C. §56652)
- all affected agencies have been notified; and
 (G.C. §56658)

It has been established that the application contains the information and data requested and required by this Commission and has been **accepted** for filing on 27 May, 2026 (G.C. §56651)

Date of Hearing: Wednesday, 17 June, 2026

Time of Hearing: 5:15 PM

**Place of Hearing: Kern Council of Governments (KernCOG)
 1401 19th Street Suite #300
 Bakersfield, CA 93301**

Affected/Noticed Public Agencies:

This Certificate of Filing is issued pursuant to California Government Code §56658 (f). All time requirements for processing and consideration of this application specified by state law and the rules and regulations of this Commission shall become effective on the date of issuance of this certificate.

Blair Knox

Digitally signed by Blair Knox
 Date: 2026.05.28 11:07:49 -07'00'

Blair Knox, Executive Officer

Proceeding No. 1875

MOJAVE PUBLIC UTILITY DISTRICT **Municipal Service Review Update**

Report & Presentation Documents

- [Municipal Service Review Memo](#)
- [LAFCo Resolution \(DRAFT\)](#)
- [Municipal Service Review](#)



**Kern Local Agency
Formation Commission**
5300 Lennox Ave. Suite 303
Bakersfield, CA 93309
661-716-1076
www.kernlafco.org

To: LAFCo Commissioners

From: Blair Knox, Executive Officer

Date: August 19, 2026

Re: Mojave Public Utility District Municipal Service Review

Enclosed please find the Municipal Service Review (MSR) for the Mojave Public Utility District (MPUD). This MSR includes information regarding the District's provision of potable water and wastewater services within its boundaries and sphere of influence. The review was prepared pursuant to Government Code Section 56430 and updates the District's previous Municipal Service Review completed in 2004. The document evaluates current conditions affecting service delivery and the District's ability to provide reliable and sustainable services into the future. [\[MPUD MSR 2026 Final | Word\]](#)

In adopting an MSR, the Commission is required to make determinations in seven (7) different areas:

- Growth and Population: G.C. §56430(a)(1)
- The location and characteristics of any Disadvantaged Unincorporated Communities within or contiguous to the Sphere of Influence: G.C. §56430(a)(2)
- Present and planned capacity of public facilities, adequacy of public services and infrastructure needs and deficiencies: G.C. §56430(a)(3)
- Financial ability of agencies to provide services: G.C. §56430(a)(4)
- Status of, and opportunities for, shared facilities: G.C. §56430(a)(5)
- Accountability for community service needs, including governmental structure and operational efficiencies: G.C. §56430(a)(6)
- Any other matter related to effective or efficient service delivery, as required by Commission policy: G.C. §56430(a)(7)

Information and a narrative discussion addressing each of the required determinations are included in the Municipal Service Review.

The MSR includes appendices containing the District's 2024 Water and Sewer Connection Fee Study, Water and Sewer Rate Studies, Water Shortage Contingency Plan, and recent financial audit and budget information. These materials provide additional background

regarding the District's infrastructure planning, financial condition, and long-term service obligations. [\[MPUD MSR 2026 Final | Word\]](#)

LAFCo policies emphasize the need to examine municipal water systems, wastewater facilities, disadvantaged unincorporated communities, infrastructure planning, and financial sustainability. The following information summarizes key observations contained in the MSR.

The Mojave Public Utility District provides potable water and wastewater services to approximately 4,400 residents through approximately 1,190 service connections within the communities of Mojave and Cache Creek. The District also provides service to Wonder Acres through a master meter arrangement and maintains homestead water service connections in the Cache Creek area. The community served by the District qualifies as a severely disadvantaged unincorporated community. Continued service reliability and affordability remain important considerations when evaluating future service and infrastructure decisions. [\[MPUD MSR 2026 Final | Word\]](#)

The review found that population growth within the District's service area and sphere of influence has remained largely unchanged for more than twenty years. While significant growth anticipated in earlier planning documents did not occur, the District has adapted by updating planning assumptions, connection fees, and rate structures to reflect current conditions. Minor Sphere of Influence amendments may be appropriate where future development creates a demonstrated need for service. [\[MPUD MSR 2026 Final | Word\]](#)

The District's water system consists of six groundwater wells, an arsenic treatment facility, storage reservoirs, transmission pipelines, distribution facilities, and an emergency interconnection with the Antelope Valley-East Kern Water Agency. Existing water production and storage capacity appear adequate to meet current demands. The District has identified and is replacing aging transmission infrastructure associated with the Sand Canyon Well Field and continues to address groundwater quality issues through operation of its arsenic treatment facilities. [\[MPUD MSR 2026 Final | Word\]](#)

The wastewater system includes a gravity collection system and a wastewater treatment plant with a permitted capacity of 0.6 million gallons per day. Current flows remain below design capacity and available information indicates the District has sufficient capacity to meet existing service demands. Continued capital investment and maintenance will remain necessary to preserve service reliability and regulatory compliance. [\[MPUD MSR 2026 Final | Word\]](#)

Review of the District's financial audits, budgets, rate studies, and connection fee analyses indicates that Mojave Public Utility District currently possesses the financial ability to

provide water and wastewater services under existing conditions. The District has recently completed comprehensive water and wastewater rate studies and connection fee updates. However, the MSR recommends that the District strengthen long-term financial planning through adoption of a formal Capital Improvement Plan, reserve policies, and routine future rate reviews. [\[MPUD MSR 2026 Final | Word\]](#)

Geographic isolation limits opportunities for regional consolidation and shared facilities. Nevertheless, the District has demonstrated a willingness to pursue cooperative arrangements where they improve service reliability, including its emergency interconnection with AVEK and coordination with neighboring agencies and Kern County Fire Department. Additional opportunities for shared administration or staffing may warrant future evaluation. [\[MPUD MSR 2026 Final | Word\]](#)

The MSR finds that the District remains accountable to its residents through an elected Board of Directors and generally operates in a manner consistent with comparable agencies. Governance effectiveness appears adequate; however, the review encourages the development of measurable performance indicators to strengthen transparency and operational accountability. [\[MPUD MSR 2026 Final | Word\]](#)

LAFCo is required to consider any environmental impacts associated with adoption of the MSR. Municipal Service Reviews are informational and planning documents and do not authorize development, approve projects, or modify land use designations. The MSR concludes that the document is exempt from CEQA pursuant to CEQA Guidelines Sections 15061(b)(3) and 15362. [\[MPUD MSR 2026 Final | Word\]](#)

RECOMMENDATION:

Adopt the Mojave Public Utility District Municipal Service Review and find the project exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Sections 15061(b)(3) and 15362. In addition, direct staff to work with the District during future sphere and service reviews to encourage implementation of the following best management practices identified in the MSR:

1. Prepare and maintain a 5-10 year Capital Improvement Plan.
2. Adopt formal reserve policies for operating, capital, and emergency contingencies.
3. Update water and wastewater rate studies at least every five years.
4. Evaluate opportunities for shared administration and staffing where feasible.
5. Develop and report annual performance indicators to the Board of Directors. [\[MPUD MSR 2026 Final | Word\]](#)

This recommendation is supported by the MSR's overall finding that Mojave Public Utility District is currently providing reliable water and wastewater services and has demonstrated the ability to adapt to changing economic, demographic, and regulatory conditions while maintaining service to the community.

**BEFORE THE LOCAL AGENCY FORMATION COMMISSION
COUNTY OF KERN, STATE OF CALIFORNIA**

In the Matter of:

**MOJAVE PUBLIC UTILITY DISTRICT:
MUNICIPAL SERVICE REVIEW**

**Resolution No. 26-XX
Proceeding No. 1874**

Minute Book 73

I, Blair Knox, Executive Officer, of the LOCAL AGENCY FORMATION COMMISSION, COUNTY OF KERN, STATE OF CALIFORNIA, hereby certify that the following resolution, proposed by Commissioner **XXXX**, seconded by Commissioner **XXXX**, was duly adopted by the Commission at an official meeting thereof held on the **19th day of August 2026**, by the following vote:

AYE: XXXX

NAYE: XXXX

ABSTAIN: XXXX

ABSENT: XXXX

Blair Knox, Executive Officer

RESOLUTION MAKING DETERMINATION

Whereas pursuant to Government Code § 56430 et. seq. the Commission has caused to be prepared a municipal service review (“MSR”) for Mojave Public Utility District;

Whereas, on November 04, 2025, Mojave Public Utility District submitted a draft MSR;

Whereas, the MSR was reviewed to meet the criteria outlined pursuant to Government Code Section 56430 et. seq.;

Whereas, Mojave Public Utility District has not requested an amendment to the Sphere of Influence;

Whereas, on August 19, 2026, the Commission heard and received all evidence which was made, presented or filed, and all person's present were given the opportunity to be heard in respect to any matter relating to the MSR and

Whereas, the Commission is fully advised in the premises; now therefore, be it *Resolved that the Local Agency Formation Commission, County of Kern, State of California, pursuant to the authority provided by Government Code, Title 5, Division 3; Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and on behalf of its members, finds and determines as follows:*

1. *Specific reference is hereby made to all the papers, documents, files and proceedings heretofore and now taken, had and filed in this matter with particular reference to Minute Item 8/19/26-X, as appears upon the official minutes of the proceedings of this Commission.*
2. *All the proceedings heretofore and now taken and had in this matter have been and now are in all respects as required by law.*
3. *The Mojave Public Utility District MSR underwent a comprehensive review of all the agencies that provide the identified service or services within the designated geographic area.*
4. *The MSR was assessed for various alternatives for improving efficiency and affordability of infrastructure and service delivery within and contiguous to the sphere of influence.*
5. *Pursuant to the authority granted by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 the City of Delano MSR including all written determinations included in the MSR, particularly described and delineated attached hereto and by reference made apart hereof is hereby approved.*
6. *The Commission authorizes and directs the Executive Officer to accept, file and record any and all documentation required by law.*

MUNICIPAL SERVICE REVIEW

Mojave Public Utility District

July 2026



*Kern County Local Agency Formation Commission
5300 Lennox Avenue, Suite 303
Bakersfield, California 93309*

Initial Draft Prepared by AECOM for Mojave Public Utility District
Edits and Additional Content Prepared by Kern LAFCo Staff

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Section 1

Introduction

1.1 EXECUTIVE SUMMARY

Reliable service to the public is the objective. Agencies are the tools. This Municipal Service Review evaluates Mojave Public Utility District through that lens. The purpose of this review is not simply to inventory assets, describe facilities, or summarize finances. The purpose is to evaluate the District's ability to provide reliable, adequate, and sustainable water and wastewater services to the residents and businesses that depend upon them.

Mojave Public Utility District provides potable water and wastewater services to approximately 4,400 residents through roughly 1,190 service connections. Available evidence indicates that these services are being provided reliably under current conditions. The District possesses the infrastructure, operational capability, governance structure, and financial resources necessary to support present service demands.

One of the most significant findings of this review involves adaptation. Previous planning efforts anticipated substantially greater population growth and development than ultimately occurred. Rather than allowing those changing conditions to undermine service delivery, the District adjusted rates, updated connection fees, aligned planning assumptions with actual conditions, and continued investing in the systems necessary to serve its customers.

The District's water and wastewater systems include groundwater production facilities, storage and distribution infrastructure, treatment facilities, and an emergency interconnection with the Antelope Valley-East Kern Water Agency. These assets collectively support service reliability, operational resiliency, and public health protection throughout the service area.

Financial sustainability appears sufficient under current conditions. Recent rate studies, connection fee studies, reserve practices, and capital planning efforts demonstrate recognition that financial resources are not an objective in themselves, but a means of maintaining reliable service and addressing future obligations.

Opportunities for large-scale regional service integration are limited by geography and service area characteristics. However, the District has demonstrated a willingness to pursue cooperative arrangements where they improve resiliency, continuity of service, technical capability, or emergency preparedness.

Governance ultimately influences service delivery. Decisions regarding rates, infrastructure, reserves, operations, maintenance, and long-term planning collectively shape an organization's ability to meet its commitments to the public. Available evidence suggests the District has generally responded to changing conditions in a deliberate and responsible manner.

The central finding of this review is not simply that the District remains operational. The more important finding is that Mojave Public Utility District has demonstrated an ability to adapt to

changing circumstances while continuing to provide reliable water and wastewater services. Continued success will depend upon maintaining infrastructure, preserving organizational capacity, and aligning financial resources with long-term service obligations.

1.2 Background

Existing California law (Government Code Sections 56425 and 56430) requires that Local Agency Formation Commissions (LAFCo)s conduct a Municipal Service Review (MSR) within the Sphere of Influence (SOI) of the various local governmental agencies subject to the jurisdiction of the commission every five years.

The last MSR for the MPUD was completed in 2004 and is due for an update. Kern County LAFCo is preparing this updated MSR addressing current conditions within the MPUD SOI.

As part of an MSR, LAFCo is required to prepare a written statement of determination 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; and
6. Accountability for community service needs, including governmental structure and operational efficiencies.

This Municipal Service Review evaluates the provision of potable water and wastewater services within the Mojave Public Utility District Sphere of Influence. While State law identifies specific categories for examination, each category ultimately supports a broader question: are services being provided adequately today, and are they likely to remain reliable and sustainable in the future? Infrastructure, finances, governance, planning, and organizational structure are evaluated because they influence service delivery outcomes experienced by the public.

1.3 INTRODUCTION

Municipal Service Reviews are often viewed as evaluations of agencies. In practice, they are evaluations of an agency's ability to provide services. This review therefore focuses not only on the District itself, but on the conditions that influence long-term service adequacy, reliability, and sustainability.

The MPUD is located in the southeastern part of Kern County, California approximately 100 miles north of Los Angeles and 60 miles east of Bakersfield. The District's service area boundary encompasses approximately 19 square miles of unincorporated land while its SOI encompasses an area of approximately 142 square miles (see **Figure 1**). Most of the land within the District's service area and SOI is undeveloped. Existing development is generally centered around central Mojave with

some outlying areas such as the Cache Creek and Wonder Acres subdivisions. The District's service area encompasses mainly single and multi-family residential dwellings with some commercial development and industrial properties generally located near the Mojave Air and Space Port (Space Port).

The District provides drinking water and wastewater service through an interconnected network of wells, storage facilities, pipelines, treatment systems, and supporting infrastructure. The value of these facilities is measured by their ability to provide dependable service to customers under both normal and emergency operating conditions.

Since its formation, the District has evolved alongside the community it serves. While facilities, governance practices, and operational requirements have changed substantially over time, the District's underlying purpose has remained constant: providing essential public services that protect public health and support community stability.

The Board of Directors establishes policy direction and allocates resources among operations, maintenance, capital improvements, and long-term obligations. Effective governance is reflected not merely in organizational structure, but in the quality of decisions that support continued service delivery and organizational resilience.

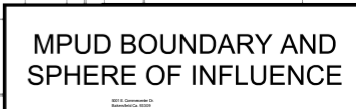
Master planning efforts completed in 2002 anticipated development patterns that largely did not occur. Forecasts are inherently uncertain. The more meaningful observation is how an organization responds when conditions differ from expectations. Mojave Public Utility District adjusted planning assumptions, financial policies, infrastructure priorities, and service expectations to reflect actual development trends while maintaining reliable service delivery.

The District's 2024 connection fee and rate studies represent important examples of proactive planning. By evaluating future obligations and aligning revenues with operational and infrastructure needs, the District has taken steps to support long-term financial sustainability and reduce the risk of future service disruptions.

Geographic isolation, climatic conditions, and relatively modest development patterns create operational challenges distinct from those encountered by many urban service providers. These conditions make long-term planning, infrastructure stewardship, and organizational adaptability particularly important.

Although opportunities for shared facilities are limited, the District continues to pursue practical partnerships where they improve reliability, resiliency, or operational effectiveness. The emergency interconnection with AVEK demonstrates the value of targeted regional cooperation focused on service continuity.

Participation in professional associations and cooperative programs expands access to training, technical assistance, regulatory guidance, risk management resources, and industry expertise. For a geographically isolated utility, these relationships strengthen organizational capacity and support long-term service reliability.



1.4 CEQA Review

Since any future development and construction of improvements as a result of annexations within the District's SOI area will be subject to CEQA review as a part of the planning process through the County, this MSR update is determined to be exempt from CEQA pursuant to Section 15061(b)(3) of the CEQA Guidelines. This MSR update does not involve any land use changes or land disturbance activities. A Notice of Exemption has been determined to be appropriate for the project based on Section 15061(b)(3) General Rule, where it can be seen with certainty that there is no possibility that the activity will have a significant impact on the environment. Additionally, the MSR is exempt from CEQA pursuant to Section 15362 of the CEQA Guidelines (feasibility or planning studies).

DRAFT

Section 2

Municipal Service Review Analysis

LAFCO has conducted the analysis below and its conclusions / determinations are based on current conditions and assumptions.

2.1 Growth and Population Projections

The population of the MPUD service area is estimated based on the population of the Mojave Census Designated Place (CDP), which is about 4,442 persons per the 2023 American Community Survey published by the United States Census Bureau. The estimated population for 2023 is only a slight increase from the estimated 2000-2002 population in the 2004 MSR of 4,232. New development over the past 20 years has primarily been limited to industrial properties at the Space Port.

The system wide water and sewer connection fees were established and adopted in 2024 based on the incremental costs of needed improvements to serve proposed developments. The stated purpose of the connection fees is to allow for proposed developments to be assessed for their share of facility improvements, which can then be constructed where needed as development occurs.

Minor changes in the current Sphere of Influence appear appropriate given existing infrastructure and service patterns. Future amendments should be driven by demonstrated service need, infrastructure planning, and logical boundary alignment rather than speculative growth.

2.1.1 Determinations

Based on available demographic data and historical development trends,

- Population growth within the MPUD sphere of influence has remained flat for more than two decades and is not anticipated to change materially in the near term.
- Prolonged period of limited growth is a significant contextual factor in evaluating the District's long-term service sustainability, rate structure, and ability to finance infrastructure on a largely fixed customer base.
- The District's existing boundaries and Sphere of Influence generally reflect its service capacity; minor changes are warranted for new development and additional service demands.

2.2 Disadvantaged Unincorporated Communities

The MPUD provides water and sewer service to the Mojave CDP, which is classified as a severely disadvantaged unincorporated community. The District has installed metered water connections under a special agreement (Homestead Meters) that allows property owners in the Cache Creek area with no water service to purchase and haul off water as needed. There are currently nine active Homestead accounts. MPUD also provides water service to Wonder Acres, a residential development in California City, through a 4-inch master meter connection. The MPID evaluated the impact of these connections on the existing and future operation and maintenance needs of the water system and

determined user fees as part of the latest Water Rate Study.

2.2.1 Determinations

- The District is the primary provider of these essential services within the community and continued service reliability and affordability are key considerations in evaluating rate structures, annexations and future changes within the sphere of influence.

DRAFT

2.3 Public Facilities, Service Adequacy, and Infrastructure

Available information indicates that the District operates and maintains its water and sewer systems in compliance with applicable State and Federal requirements. A brief description of the District's facilities, current capacities and adequacy to meet current demands, and recommended improvements are provided below.

Potable Water System

The MPUD water supplies consist of groundwater from six wells owned and operated by the District and surface water purchased from AVEK, a State Water Project contractor, delivered through an emergency supply turnout. Two of the water system wells are located in Mojave and are capable of supplying water to Mojave only. The remaining four wells are located 6 miles east of Tehachapi, just south of State Route 58 near the Sand Canyon Road exit. These four wells comprise the District's Sand Canyon Well Field. These wells provide water to the community of Mojave and are the only source of potable water for the Cache Creek community located 5 miles northwest of Mojave.

District wide water consumption in 2023 was approximately 352 million gallons per year, a reduction from the water consumption of 584 million gallons per year noted in the 2004 MSR. Residential water usage has decreased substantially while commercial and industrial usage has increased. The reduction in residential water consumption is likely due to the replacement of older fixtures with new water conserving fixtures and other water conservation measures adopted by customers in response to statewide drought conditions. New development has primarily been industrial users at the Space Port.

Arsenic levels in two of the Sand Canyon wells exceed the California Regional Water Quality Control Board Division of Drinking Water (DDW) maximum contaminant level (MCL) of 10 micrograms per liter (ug/l) and as a result the District constructed and operates an Arsenic Treatment Facility to provide water to its customers in compliance with State and Federal standards. The MPUD water system includes 6 water storage tanks with a total volume of 5.8 million gallons, one of which is an arsenic blending tank located at the Sand Canyon wellsite, and associated booster pump stations.

The District's water transmission and distribution pipelines range from 6 to 18 inches in diameter. The existing 8-inch water pipeline from the Sand Canyon well site was installed in the 1950s and is in poor condition due to age and the location of the pipeline within Union Pacific Railroad (UPRR) right-of-way and its proximity to Cache Creek. In 2018, the District obtained grant funding for design and construction of a replacement pipeline which started construction in February 2026. The District evaluates its water system on an annual basis and includes needed capital improvements in its budget for the upcoming year.

A Water Shortage Contingency Plan was adopted in July 2023 (See **Appendix C**) outlining the steps to be taken in response to the severity of water supply shortage conditions. As noted under **Section 2.1**, the MPUD has experienced minimal population growth since 2000 and has had few new development proposals.

Sewer System:

The District's sewer collection system flows by gravity to WWTP which provides primary treatment consisting of sewage stabilization and disposal ponds. Existing sewer pipes range in size from 6 to 12-inches in diameter. Older sewer pipes are vitrified clay with newer sewer pipes made of PVC. The WWTP, located about 1.5 miles southeast of Mojave, has a permitted capacity of 0.6 million gallons per day (MGD).

The average WWTP flow in 2023 of 0.34 MGD is less than the 0.4 MGD estimated in the 2004 MSR. The reduction in sewage flows is consistent with the reduction in water consumption, mainly due to the reduction in residential water use. The District installed a meter to record sewer flows from the Space Port and charges this account in accordance with the Amended Contract for Sanitation Service executed on May 3, 2016. The Space Port connection is also subject to the terms of the Industrial Discharge Permit with the District. Available information indicates that the District operates and maintains its water system in compliance with applicable State and Federal requirements. The District evaluates its sewer system and WWTP on an annual basis and includes needed capital improvements in its budget for the upcoming year.

2.3.1 Determinations

- LAFCo finds that existing water system capacity is adequate to serve current demands. However, continued compliance and reliability are dependent on sustained capital investment, regulatory oversight, and rate support, particularly given the age of certain system components and groundwater quality constraints.
- LAFCo finds that existing sewer system and WWTP capacity are adequate to serve current demands. However, continued compliance and reliability are dependent on sustained capital investment, regulatory oversight, and rate support, particularly given the age of certain system components.

2.4 Financial Ability of Agency to Provide Services

The MPUD regularly assesses its financial needs and revenue sources. The District completed a Sewer and Water Connection Fee Study in May 2024 that established system wide connection fees based on the incremental costs of needed improvements to serve proposed developments (See **Appendix A**). The stated purpose is to assess proposed developments for their share of facility improvements, which can then be constructed where needed as development occurs.

Water and Sewer Rate Studies were completed in March 2024 based on expected revenues and expenses over the next five fiscal years (See **Appendix B**). The revised rates and charges proposed in these studies were adopted by District and in effect starting with the 2024-25 fiscal year.

The District conducts annual audits and prepares annual budgets, which LAFCo has reviewed as part of this MSR. The review of these audits shows that the District currently demonstrates the financial ability to provide water and sewer services under existing conditions and adopted rate structures. This finding is based on current assumptions regarding demand, operating costs, regulatory requirements, and capital funding practices and does not represent a guarantee of future financial performance under materially changed conditions.

The District has demonstrated the ability to operate and maintain its existing facilities. However, the absence of a comprehensive, board-adopted capital improvement plan (CIP) with defined funding strategies limits transparency and proactive asset management. Establishing a multi-year CIP with prioritized projects, lifecycle replacement schedules, and identified funding sources would improve long-term service reliability and reduce the risk of deferred maintenance.

The District's financial position appears stable for current operations. Nevertheless, the lack of formally adopted reserve targets tied to operating risk, capital replacement, and emergency contingencies limits fiscal resilience. Additionally, periodic rate studies do not appear to be conducted at regular intervals. Adoption of formal reserve policies and routine rate reviews would enhance financial sustainability and transparency.

The District's financial audits and budget information from the past three fiscal years are included in **Appendix D**.

2.4.1 Determinations

- District currently demonstrates the financial ability to provide water and sewer services under existing conditions and adopted rate structures.
- Mojave PUD maintains a generally functional infrastructure system; however, long-term capital planning and document replacement scheduled are limited, increasing the risk of increased deferred maintenance over time.
- The District maintains basic fiscal stability; however, reserve policies and rate structures may not be fully aligned with long-term infrastructure and operational needs.

RECOMMENDATION

Prepare and adopt a 5-10 year Capital Improvement Plan as part of the annual budget process. Adopt a reserve policy (e.g., operating, capital, emergency) and update water/wastewater rate studies at least every 5 years.

2.5 Status of, and Opportunities for, Shared Facilities

The MPUD's remote location relative to other service providers limits the opportunities for shared facilities and regional service integration. The geographic isolation is a structural constraint that reduces redundancy and limits alternative service delivery options.

The emergency connection with AVEK is one opportunity that the District was able to implement. The District also cooperates with nearby agencies to assist with facilities, equipment, or staffing on an as-needed basis and provides fire water and fire hydrants to the Kern County Fire Department to serve areas within the District's SOI.

2.5.1 Determinations

- The geographic isolation of the area is a structural constraint that reduces redundancy and limits alternative service delivery options and should be considered when evaluating annexations or

changes to the District's service responsibilities.

- Due to the remote area in which the district operates, shared facilities have limited potential. Opportunities for shared administration and staffing could bring considerable savings to operations.

RECOMMENDATION

Open negotiations with neighboring districts to determine if shared administration and staffing is feasible.

2.6 Accountability, Governmental Structure and Operational Efficiencies

The MPUD was chartered in 1938 under the Public Utility District Act, Public Utilities Code Division 7, Section 15501, et seq. The District is governed by a five-member board of directors that meets monthly. Directors are elected on an at large basis from within the District's boundaries. As a result, the District is directly accountable to its customers for providing water and sewer services. The District maintains a website with links for various forms, documents, information on board members and meetings, public notices, and emergency information.

The District provides essential services in a manner generally consistent with comparable agencies. However, the absence of defined performance benchmarks and regular reporting limits the ability to evaluate service effectiveness over time. Establishing measurable service standards (e.g., response times, water loss percentages, outage frequency) would improve accountability and operational oversight.

2.6.1 Determinations

- The district has and continues to provide adequate water and sewer services.
- The District's governance structure provides direct accountability to its service area residents and customers.
- Continued governance effectiveness will depend on the District's capacity to manage increasing regulatory, financial, and infrastructure complexity within a low-growth environment.
- Service levels are generally consistent with similar districts; however, formal performance metrics are not clearly defined or reported.

RECOMMENDATION

Develop and report annual key performance indicators (KPIs) to the Board.

3.0 Conclusion

The Mojave Public Utility District continues to provide essential services within its established

jurisdictional boundaries and remains a stable service provider in the eastern Kern County region. The District benefits from existing infrastructure, defined service responsibilities, and longstanding institutional presence. No significant service disruptions or governance deficiencies were identified through this review.

At the same time, broader regional conditions—including population trends, economic constraints, and the physical environment—limit opportunities for significant growth or expansion of services. As a result, the District’s operational outlook is best characterized as stable rather than dynamic.

This Municipal Service Review finds that the District is generally meeting its service obligations; however, continued attention to long-term infrastructure maintenance, financial sustainability, and service efficiency will be important in ensuring ongoing reliability. Opportunities to coordinate with adjacent agencies, where appropriate, may provide incremental benefits, particularly in areas of cost containment and operational efficiency.

Consistent with the Cortese-Knox-Hertzberg Act, this review does not identify a present need for major structural changes to the District. Rather, the emphasis should remain on maintaining existing service levels, improving operational efficiencies where feasible, and ensuring that governance practices continue to support transparency and accountability. The Sphere of Influence requires only minor changes as new projects call for additional service areas.

In summary, the Mojave Public Utility District is functioning adequately within its current framework. Future policy considerations should focus on maintaining service reliability, addressing long-term infrastructure needs, and evaluating opportunities for collaboration that enhance efficiency without compromising service quality.

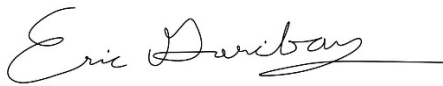
Appendix A

2024 Water and Sewer Connection Fee Study

DRAFT

MOJAVE PUBLIC UTILITY DISTRICT

Water and Sewer Connection Fee Study



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60709155
MAY 2024

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Appendix A

Construction Cost Estimates

Section 1 – Introduction

The Mojave Public Utility District (District) currently provides drinking water and sewer service to approximately 4,300 people in the Mojave and Cache Creek areas of unincorporated Kern County, California. The District currently serves these customers through about 1,190 service connections. The District's service area encompasses single and multi-family residential dwellings, commercial and industrial areas.

The District is located in the southeastern part of Kern County, California, approximately 100 miles north of Los Angeles and 60 miles east of Bakersfield. The District's service area encompasses approximately 19 square miles of unincorporated land. The majority of the land located within the District's service area is undeveloped. The developed properties are primarily around central Mojave, with the exception of the Wonder Acres and Cache Creek subdivisions. The study area for the purposes of this report includes the District's current service area and sphere of influence boundary.

Potable water is served to the District through a water distribution system supplied by six wells owned and operated by the District and an emergency supply turnout from the Antelope Valley – East Kern Water Agency. Two of these wells are located in Mojave and are capable of supplying water to Mojave only. Four of the wells are located 6 miles east of Tehachapi, just south of State Route 58 near the Sand Canyon Road exit. These four wells comprise the District's Sand Canyon Well Field. These wells also provide water to Mojave and are the only source of potable water for the Cache Creek community located 5 miles northwest of Mojave.

Sewer service is provided by the District through a sewage collection system which delivers the sewage via gravity to the District's Wastewater Treatment Plant. The Wastewater Treatment Plant provides primary treatment only consisting of sewage stabilization and disposal ponds.

Section 2 – Justification

The District last prepared a Water and Sewer Connection Fee Study nearly two decades ago in December of 2006. The study was based on improvements recommended in the 2002 Water and Sewer System Master Plan updates. These Master Plan updates and resulting Connection Fees are based on population and private development assumptions that have not come to fruition. For example, the Master Plan updates estimated that population growth would quintuple by Year 2025 when in reality the population of Mojave has been slightly decreasing but holding relatively steady. Additionally, the community of Mojave has not seen any development growth over the past few decades. As a result, the District has collected minimal Connection Fees totaling \$16,600 for Water and \$24,000 for sewer.

Over the past year, the District has received a number of inquiries regarding potential development in the community. It is worth mentioning that these inquiries do not specifically align with any particular development identified in the Master Plan updates and were identified as speculative at the time of the inquiry. As a result of these inquiries, the District has requested of AECOM to reevaluate the Connection Fees.

The following sections of this study establish the basis for uniform system-wide water and sewer Connection Fees based on an identifiable set of improvements. Connection Fees shall be based on the costs of the needed improvements. Revenues generated from the Connection Fees shall be made available to pay the costs of the system improvements. Currently state law precludes the use of such revenues to pay for any portion of operation and maintenance expenses.

This study provides the analysis establishing the procedures and requirements for establishing or increasing "development" fees and accounting for the collection and expenditure of funds. In order to establish such fees for developing areas, the following information needs to be established to substantiate the need for and magnitude of the proposed Connection Fees:

1. PURPOSE OF THE CONNECTION FEE: Provide adequate domestic water facilities and wastewater conveyance, treatment and disposal facilities to meet the District's growing needs.
2. USE OF CONNECTION FEE: To fund the construction of the needed water and wastewater conveyance, treatment and disposal facilities.
3. RELATIONSHIP BETWEEN THE CONNECTION FEE'S USE AND THE PROPOSED IMPROVEMENT: The District's undeveloped areas designated for future development need a sewer and water system and the present facilities are not adequate to meet their projected needs.
4. RELATIONSHIP BETWEEN THE NEED FOR THE FACILITY AND THE PROPOSED IMPROVEMENT: The District's present facilities are not adequate to meet the projected needs of new development.
5. RELATIONSHIP BETWEEN THE AMOUNT OF THE CONNECTION FEE AND THE COST OF THE FACILITY: The Connection Fee schedule of rates is based on the cost of providing sewer and water service to new developments.

The need for water and sewer improvements is described in this report. Cost estimates for the needed improvements are included. Based on the estimated costs, connection fees for different types of customers are calculated.

#

Section 3 – Change to Development Projection and Improvements Approach

As stated, the previous Connection Fee Study identified Connection Fees based on the water and sewer improvements identified in the latest Water and Sewer Master Plan Updates (2002). Said improvements are tied to population and development projections which do not align with actual conditions. As a result, the District is changing the approach for identifying the improvements on which Connections Fees will be based. Though there has been negligible population and development growth in the community, the District acknowledges the need for updated Connection Fees to fund necessary system expansions to provide water and sewer service for new development. The District's operations reveal that both the Water and Sewer systems are approaching their respective operational capacities and any single large size development will require an expansion to the respective systems.

For the purposes of this study, the District proposes the use of single family residential development equivalents as the basis on which to calculate other development types including multi family residential, commercial, and industrial. In order to serve said residential development, the District will assume a set of improvements needed. These improvements are identified in the respective sections of the Connection Fee analysis.

Section 4 – Water Connection Fee

Existing Water System Connection Fees

The District's current water system connection fees were established by meter size pursuant to a Water System Connection Fee Study conducted in 2006 and are summarized in **Table 1**:

Table 1
Current Water System Connection Fees

Meter Size	Connection Fee
3/4-inch	\$3,100
1-inch	\$5,200
1 ½-inch	\$10,400
2-inch	\$16,550
3-inch	\$36,200
4-inch	\$62,000
6-inch	\$139,500
8-inch	\$165,350

The Connection Fees shown in **Table 1** are in addition to other fees and charges established by the District as a part of their water service application process.

Development of Revised Water System Connection Fees

Providing water service to customers within proposed new developments requires the District to have adequate water supply, treatment, transmission, booster pumping, and storage facilities available to meet the anticipated demands. It is appropriate and necessary for new connections to contribute their fair share of the costs associated with constructing new water system facilities.

Identification of Proposed Water System Facility Improvements

The analysis and identification of proposed water system facility improvements for new developments is based on the following assumptions for this Water System Connection Fee Study:

- The 3/4 inch meter size as noted in **Table 1** is assumed to represent a single family residential equivalent (SFRE) dwelling unit.
- Water demands for a single family residential equivalent are based on the latest District Improvement Standards as modified below;
 - Given drought conditions and water conservation measures, the District has experienced a decline in water usage. The per capita usage identified in the District's standards of 250 gallons per day is not representative of actual conditions. Per California Waterworks Standards, the water system evaluation shall be determined based on the highest consumption year over the last decade. The highest yearly residential consumption occurred in 2013 with a total water usage of 189,052,000 gallons of water. Dividing this by the estimated population of Mojave (4,300 people) and 365 days per year, results in a per capita usage of 120 gallons per day.
 - Average daily flow is based on a household density of 3.5 capita with a water demand of 120 gallons per day per capita. This equates to 0.29 gpm.
 - Maximum day demand is specified to be 250% of the average daily flow or 0.73 gpm.
 - Peak hour demand is specified to be 350% of the average daily flow or 1.02 gpm.
- Water system facility improvement components are proposed based on meeting the needs of a conceptual single family residential development within the District's Sphere of Influence and serviced by one 3/4 inch meter per SFRE.

The water facility improvement components identified for the conceptual single family residential development are described below.

Water Well

New groundwater wells within the District are planned to have a target capacity of 1,000 gpm. The calculation of the SFRE per water well is based on maximum day demands per California Waterworks

Standards requirements for water sources. Dividing the 1,000 gpm capacity by the maximum day demand of 0.73 gpm/SFRE results in a service capacity of approximately 1.371 SFRE per well.

Treatment – Nitrate

The District has decided not to pursue the development of new wells within the Sand Canyon Well Field. This decision has been made as a result of the limitations of other water system components in the area including treatment plant, storage, and transmission mains. The District anticipates that a new well capable of producing the assumed yield is likely to be found somewhere within the southeastern side of the community. A new well developed within this area is likely to contain levels of nitrate in excess of the regulated Maximum Contaminant Level (MCL). This supported by the water quality of the District's Well 30 which contains levels of nitrate above the regulated MCL and as a result is offline for potable water use.

Therefore, a component for a treatment system has been included as part of the proposed water facility improvements. The calculation of the SFRE for treatment system improvements is based on average day demands since the treatment system would operate off peak and provide water into storage for later use. An average day demand capacity of 1,000 gpm is assumed per treatment system to match the anticipated yield capacity of the well. Dividing the 1,000 gpm capacity by the average day demand of 0.29 gpm/SFRE results in a service capacity of approximately 3,429 SFRE per treatment system.

Storage Tank

Storage requirements for the conceptual residential development are based on the storage design criteria presented below:

- Operational storage at 25% of maximum day demand
- Fire storage at 500 gpm for two hours (60,000 gallons)
- Emergency storage at 33% of maximum day demand

The District proposes a 1.0 million gallon (MG) storage tank for the new development. This tank is used as a basis for the determination of storage component for the proposed water system facility improvements. Subtracting the fire flow from the 1.0 MG storage, and assuming the required storage of 58% of maximum day demands, the proposed tank could serve approximately 1,544 SFRE.

Booster Pump Station

The service capacity for the booster pump station component of proposed water system facility improvements is based on meeting maximum day demands. A design capacity of 1,000 gpm is assumed for the booster pump station to match the yield capacity of the well. Dividing the 1,000 gpm capacity by the maximum day demand of 0.73 gpm/SFRE results in a service capacity of approximately 1,371 SFRE per booster pump station.

Transmission Pipeline

The service capacity for the transmission pipeline component of water system facility improvements is based on meeting maximum day demands. The pipeline component is intended to represent a capacity acquisition or buy-in to transmission mains. It should be noted that distribution pipelines (i.e., small diameter pipelines within the various developments) are not included in the determination of Connection Fees since they are typically constructed by developers.

The service capacity is based on a 10-inch diameter pipeline with a maximum velocity of 6 feet/second. Dividing the pipe capacity of 1,468 gpm by the maximum day demand of 0.73 gpm/SFRE results in a service capacity of approximately 2,014 SFRE per transmission pipeline. An approximately length of two miles of transmission pipeline is assumed. It is assumed that additional funding sources, such as developer funding with reimbursement agreements, will be utilized to construct transmission pipelines to proposed developments that are not located near existing District water system facilities.

The determination of service capacity by number of SFRE for the various water facility improvement components is summarized in **Table 2**.

Table 2
Summary of Service Capacity (No. of SFRE) for
Water Facility Improvement Components

Description	Design Capacity	Design Criteria/Demand Factor	Service Capacity: No. of SFRE
Water Well	1,000 gpm	Maximum Day Demand 0.73 gpm/SFRE	1,371
Treatment: Nitrate	1,000 gpm	Average Day Demand 0.29 gpm/SFRE	3,429
Storage Tank	1.0 MG	Maximum Day Demand 58% of 0.73 gpm/SFRE ¹ Fire Flow - 500 gpm for 2 hours	1,544
Booster Pump Station	1,000 gpm	Maximum Day Demand 0.73 gpm/SFRE	1,371
10-inch Transmission Pipeline	1,468 gpm ²	Maximum Day Demand 0.73 gpm/SFRE	2,014

1. Based on a 24-hour period.
2. Based on a pipe velocity of 6 feet/second.

Estimated Costs of Proposed Improvements

Conceptual level construction cost opinions for proposed District water system facilities are developed and included in **Appendix A**. The cost opinions are based on the cost opinions of similar types of facilities in the County. Contingencies and soft costs are estimated at 50% of estimated construction costs.

The water component facility cost opinions used in this analysis are summarized in **Table 3**. The estimated cost for each water system component has been divided by the service capacity in number of SFRE as determined in **Table 2** to develop an estimated cost per SFRE. Based on this analysis, the total estimated cost per SFRE is calculated to be approximately \$7,200/SFRE.

Table 3
Summary of Conceptual Level Construction Cost Opinions
& Calculation of Estimated Cost/SFRE for Water System

Description	Cost	No. SFRE	Cost/SFRE *
New Well	\$ 2,475,000	1,371	\$ 1,800
Treatment	\$ 4,950,000	3,429	\$ 1,400
Transmission	\$ 2,172,000	2,014	\$ 1,100
Storage	\$ 2,850,000	1,544	\$ 1,800
Booster Pumps	\$ 1,500,000	1,371	\$ 1,100
Total Cost per SFRE			\$ 7,200

*Rounded to the nearest \$100

Calculation of Proposed Water System Connection Fees

In order to allocate costs equitably to users with various meter sizes, meter equivalency factors were developed from data published as Table B-2 in AWWA Manual M1 for the various meter sizes. The calculation of meter equivalent ratios is summarized in **Table 4**.

Table 4
Calculation of Meter Equivalent Ratios

Meter Size	Meter Flow Capacity (gpm)	5/8x3/4inch Meter Equivalent Ratio
3/4 inch	30	1.0
1-inch	50	1.7
1-1/2 inch	100	3.3
2 inch	180	5.3
3 inch	320	10.7
4 inch	500	16.7
6 inch	1000	33.3
8 inch	1600	53.3

The District's metered water use data by meter size indicates a reasonable correlation between meter size and metered water use within the District on both an annual and maximum month basis. Therefore, it is proposed to use the meter equivalent ratios as noted above as the basis for determining the proposed Connection Fees by meter size.

The estimated cost per SFRE of \$7,200 calculated in **Table 3** is proposed as the Connection Fee for a 3/4 inch meter. The proposed water system Connection Fees by meter size based on the meter equivalent ratios from **Table 4** are presented in **Table 5**.

Table 5
Proposed Water System Connection Fees

Meter Size	Connection Fee
3/4-inch	\$7,200
1-inch	\$12,000
1 1/2-inch	\$24,000
2-inch	\$38,400
3-inch	\$76,800
4-inch	\$120,000
6-inch	\$240,000
8-inch	\$384,000

Section 5 – Sewer Connection Fee

Existing Sewer System Connection Fees

The District's current sewer system Connection Fees were established by user category pursuant to a Sewer System Connection Fee Study conducted in 2006 and are summarized in **Table 6**:

Table 6
Current Sewer System Connection Fees

Customer Classification	SFRE Factor	Sewer Connection Fee
Single Family Dwelling	1.0	\$3,000
Apartments (per unit)	0.68	\$2,040
Hotel (per unit)	0.33	\$990
Mobil Home and RV Parks (per space)	0.74	\$2,220
Churches and Fraternal Organizations	0.72	\$2,160
Small Retail Businesses (up to 15 employees)	1.0	\$3,000
Large Retail Businesses (more than 15 employees)	4.0	\$12,000
Restaurants (per seat)	0.14	\$420
Super Markets	4.0	\$12,000
Laundromats (per machine)	0.83	\$2,500
Service Stations (gasoline/diesel)	2.0	\$6,000
Car Washes	3.5	\$10,500
Schools (per student)	0.06	\$180
Small County Buildings	1.0	\$3,000
Large County Buildings	4.0	\$12,000

The connection fees shown in **Table 6** are in addition to other fees and charges established by the District as a part of their sewer service application process.

Development of Revised Sewer System Connection Fees

Providing sewer service to customers within proposed new developments requires the District to have adequate wastewater collection and treatment facilities available to meet the anticipated needs. It is appropriate and necessary for new connections to contribute their fair share of the costs associated with constructing new sewer system facilities.

Identification of Proposed Water System Facility Improvements

The analysis and identification of proposed sewer system facility improvements for new developments is based on the following assumptions for this Sewer System Connection Fee Study:

- A single family residential equivalent (SFRE) dwelling unit is used as the baseline for calculating the respective Connection Fee. Other customer/user classifications are then charged a proportional Connection Fee based on the respective use factor.
- Sewage production for a single family residential equivalent is based on the latest District Improvement Standards as modified below;
 - Given drought conditions and water conservation measures, the District has experienced a decline in water usage which has resulted in a decrease in the amount of wastewater generated from each residence. The per capita sewage production per SFRE has been

estimated at 50% of the average daily per capita water usage of 120 gallons per day. This equates to 60 gallons per day per capita.

- For the average population of 3.5 persons per household, this equates to 210 gallons per day per SFRE.
- The Peaking Factor is dependent on the average daily flow and ranges between 2.0 at the lower end to 3.0 at the full capacity of the plant as identified in the 2002 Sewer Master Plan update.
- Sewer system facility improvement components are proposed based on meeting the needs of a conceptual single family residential development within the District's Sphere of Influence and serviced by a single SFRE connection.

The sewer facility improvement components identified for the conceptual single family residential development are described below.

Wastewater Treatment Expansion

The existing treatment plant was designed for an average daily flow of 0.6 million gallons per day (MGD). Current flows into the treatment plant are estimated at approximately 0.36 MGD, with approximately 0.24 MGD remaining capacity for future flows. The District's next anticipated expansion is expected to increase the capacity of the plant by 50% from the current average daily flow of 0.6 MGD to 0.9 MGD. This resulting in 0.54 MGD of existing and future capacity available for new development. The District anticipates that the Regional Water Quality Control Board will likely require a revision to the Waste Discharge Requirements (WDRs) resulting in the need for mechanical treatment equipment. For the purposes of calculating a Connection Fee, the District is assuming that it will convert the plant from its current primary treatment consisting of stabilization and disposal ponds to a BIOLAC system which will include a headworks with screening and grit removal capabilities.

Based on the available existing and future wastewater treatment plant capacity of 0.54 MGD and the average sewage production rate per SFRE of 210 gpd, 2,571 SFREs can be served.

Sewer Trunk Main

As part of the conceptual residential development, the District has assumed that it will need the construction of a 2 mile trunk sewer main. The service capacity for the trunk main component of the sewer system facility improvements is based on meeting peak hour flows assumed with a peaking factor of 3.0 from the average daily flows. The trunk main component is intended to represent a capacity acquisition or buy-in to trunk main. It should be noted that collection mains (i.e., small diameter pipelines within the various developments) are not included in the determination of Connection Fees since they are typically constructed by developers.

The service capacity is based on a 12-inch diameter sewer main flowing half full. Dividing the pipe capacity of 2.62 cfs by the peak flow of 0.000974822 cfs /SFRE results in a service capacity of approximately 2,687 SFRE per trunk main. It is assumed that additional funding sources, such as developer funding with reimbursement agreements, will be utilized to construct trunk mains to proposed developments that are not located near existing District water system facilities.

The determination of service capacity by number of SFRE for the various sewer facility improvement components is summarized in **Table 7**.

Table 7
Summary of Service Capacity (No. of SFRE) for
Sewer Facility Improvement Components

Description	Design Capacity	Design Criteria/Demand Factor	Service Capacity: No. of SFRE
WWTP Expansion	0.54 MGD ¹	Average Day Flow 210 gpd/SFRE	2,571
Sewer Trunk Main	2.62 cfs	Peak Hour Flow 0.000974822 cfs/SFRE	2,687

Estimated Costs of Proposed Improvements

Conceptual level construction cost opinions for proposed District sewer system facilities are developed and included in **Appendix A**. The cost opinions are based on the cost opinions of similar types of facilities in the County. Contingencies and soft costs are estimated at 50% of estimated construction costs.

The cost associated with the remaining capacity of the treatment plant must be determined and incorporated into the new Connection Fees. **Table 8** shows the breakdown for determining the existing treatment capacity costs.

Table 8
Available Treatment Capacity Costs

Original Plant Construction Costs	\$150,000
Number of Years From Construction Date	40
Cost Increase Index	3%
Present Worth Value (PWV)	\$500,000
0.24 MGD Capacity (40% of 0.6 MGD)	\$200,000

The sewer component facility cost opinions used in this analysis are summarized in **Table 9**. The estimated cost for each sewer system component has been divided by the service capacity in number of SFRE as determined in **Table 7** to develop an estimated cost per SFRE. Based on this analysis, the total estimated cost per SFRE is calculated to be approximately \$4,200/SFRE.

Table 9
Summary of Conceptual Level Construction Cost Opinions
& Calculation of Estimated Cost/SFRE

Description	Cost	No. SFRE	Cost/SFRE*
WWTP Expansion	\$8,100,000	2,571	\$3,200
Trunk Main	\$2,496,000	2,687	\$900
Existing WWTP Capacity	\$200,000	2,571	\$100
Total Estimated Cost per SFRE			\$4,200

*Rounded to the nearest \$100

Calculation of Proposed Sewer System Connection Fees

In order to determine a connection fee schedule that is equitable, all users should be compared to some "norm", such as a single family residence. Then each customer can be accounted for in terms of "single family residential equivalents" (SFRE). To do this, the District has established use factors for the different user classifications which exist within the District as part of the 2024 Sewer Rate Study being conducted

¹ Existing available capacity of 0.24 MGD plus 0.3 MGD expansion.

in occurrence with this Connection Fee Study. **Table 10** gives SFREs for different customer classifications based on the referenced date and their associated Connection Fees.

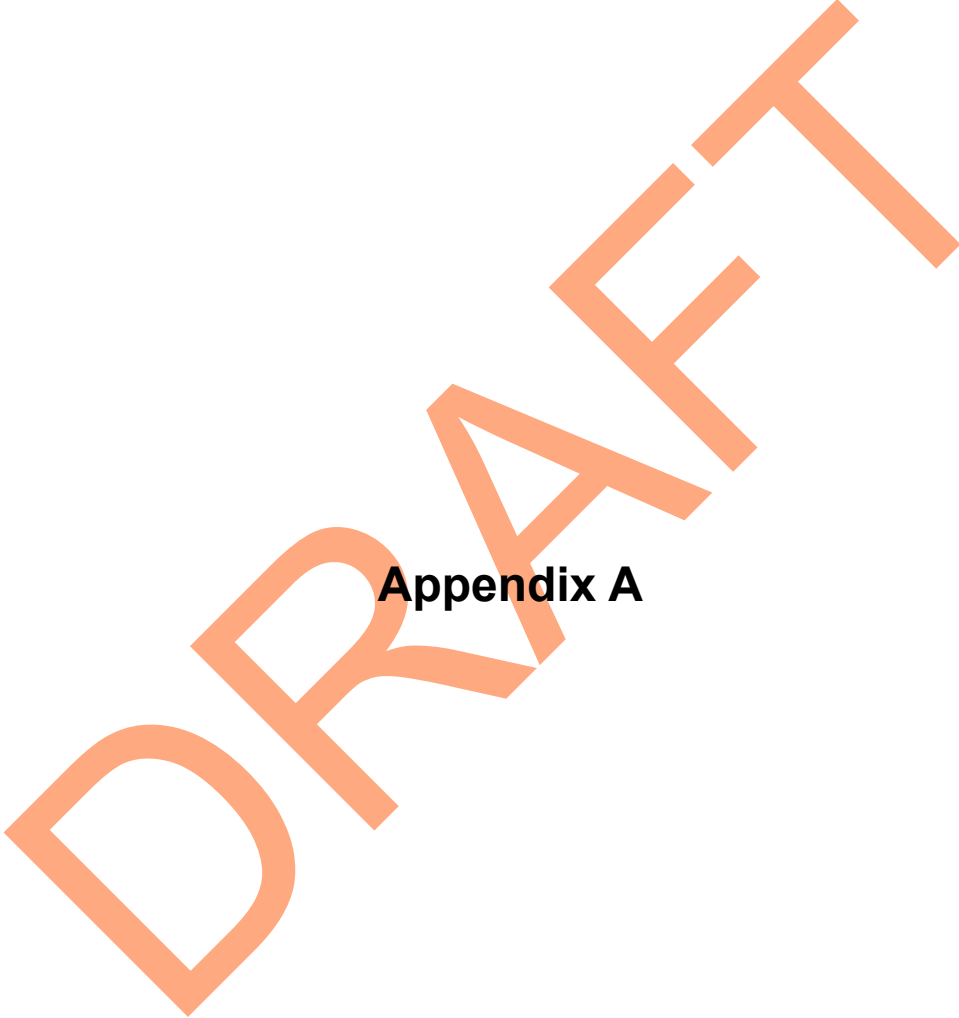
Table 10
Proposed Sewer System Connection Fees

Customer Classification	SFRE Factor	Sewer Connection Fee
Single Family Dwelling	1.00	\$4,200
Apartments (per unit)	0.75	\$3,200
Hotel (per unit)	0.29	\$1,200
Mobil Home (per space)	0.90	\$3,800
RV Parks (per space)	0.19	\$800
Churches and Fraternal Organizations	0.70	\$2,900
Small Retail Businesses (up to 15 employees)	1.00	\$4,200
Large Retail Businesses (more than 15 employees)	3.60	\$15,100
Restaurants (per seat)	0.14	\$600
Super Markets	6.60	\$27,700
Laundromats (per machine)	0.90	\$3,800
Service Stations (gasoline/diesel)	2.70	\$11,300
Truck Stops	4.00	\$16,800
Car Washes	3.40	\$14,300
Schools (per student)	0.06	\$300
Small County Buildings	1.00	\$4,200
Large County Buildings	3.60	\$15,100

Section 6 – Recommendations

It is recommended that the District adopt the proposed water and Sewer Connection Fees as proposed in Tables 5 and 10. A proposed schedule for adopting the recommended Connection Fees is presented below:

Event	Proposed Date
Mail Notice of Hearing	4/1/2024
Public Hearing (min. 45 days after date of mailing)	5/30/2024
Board Action on Rates	5/30/2024
Rate Effective Date	6/1/2024



Appendix A

Construction Cost Estimate - Well (March 2024 Dollars)				
Description	Quantity	Unit	Unit Cost	Estimated Cost
Mobilization / Demobilization	1	Lump Sum	\$100,000	\$100,000
Well Drilling and Development	1	Lump Sum	\$750,000	\$750,000
Well Equipping	1	Lump Sum	\$300,000	\$300,000
Well Site Improvements	1	Lump Sum	\$250,000	\$250,000
Electrical and Controls	1	Lump Sum	\$250,000	\$250,000
Construction Sub-Total				\$1,650,000
Contingencies + Soft Costs (50%)				\$825,000
Total Estimated Cost				\$2,475,000

Construction Cost Estimate - Treatment (March 2024 Dollars)				
Description	Quantity	Unit	Unit Cost	Estimated Cost
Mobilization / Demobilization	1	Lump Sum	\$150,000	\$150,000
Nitrate Treatment Package (Ion Exchange)	1	Lump Sum	\$2,750,000	\$2,750,000
Treatment Site Improvements	1	Lump Sum	\$200,000	\$200,000
Electrical and Controls	1	Lump Sum	\$200,000	\$200,000
Construction Sub-Total				\$3,300,000
Contingencies + Soft Costs (50%)				\$1,650,000
Total Estimated Cost				\$4,950,000

Construction Cost Estimate - Transmission Main (March 2024 Dollars)				
Description	Quantity	Unit	Unit Cost	Estimated Cost
Mobilization / Demobilization	1	Lump Sum	\$75,000	\$75,000
10-in PVC Transmission Main	1	Lump Sum	\$1,372,800	\$1,372,800
Construction Sub-Total				\$1,447,800

Contingencies + Soft Costs (50%)	\$724,000
Total Estimated Cost	\$2,172,000

Construction Cost Estimate - Storage Tank (March 2024 Dollars)				
Description	Quantity	Unit	Unit Cost	Estimated Cost
Mobilization / Demobilization	1	Lump Sum	\$100,000	\$100,000
1.0 MG Welded Steel Storage Tank	1	Lump Sum	\$1,500,000	\$1,500,000
Site Improvements and Yard Piping	1	Lump Sum	\$250,000	\$250,000
Electrical and Controls	1	Lump Sum	\$50,000	\$50,000
Construction Sub-Total				\$1,900,000
Contingencies + Soft Costs (50%)				\$950,000
Total Estimated Cost				\$2,850,000

Construction Cost Estimate - Booster Station (March 2024 Dollars)				
Description	Quantity	Unit	Unit Cost	Estimated Cost
Mobilization / Demobilization	1	Lump Sum	\$50,000	\$50,000
Booster Station	1	Lump Sum	\$500,000	\$500,000
Site Improvements and Yard Piping	1	Lump Sum	\$250,000	\$250,000
Electrical and Controls	1	Lump Sum	\$200,000	\$200,000
Construction Sub-Total				\$1,000,000
Contingencies + Soft Costs (50%)				\$500,000
Total Estimated Cost				\$1,500,000

Construction Cost Estimate - WWTP Expansion (March 2024 Dollars)				
Description	Quantity	Unit	Unit Cost	Estimated Cost
Mobilization / Demobilization	1	Lump Sum	\$150,000	\$150,000
Headworks	1	Lump Sum	\$1,750,000	\$1,750,000
Treatment Plant Expansion - Biolac System	1	Lump Sum	\$3,000,000	\$3,000,000
Electrical and Controls	1	Lump Sum	\$500,000	\$500,000
Construction Sub-Total				\$5,400,000
Contingencies + Soft Costs (50%)				\$2,700,000
Total Estimated Cost				\$8,100,000

Construction Cost Estimate - Trunk Main (March 2024 Dollars)				
Description	Quantity	Unit	Unit Cost	Estimated Cost
Mobilization / Demobilization	1	Lump Sum	\$80,000	\$80,000
12-in PVC Transmission Main	1	Lump Sum	\$1,584,000	\$1,584,000
Construction Sub-Total				\$1,664,000
Contingencies + Soft Costs (50%)				\$832,000
Total Estimated Cost				\$2,496,000

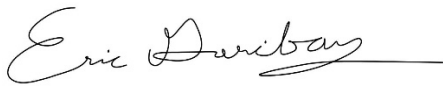
Appendix B

2024 Water and Sewer Rate Studies

DRAFT

MOJAVE PUBLIC UTILITY DISTRICT

Water Rate Study



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Project Manager



Monique Roberts, PE
Principal Engineer



60709155
MARCH 2024

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Appendix A

Table A-1: Comparison of Current and Proposed Rates for Typical Users

Table A-2: Comparison of Water Cost Data for Other Water Suppliers

Introduction

The Mojave Public Utility District (District) currently serves drinking water to approximately 4,300 people in the Mojave and Cache Creek areas of unincorporated Kern County, California. The District currently serves these customers through about 1,190 service connections. The District's service area includes single and multi-family residential dwellings, commercial development, and industrial areas.

Potable water is supplied to the District by six wells owned and operated by the District. Two of these wells are located in Mojave and are capable of supplying water to Mojave only. Four of the wells are located 6 miles east of Tehachapi, just south of State Route 58 near the Sand Canyon Road exit. These four wells comprise the District's Sand Canyon Well Field. These wells also provide water to Mojave and are the only source of potable water for the Cache Creek community located 5 miles northwest of Mojave. Water produced by these wells contains arsenic. The arsenic levels of two of these wells exceed the California Regional Water Quality Control Board Division of Drinking Water (DDW) maximum contaminant level (MCL) of 10 micrograms per liter ($\mu\text{g/L}$) and as a result, the District built an Arsenic Treatment Facility in order to provide water to its customers that is in compliance with the DDW standards.

The District last conducted a water rate study in 2018. Water rates have been adopted by the District in accordance with recommendations from that study. The current rates were adopted for the 2023-24 fiscal year, the last year covered by the 2018 Water Rate Study.

The District has authorized AECOM to review the current water rates in relation to the projected revenues and expenses over the next five fiscal years. Factors contributing to the need to re-evaluate the District's water rates include the following:

- Changes to water usage over time, including impacts due to drought conditions and State mandated water conservation policies,
- Changes in revenues available to the District,
- Increasing operations, maintenance, and replacement costs, and
- Inflation that has occurred since the last rate adjustment.

Revised water rates are recommended based on the District's projected water usage, revenues, and expenses for the next five years.

Current Rate Structure

The District's current water rate structure consists of three components:

1. Meter charge,
2. Usage fee, and
3. Surcharge fee.

The meter charge component is a minimum monthly charge to each water customer and is a fixed amount regardless of how much water a customer uses. Meter charges generally fund the District's fixed operations and maintenance (O&M) and administrative costs since these costs are incurred regardless of the amount of water supplied.

Usage fees and surcharge fees are charged to a customer based on the amount of water they use during a billing period. Revenues from usage fees and surcharge fees generally fund the District's variable O&M costs and replacement costs.

The District's current meter charge varies based on user category (residential or commercial/industrial) and meter size. Additionally, the District has assigned a separate meter rate for the "Wonder Acres"¹ development and "Homestead Meters"² which provide water to areas located outside of the District's boundaries. The Cal Wind windfarm is charged a flat rate of \$62 per month based on its estimated water usage and current water rates.

The District's current water rates are included in **Table 7**.

Evaluation Assumptions

Results and recommendations in this report are based on the following assumptions:

1. Initial revenues and expenditures are based on the District's Fiscal Year (FY) 2023-24 budget and a review of the actual revenues and expenditures to date.
2. The District's "GENERAL AND ADMINISTRATIVE EXPENSES", "OTHER REVENUE" and "PROPERTY TAXES" revenue are allocated to the water and sewer systems at 80% and 20% respectively based on the percentage of the total operating expenses for each system. Sewer rates are evaluated in a separate Sewer Rate Study.
3. Expenditures and revenues for the next five years (FY 2024-25 through 2028-29) are estimated as described in the text and in the notes for **Tables 1a and 1b**.
4. Depreciation expenses are included in the District's budget to generate reserve funds for repair and replacement of existing water system improvements. The District has been using its reserve funds to fund a number of repair and replacement projects (Capital Improvements). As such, the costs associated with these projects are not included in the water rate evaluation. It is recommended that capital improvement funding needs be reviewed and adjusted as a part of future rate studies.
5. The District maintains additional contingency reserve funds to allow for adequate cash flow and accommodate budget shortfalls. Any annual surplus or deficiency in funding results in additions to or deductions from these reserve funds.
6. Expenses for capital improvements to serve new developments are funded by monies in the connection fee account.
7. Monthly meter charges are developed in relation to flow capacity for each meter size and estimated water usage by customer type.
8. In general, monthly meter charges are determined based on fixed costs while water usage fees and surcharge fees are determined based on variable and replacement costs.
9. Homestead Meters and Wonder Acres are proposed to remain as assigned rate meter charge customers due to the special circumstances involved with these services (see footnotes on Page 2 and the text for Tables 4a through 4e). Cal Wind is proposed to remain as a flat rate customer.
10. Revenue from water usage fees for construction meters and Homestead Meters are not included in the revenue calculations, since they are highly variable and are not a significant source of revenue.

¹ Wonder Acres is a residential development within California City that is served by the MPUD through a 4-inch master meter connection.

² Homestead Meters provide connections by special agreement with the District that allow property owners in the Cache Creek area with no water service to purchase and haul off water as needed. There are currently nine active Homestead accounts.

11. Pumping power costs are anticipated to increase with the operation of the new Booster Station for the Cache Creek Water Pipeline Replacement Project, which may occur during FY 2026-27. Similarly, pumping costs for the existing Cache Creek Booster Pump Station will be eliminated due to demolition of that pump station. These impacts are not addressed in this rate study and should be evaluated in a future water rate study.

Evaluation Tables

The tables used to evaluate the District's water rates are described as follows.

Table 1a: Summary of Projected Water System Expenses

Table 1a shows the breakdown of expenditures from the District's FY 2023-24 budget, modified based on expected actual expenditures, and escalated for the following five fiscal years. Salaries and benefits are assumed to increase by 6% annually. Pumping power costs are assumed to increase by 10% annually. OPEB GASB 45 expenses are assumed to remain constant. All other expenses are assumed to increase by 3% annually.

Table 1b: Summary of Projected Water System Revenues (Exclusive of User Fees)

Table 1b shows the breakdown of revenue from the District's FY 2023-24 budget, modified based on expected actual revenues, and escalated for the following five fiscal years. Included in the revenues are 80% of the projected domestic sewer dump fees (collected from waste haulers located primarily outside of the District's service area and discharging septic wastes into the District's sewer). These revenues are considered to be additions to the District's general funds. Property tax revenues, water permits, new account charges, delinquent charges, and domestic sewer dump fees are assumed to increase by 3% annually. All other revenues are assumed to remain constant. Revenues from water rates are not included in this table.

Table 1c: Summary of Projected Expenses Less Revenues

The revenues required to be generated through user rates to cover fixed, variable, and replacement expenses are calculated in **Table 1c** as the difference between the total projected expenses calculated in **Table 1a** less the total projected revenues calculated in **Table 1b**. The water share of non-operating revenue sources from **Table 1b** are assumed to offset fixed expenses, except for domestic sewer dump fees which are assumed to be split with 40% allocated to offset fixed expenses and 60% to offset variable and replacement expenses.

Table 2: Current Meter Distribution

Table 2 shows the breakdown of the current metered connections to the District's water system. The users are categorized by connection type (residential, commercial, or industrial) and by meter size. The Cache Creek residential area is categorized separately since users in this area are currently charged an additional fee to cover pumping energy costs associated with providing water service to the Cache Creek area. The meter count in **Table 2** does not include the meters for assigned rate users (Homestead Meters and Wonder Acres).

The number of meters in **Table 2** is an increase of approximately 3% from the number of meters shown in the 2018 Water Rate Study. Residential customers comprise approximately 77% of the total metered connections, with commercial and industrial connections providing the remaining 23%.

Table 3: Current and Projected Water Usage by User Category

Table 3 shows the water usage by user category based on current and future conditions. Although residential connections currently comprise approximately 77% of the total metered connections, residential water use accounted for only 29% of the total water used during FY 2022-23. The combined commercial and industrial customers used approximately 71% of the water. This is primarily because most of the residential customers have a meter size of 1-inch or less, and the larger meter connections

use significantly more water than the smaller meter connections. Nearly all the 3-inch through 6-inch meter connections are for commercial or industrial customers.

Residential water usage during FY 2022-23 was approximately 31% less than projections for FY 2022-23 from the 2018 Water Rate Study. A good portion of this reduction in water use is likely due to the replacement of older fixtures with water conserving fixtures and other water conservation measures adopted by customers in response to drought conditions. The reduced water usage for existing development is anticipated to continue with the State's plan to "Make Conservation a California Way of Life".

Due to continued growth of businesses at the Mojave Air and Spaceport (Airport), future water use for the Airport is assumed to increase by 3% annually. The water usage for the remaining water uses is assumed to remain constant based on continuing water conservation measures and since no new development, other than at the Airport, is anticipated during the next five years.

Table 4: Revenue from Current Water Service Charges

To allocate costs equitably to users with various meter sizes, the District's meter equivalency factors are based on data published as Table B-2 in AWWA Manual M1 for the various meter sizes.

Meter Size (inches)	Normal Max Operation (gpm)	Meter Equivalency Factor
0.75	30	1.00
1.00	50	1.67
1.50	100	3.33
2.00	160	5.33
3.00	320	10.67
4.00	500	16.67
6.00	1000	33.33
8.00	1600	53.33

Monthly meter charges are assessed in relation to flow capacity for each meter size and estimated water usage by customer type. The monthly and annual revenues estimated to be generated based on the District's current monthly water service charges are calculated in **Table 4** based on the meter distribution from **Table 2** and current water rates from **Table 7**. Revenues from construction meters are not included due to the variability of this revenue source.

Tables 4a through 4e: Revenue from Proposed Water Service Charges

The current usage factor for commercial/industrial connections of 1.48 times residential connections as adopted in the 2018 Water Rate Study is proposed to remain based on a comparison to 2022 water use data.

The proposed monthly charges for FY 2024-25 through FY 2028-29 are shown in **Tables 4a through 4e** respectively. The revenues in these tables are calculated using the current meter distribution from **Table 2** since no new development is anticipated except at the Airport. Proposed charges for the various residential meter sizes are the result of multiplying the rate for the ¾-inch residential meter by the Meter Equivalency Factors in the preceding table. Charges for commercial and industrial meters are calculated by multiplying the charge for a residential meter of the same size by the usage factor of 1.48. The proposed monthly water service charges have been determined based on the projected fixed expenses less non-operating fixed revenue from **Table 1c**.

Charges for Cache Creek reflect the additional pumping energy costs required to serve these customers. The pumping energy cost is estimated to be \$8.41 for ¾-inch meters and \$44.86 for the 2-inch meter for FY 2024-25 (calculated from FY 2022-23 energy bills with a 10% annual inflation rate). These amounts are added to the proposed residential rates for other MPUD customers.

Charges for Homestead Meters are proposed to continue to be set at the rate for a 1-inch commercial/industrial meter user. Charges for Cache Creek for FY 2024-25 through FY 2028-29 are proposed to be increased assuming a 10% annual increase on pumping energy costs.

The flat rate charged to Cal Wind is proposed to increase at the same percentage rate as the residential ¾-inch meter. The charge for the Wonder Acres meter was determined to be 44.29 times the residential ¾-inch meter in the 2018 Water Rate Study. This factor is proposed to remain based on a comparison to FY 2022-23 water use data. As with **Table 4**, revenues from construction meters are not included in these tables due to the variability of this revenue source.

Table 5: Revenue from Water Usage Charges and Surcharge Fees

Revenues to be generated from metered water usage charges and surcharge fees are calculated in **Table 5** using the projected annual water usage values from **Table 3**. The metered water usage fee is proposed to increase from the current \$1.65 per thousand gallons to \$1.81 per thousand gallons in FY 2028-29 while the surcharge fee is proposed to increase from the current \$0.27 per thousand gallons to \$0.31 per thousand gallons in FY 2028-29. Revenues from water usage by Homestead Meters and construction meters are not included in **Table 5** since they are inconsistent sources of revenues.

Table 6: Summary of Projected Revenues and Expenses

For each year in the study period, the expense values from **Table 1c** are subtracted from the revenue values from **Tables 4 through 4e** and **Table 5** to generate the projected surplus or deficiency in user rates in **Table 6**. The proposed water rates and charges in **Tables 4a through 4e** and **Table 5** for the fiscal years covered by this rate study have been developed such that the District continues to operate the water system with an annual surplus in each year. Any annual surplus or deficiency is assumed to be an addition to or reduction in District reserve funds. A graph showing the District's estimated and projected expenses during the period of the Water Rate Study is provided as **Figure 1**.

Table 7: Summary of Current and Proposed MPUD Water Rates

Current and proposed water service rates and charges from **Tables 4 through 4e** and **Table 5** for each user category are summarized in **Table 7**. Monthly water service charges and water service usage fees for construction meters are proposed to remain at 15% more than the charges for regular District customers (for a 3-inch meter connection) to cover District expenses associated with the temporary connections. Monthly water service charges for construction meters have been rounded up to the nearest ten cents.

The impact of the proposed increases on various typical water users has been calculated and is included in **Table A-1** in the Appendix. The annual increase in water charges for the five years of the Water Rate Study is estimated to be about 3-5% for most customers. The proposed rates are in the range of current water rates for other water agencies in the area (see **Table A-2** in the Appendix).

Recommendations

It is recommended that the District adopt the proposed water rates as summarized in **Table 7**. The District should reevaluate the rates annually to determine if further adjustments are required.

A proposed schedule for adopting the recommended rate increases is presented below:

Event	Proposed Date
Mail Notice of Hearing	1/31/2024
Public Hearing (min. 45 days after date of mailing)	3/28/2024
Board Action on Rates	3/28/2024
Rate Effective Date	4/1/2024

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Table 1a: Summary of Projected Water System Expenses

Water Operating Expenses ¹	Category ²	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
		Estimated	Projected	Projected	Projected	Projected	Projected
Water Purchases - AVEK	F	\$180,000	\$185,400	\$190,962	\$196,691	\$202,592	\$208,669
Salaries	F	\$450,000	\$477,000	\$505,620	\$535,957	\$568,115	\$602,202
Maintenance	F	\$55,000	\$56,650	\$58,350	\$60,100	\$61,903	\$63,760
Vehicle Maintenance	F	\$12,000	\$12,360	\$12,731	\$13,113	\$13,506	\$13,911
Vehicle Fuel	F	\$42,000	\$43,260	\$44,558	\$45,895	\$47,271	\$48,690
Pumping Power	V	\$190,000	\$209,000	\$229,900	\$252,890	\$278,179	\$305,997
Chlorination	V	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982
Arsenic Removal	V	\$70,000	\$72,100	\$74,263	\$76,491	\$78,786	\$81,149
Water Meters	F	\$15,000	\$15,450	\$15,914	\$16,391	\$16,883	\$17,389
Laboratory Tests	F	\$20,000	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185
Depreciation	R	\$341,000	\$351,230	\$361,767	\$372,620	\$383,799	\$395,312
Capital Improvements ³	R	\$0	\$0	\$0	\$0	\$0	\$0
PH Level Adjustment	F	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$57,964
State Health Annual Fee	F	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502	\$4,637
Subtotal Water Operating Expenses		\$1,454,000	\$1,524,420	\$1,599,095	\$1,678,328	\$1,762,459	\$1,851,847
General and Administrative Expenses (Water Share)¹							
Salaries	F	\$180,000	\$190,800	\$202,248	\$214,383	\$227,246	\$240,881
Maintenance	F	\$16,000	\$16,480	\$16,974	\$17,484	\$18,008	\$18,548
Communications	F	\$12,000	\$12,360	\$12,731	\$13,113	\$13,506	\$13,911
Workman's Compensation	F	\$16,000	\$16,960	\$17,978	\$19,056	\$20,200	\$21,412
Liability Insurance	F	\$20,800	\$21,424	\$22,067	\$22,729	\$23,411	\$24,113
Property Insurance	F	\$9,600	\$9,888	\$10,185	\$10,490	\$10,805	\$11,129
Dues, Memberships, Licenses, Fees	F	\$16,000	\$16,480	\$16,974	\$17,484	\$18,008	\$18,548
Office Expenses	F	\$9,600	\$9,888	\$10,185	\$10,490	\$10,805	\$11,129
Printing	F	\$9,600	\$9,888	\$10,185	\$10,490	\$10,805	\$11,129
Travel Expenses	F	\$1,600	\$1,648	\$1,697	\$1,748	\$1,801	\$1,855
Postage	F	\$8,800	\$9,064	\$9,336	\$9,616	\$9,904	\$10,202
Power	F	\$8,800	\$9,064	\$9,336	\$9,616	\$9,904	\$10,202
Natural Gas	F	\$3,600	\$3,708	\$3,819	\$3,934	\$4,052	\$4,173
Engineering	F	\$80,000	\$82,400	\$84,872	\$87,418	\$90,041	\$92,742
Legal	F	\$25,600	\$26,368	\$27,159	\$27,974	\$28,813	\$29,677
Auditing	F	\$22,400	\$23,072	\$23,764	\$24,477	\$25,211	\$25,968
District Pension Contribution	F	\$46,400	\$49,184	\$52,135	\$55,263	\$58,579	\$62,094
District Pension Administration	F	\$3,360	\$3,461	\$3,565	\$3,672	\$3,782	\$3,895
Medical Insurance	F	\$184,000	\$195,040	\$206,742	\$219,147	\$232,296	\$246,234
Directors Fees	F	\$8,800	\$9,064	\$9,336	\$9,616	\$9,904	\$10,202
District Portion FICA/MEDI	F	\$52,000	\$53,560	\$55,167	\$56,822	\$58,526	\$60,282
Seminars & Training	F	\$4,800	\$4,944	\$5,092	\$5,245	\$5,402	\$5,565
Depreciation	R	\$88,000	\$90,640	\$93,359	\$96,160	\$99,045	\$102,016
Miscellaneous	F	\$16,000	\$16,480	\$16,974	\$17,484	\$18,008	\$18,548
Bad Debt Expenses-Water & Sewer	F	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502	\$4,637
Uniform Service	F	\$6,400	\$6,592	\$6,790	\$6,993	\$7,203	\$7,419
Cross Connection Inspection	F	\$3,500	\$3,605	\$3,713	\$3,825	\$3,939	\$4,057
Life Insurance	F	\$3,600	\$3,816	\$4,045	\$4,288	\$4,545	\$4,818
Vision Care Insurance	F	\$3,600	\$3,816	\$4,045	\$4,288	\$4,545	\$4,818
County Tax Collection Fee	F	\$5,600	\$5,768	\$5,941	\$6,119	\$6,303	\$6,492
Returned Check Bank Charges	F	\$160	\$165	\$170	\$175	\$180	\$185
Dental Care Insurance	F	\$10,800	\$11,448	\$12,135	\$12,863	\$13,635	\$14,453
Safety & Medical Supplies	F	\$4,800	\$4,944	\$5,092	\$5,245	\$5,402	\$5,565
Maintenance Agreements	F	\$44,000	\$45,320	\$46,680	\$48,080	\$49,522	\$51,008
Credit Card Payment Charges	F	\$4,400	\$4,532	\$4,668	\$4,808	\$4,952	\$5,101
Directors Expenses	F	\$800	\$824	\$849	\$874	\$900	\$927
Election Expense	F	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319
OPEB GASB 45	F	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Subtotal General and Administrative Expenses (Water Share)		\$945,420	\$986,875	\$1,030,374	\$1,076,025	\$1,123,941	\$1,174,254
Total Expenses		\$2,399,420	\$2,511,295	\$2,629,469	\$2,754,353	\$2,886,400	\$3,026,101
Total Fixed Expenses		\$1,685,420	\$1,762,575	\$1,843,657	\$1,928,874	\$2,018,453	\$2,112,645
Total Variable Expenses		\$285,000	\$306,850	\$330,686	\$356,699	\$385,103	\$416,128
Total Replacement Expenses		\$429,000	\$441,870	\$455,126	\$468,780	\$482,844	\$497,328

Notes:

1. Pumping power is estimated to increase at 10% annually. Salaries and benefits are assumed to increase by 6% annually. OPEB GASB 45 is assumed to remain constant. All other expenses are assumed to increase by 3% annually.
2. F = Fixed, V = Variable, R = Replacement
3. Capital Improvements are assumed to be paid from Reserve Funds generated through budgeted depreciation expenses.

Table 1b: Summary of Projected Water System Revenues (Exclusive of User Fees)

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Estimated	Projected	Projected	Projected	Projected	Projected
Non Operating Revenue (Water Share)¹						
Water Connection Permits	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319
New Account Charges	\$2,400	\$2,472	\$2,546	\$2,623	\$2,701	\$2,782
Turn On charges	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688	\$1,739
Delinquent Charges	\$12,000	\$12,360	\$12,731	\$13,113	\$13,506	\$13,911
Returned Check Charges	\$400	\$400	\$400	\$400	\$400	\$400
Domestic Dump Fees (assumes 80% to water)	\$240,000	\$247,200	\$254,616	\$262,254	\$270,122	\$278,226
County Deposit - Interest	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000
Checking Account Interest	\$400	\$400	\$400	\$400	\$400	\$400
Tax Differentials	\$80	\$80	\$80	\$80	\$80	\$80
Refunds & Reimbursements	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
Miscellaneous	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
District Standard Specs	\$80	\$80	\$80	\$80	\$80	\$80
Plan Check & Inspection Fees	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Subtotal Non Operating Revenue (Water Share)	\$350,060	\$357,797	\$365,766	\$373,974	\$382,429	\$391,137
Property Taxes (Water Share)						
Secured Property Taxes	\$336,000	\$346,080	\$356,462	\$367,156	\$378,171	\$389,516
Unsecured Property Taxes	\$52,000	\$53,560	\$55,167	\$56,822	\$58,526	\$60,282
Prior Year Property Taxes	\$1,600	\$1,648	\$1,697	\$1,748	\$1,801	\$1,855
Other Collection	\$1,600	\$1,648	\$1,697	\$1,748	\$1,801	\$1,855
Subtotal Property Taxes (Water Share)	\$391,200	\$402,936	\$415,024	\$427,475	\$440,299	\$453,508
Total Non-Operating Revenues (Water Share)²	\$741,260	\$760,733	\$780,790	\$801,449	\$822,728	\$844,645
Total Non-Operating Fixed Revenues	\$597,260	\$612,413	\$628,021	\$644,096	\$660,654	\$677,709
Total Non-Operating Variable Revenues	\$144,000	\$148,320	\$152,770	\$157,353	\$162,073	\$166,935

Notes:

1. Tax revenues, water connection permits, new account charges, turn on charges, delinquent charges, and domestic dump fees are assumed to increase by 3% annually. All other revenues are assumed to remain constant.
2. Projected revenue from domestic dump fees are split with 40% applied to Non-Operating Fixed Revenue and 60% applied to Non-Operating Variable Revenue. All other revenues are applied to Non-Operating Fixed Revenue.

Table 1c: Summary of Projected Expenses Less Non-Operating Revenues

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Estimated	Projected	Projected	Projected	Projected	Projected
Expenses Less Non-Operating Revenues						
Amount to be Collected through User Charges	\$1,658,160	\$1,750,562	\$1,848,679	\$1,952,904	\$2,063,672	\$2,181,456
Fixed Expenses Less Non-Operating Fixed Revenue	\$1,088,160	\$1,150,162	\$1,215,636	\$1,284,778	\$1,357,798	\$1,434,936
Variable + Replacement Expenses Less Non-Operating Variable Revenues	\$570,000	\$600,400	\$633,042	\$668,126	\$705,874	\$746,521

Table 2: Current Meter Distribution

Meter Size (inches)	User Category				Total
	General Residential	Cache Creek	Commercial	Industrial	
3/4	853	33	121	2	1,009
1	18	0	47	2	67
1 1/2	3	0	17	0	20
2	2	1	43	0	46
3	0	0	11	3	14
4	2	0	5	3	10
6	0	0	1	0	1
8	0	0	0	2	2
Fire/Const	0	0	9	1	10
Total	878	34	254	13	1,179

Note: Meter Size Distribution Update per averages from MPUD Consumption Billing Reports.
Table does not include assigned rate users (11 additional accounts).

Table 3: Current and Projected Annual Water Usage (1000 gallons)

Year	Residential	Airport	Remaining Commercial & Industrial	Total
2022-23 Actual	101,417	37,871	212,871	352,159
2023-24	101,417	39,007	212,871	353,295
2024-25	101,417	40,177	212,871	354,465
2025-26	101,417	41,383	212,871	355,671
2026-27	101,417	42,624	212,871	356,912
2027-28	101,417	43,903	212,871	358,191
2028-29	101,417	45,220	212,871	359,508

Note: Water usage for Airport assumed to increase by 3% per year. Other water usage assumed to remain constant.

Table 4: Estimated Revenues from 2023-24 Water Service Charges

Revenue from Regular Metered Customers				
Meter Size (inches)	Monthly Water Service Charge (\$)			
	Residential	Cache Creek	Commercial	Industrial
3/4	39.69	45.99	58.77	58.77
1	66.15		90.98	90.98
1 1/2	132.30		181.96	181.96
2	211.68	245.28	291.14	291.14
3	423.36		582.28	582.28
4	661.50		909.80	909.80
6	1,323.00		1,819.63	1,819.63
8	2,116.80		2,911.41	2,911.41
Fire/Const Meter	0.00		669.70	669.70

Meter Size (inches)	Monthly Revenue (\$)			
	Residential	Cache Creek	Commercial	Industrial
3/4	33,856	1,518	7,111	118
1	1,191	0	4,276	182
1 1/2	397	0	3,093	0
2	423	245	12,519	0
3	0	0	6,405	1,747
4	1,323	0	4,549	2,729
6	0	0	1,820	0
8	0	0	0	5,823
Fire/Const Meter	0	0	6,027	670
Total	37,190	1,763	45,800	11,269

Meter Size (inches)	Annual Revenue (\$)			
	Residential	Cache Creek	Commercial	Industrial
3/4	406,272	18,216	85,332	1,416
1	14,292	0	51,312	2,184
1 1/2	4,764	0	37,116	0
2	5,076	2,940	150,228	0
3	0	0	76,860	20,964
4	15,876	0	54,588	32,748
6	0	0	21,840	0
8	0	0	0	69,876
Fire/Const Meter	0	0	72,324	8,040
Totals	446,280	21,156	549,600	135,228
Subtotal Annual Revenue				\$1,152,264

Revenue from Assigned Monthly Rate Users			
Customer	Monthly Charge		Annual Revenue
	Metered	Flat Rate	
Wonder Acres (4-inch meter)	1,757.61	0.00	21,091
Homestead Meters (9 accounts)	90.98	0.00	9,826
CalWind	0.00	62.00	744
Subtotal Annual Revenue			\$31,661

Total Annual Revenues from Monthly Service Charges	\$1,183,925
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Table 4a: Revenue from Proposed Water Service Charges (2024-25)

Meter Size (inches)	2024-25 Monthly Service Charge (\$)			Estimated Annual Revenue ¹ (\$)
	Residential	Cache Creek	Commercial/ Industrial	
3/4	40.09	48.50	59.33	517,138
1	66.82		98.89	72,580
1 1/2	133.63		197.77	45,156
2	213.81	258.67	316.44	171,519
3	427.63		632.89	106,326
4	668.17		988.89	110,970
6	1,336.33		1,977.77	23,733
8	2,138.13		3,164.43	75,946
Fire/Const	0.00		727.91	87,349
Total				\$ 1,210,717

Revenue from Assigned Monthly Rate Users

Customer	Monthly Charge (\$)		Annual Revenue (\$)
	Metered	Flat Rate	
Wonder Acres (4-inch meter)	1,775.19	0.00	21,302
CalWind	0.00	63.00	756
Homestead Meters (9 accounts)	98.89	0.00	10,680
Total			\$ 32,738

Total Projected Annual Revenues **\$ 1,243,455**

Table 4b: Revenue from Proposed Water Service Charges (2025-26)

Meter Size (inches)	2025-26 Monthly Service Charge (\$)			Estimated Annual Revenue ¹ (\$)
	Residential	Cache Creek	Commercial/ Industrial	
3/4	41.61	50.86	61.58	536,953
1	69.35		102.64	75,332
1 1/2	138.70		205.28	46,870
2	221.92	271.25	328.44	178,056
3	443.84		656.88	110,356
4	693.50		1,026.38	115,176
6	1,387.00		2,052.76	24,633
8	2,219.20		3,284.42	78,826
Fire/Const	0.00		755.57	90,668
Total				\$ 1,256,870

Revenue from Assigned Monthly Rate Users

Customer	Monthly Charge (\$)		Annual Revenue (\$)
	Metered	Flat Rate	
Wonder Acres (4-inch meter)	1,842.65	0.00	22,112
Cal Wind	0.00	65.00	780
Homestead Meters (9 accounts)	102.64	0.00	11,085
Total			\$ 33,977

Total Projected Annual Revenues **\$ 1,290,847**

Notes:

1. Based on meter distribution from Table 2. No increase in the number of meters is anticipated.

Table 4c: Revenue from Proposed Water Service Charges (2026-27)

Meter Size (inches)	2026-27 Monthly Service Charge (\$)			Estimated Annual Revenue ¹ (\$)
	Residential	Cache Creek	Commercial/ Industrial	
3/4	43.19	53.37	63.92	557,573
1	71.98		106.53	78,187
1 1/2	143.97		213.08	48,651
2	230.35	284.64	340.92	184,859
3	460.69		681.82	114,546
4	719.83		1,065.35	119,550
6	1,439.67		2,130.71	25,569
8	2,303.47		3,409.14	81,819
Fire/Const	0.00		784.28	94,114
Total				\$ 1,304,868

Revenue from Assigned Monthly Rate Users

Customer	Monthly Charge (\$)		Annual Revenue (\$)
	Metered	Flat Rate	
Wonder Acres (4-inch meter)	1,912.67	0.00	22,952
Cal Wind	0.00	67.00	804
Homestead Meters (9 accounts)	106.53	0.00	11,505
Total			\$ 35,261

Total Projected Annual Revenues	\$ 1,340,129
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Table 4d: Revenue from Proposed Water Service Charges (2027-28)

Meter Size (inches)	2027-28 Monthly Service Charge (\$)			Estimated Annual Revenue ¹ (\$)
	Residential	Cache Creek	Commercial/ Industrial	
3/4	44.83	56.03	66.35	579,000
1	74.72		110.59	81,166
1 1/2	149.43		221.16	50,496
2	239.09	298.83	353.85	191,911
3	478.19		707.72	118,897
4	747.17		1,105.81	124,090
6	1,494.33		2,211.61	26,539
8	2,390.93		3,538.58	84,926
Fire/Const	0.00		814.08	97,690
Total				\$ 1,354,715

Revenue from Assigned Monthly Rate Users

Customer	Monthly Charge (\$)		Annual Revenue (\$)
	Metered	Flat Rate	
Wonder Acres (4-inch meter)	1,985.35	0.00	23,824
Cal Wind	0.00	70.00	840
Homestead Meters (9 accounts)	110.59	0.00	11,944
Total			\$ 36,608

Total Projected Annual Revenues	\$ 1,391,323
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Notes:

1. Based on meter distribution from Table 2. No increase in the number of meters is anticipated.

Table 4e: Revenue from Proposed Water Service Charges (2028-29)

Meter Size (inches)	2028-29 Monthly Service Charge (\$)			Estimated Annual Revenue ¹ (\$)
	Residential	Cache Creek	Commercial/ Industrial	
3/4	46.53	58.85	68.86	601,223
1	77.55		114.77	84,236
1 1/2	155.10		229.55	52,412
2	248.16	313.87	367.28	199,239
3	496.32		734.55	123,404
4	775.50		1,147.74	128,795
6	1,551.00		2,295.48	27,546
8	2,481.60		3,672.77	88,146
Fire/Const	0.00		845.02	101,402
Total				\$ 1,406,403

Revenue from Assigned Monthly Rate Users

Customer	Monthly Charge (\$)		Annual Revenue (\$)
	Metered	Flat Rate	
Wonder Acres (4-inch meter)	2,060.79	0.00	24,729
Cal Wind	0.00	73.00	876
Homestead Meters (9 accounts)	114.77	0.00	12,395
Total			\$ 38,000

Total Projected Annual Revenues	\$ 1,444,403
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Notes:

1. Based on meter distribution from Table 2. No increase in the number of meters is anticipated.

Table 5: Revenue from Water Usage Charges and Surcharge Fees**Existing Rates**

Fiscal Year	Annual Water Usage (1,000 gal)	Surcharge Fee (\$/1000 gal)	Metered Usage Fee (\$/1000 gal)	Total Water Usage Fees (\$/1000 gal)	Total Annual Revenue (\$)
Estimated 2023-24	353,295	0.27	1.65	1.92	678,327

Proposed Rates

Fiscal Year	Annual Water Usage (1,000 gal)	Surcharge Fee (\$/1000 gal)	Metered Usage Fee (\$/1000 gal)	Total Water Usage Fees (\$/1000 gal)	Total Annual Revenue (\$)
Estimated 2024-25	354,465	0.27	1.65	1.92	680,574
Estimated 2025-26	355,671	0.28	1.69	1.97	700,671
Estimated 2026-27	356,912	0.29	1.73	2.02	720,963
Estimated 2027-28	358,191	0.30	1.77	2.07	741,455
Estimated 2028-29	359,508	0.31	1.81	2.12	762,156

Table 6: Summary of Projected Revenues and Expenses

Revenues	Estimated 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28	Projected 2028-29
Monthly Service Charge ¹	\$ 1,183,925	\$ 1,243,455	\$ 1,290,847	\$ 1,340,129	\$ 1,391,323	\$ 1,444,403
Water Use Charge ²	\$ 582,937	\$ 584,868	\$ 601,083	\$ 617,458	\$ 633,998	\$ 650,709
Water Use Surcharge ²	\$ 95,390	\$ 95,706	\$ 99,588	\$ 103,505	\$ 107,457	\$ 111,447
Total Revenues	\$ 1,862,252	\$ 1,924,029	\$ 1,991,518	\$ 2,061,092	\$ 2,132,778	\$ 2,206,559

Expenses³	Estimated 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28	Projected 2028-29
Fixed	\$ 1,088,160	\$ 1,150,162	\$ 1,215,636	\$ 1,284,778	\$ 1,357,798	\$ 1,434,936
Variable + Replacement	\$ 570,000	\$ 600,400	\$ 633,042	\$ 668,126	\$ 705,874	\$ 746,521
Total Expenses	\$ 1,658,160	\$ 1,750,562	\$ 1,848,678	\$ 1,952,904	\$ 2,063,672	\$ 2,181,457

Annual Surplus/Deficiency⁴	\$ 204,092	\$ 173,467	\$ 142,840	\$ 108,188	\$ 69,106	\$ 25,102
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Notes:

1. From Tables 4 through 4e
2. Calculated from Table 5
3. Expenses to be collected through User Charges from Table 1c.
4. Annual surplus or deficiency assumed to be an addition to or reduction in District reserve funds.

Table 7: Summary of Current and Proposed MPUD Water Rates**Residential/Church/Fraternal Customers Monthly Water Service Charges**

Meter Size (inches)	Existing 2023-24 (\$)	2024-25 (\$)	2025-26 (\$)	2026-27 (\$)	2027-28 (\$)	2028-29 (\$)
3/4	39.69	40.09	41.61	43.19	44.83	46.53
1	66.15	66.82	69.35	71.98	74.72	77.55
1 1/2	132.30	133.63	138.70	143.97	149.43	155.10
2	211.68	213.81	221.92	230.35	239.09	248.16
3	423.36	427.63	443.84	460.69	478.19	496.32
4	661.50	668.17	693.50	719.83	747.17	775.50
6	1323.00	1,336.33	1,387.00	1,439.67	1,494.33	1,551.00
8	2116.80	2,138.13	2,219.20	2,303.47	2,390.93	2,481.60

Cache Creek Customers Monthly Water Service Charges

Meter Size (inches)	Existing 2023-24 (\$)	2024-25 (\$)	2025-26 (\$)	2026-27 (\$)	2027-28 (\$)	2028-29 (\$)
3/4	45.99	48.50	50.86	53.37	56.03	58.85
2	245.28	258.67	271.25	284.64	298.83	313.87

Commercial/Industrial Customers Monthly Water Service Charges

Meter Size (inches)	Existing 2023-24 (\$)	2024-25 (\$)	2025-26 (\$)	2026-27 (\$)	2027-28 (\$)	2028-29 (\$)
3/4	58.77	59.33	61.58	63.92	66.35	68.86
1	90.98	98.89	102.64	106.53	110.59	114.77
1 1/2	181.96	197.77	205.28	213.08	221.16	229.55
2	291.14	316.44	328.44	340.92	353.85	367.28
3	582.28	632.89	656.88	681.82	707.72	734.55
4	909.80	988.89	1026.38	1065.35	1105.81	1147.74
6	1819.63	1977.77	2052.76	2130.71	2211.61	2295.48
8	2911.41	3164.43	3284.42	3409.14	3538.58	3672.77

Assigned Rate Customers Monthly Water Service Charges

Customer	Existing 2023-24 (\$)	2024-25 (\$)	2025-26 (\$)	2026-27 (\$)	2027-28 (\$)	2028-29 (\$)
Wonder Acres	1757.61	1,775.19	1,842.65	1,912.67	1,985.35	2,060.79
Cemetery	661.50	668.17	693.50	719.83	747.17	775.50
Homestead Meters	90.98	98.89	102.64	106.53	110.59	114.77
Construction Meters	669.70	727.91	755.57	784.28	814.08	845.02

Water Service Usage Fees

Customer Type	Existing 2023-24 (\$/1000 gal)	2024-25 (\$/1000 gal)	2025-26 (\$/1000 gal)	2026-27 (\$/1000 gal)	2027-28 (\$/1000 gal)	2028-29 (\$/1000 gal)
All Customers	1.65	1.65	1.69	1.73	1.77	1.81
Construction Meters	1.90	1.90	1.94	1.99	2.04	2.08

Water Service Surcharge Fees

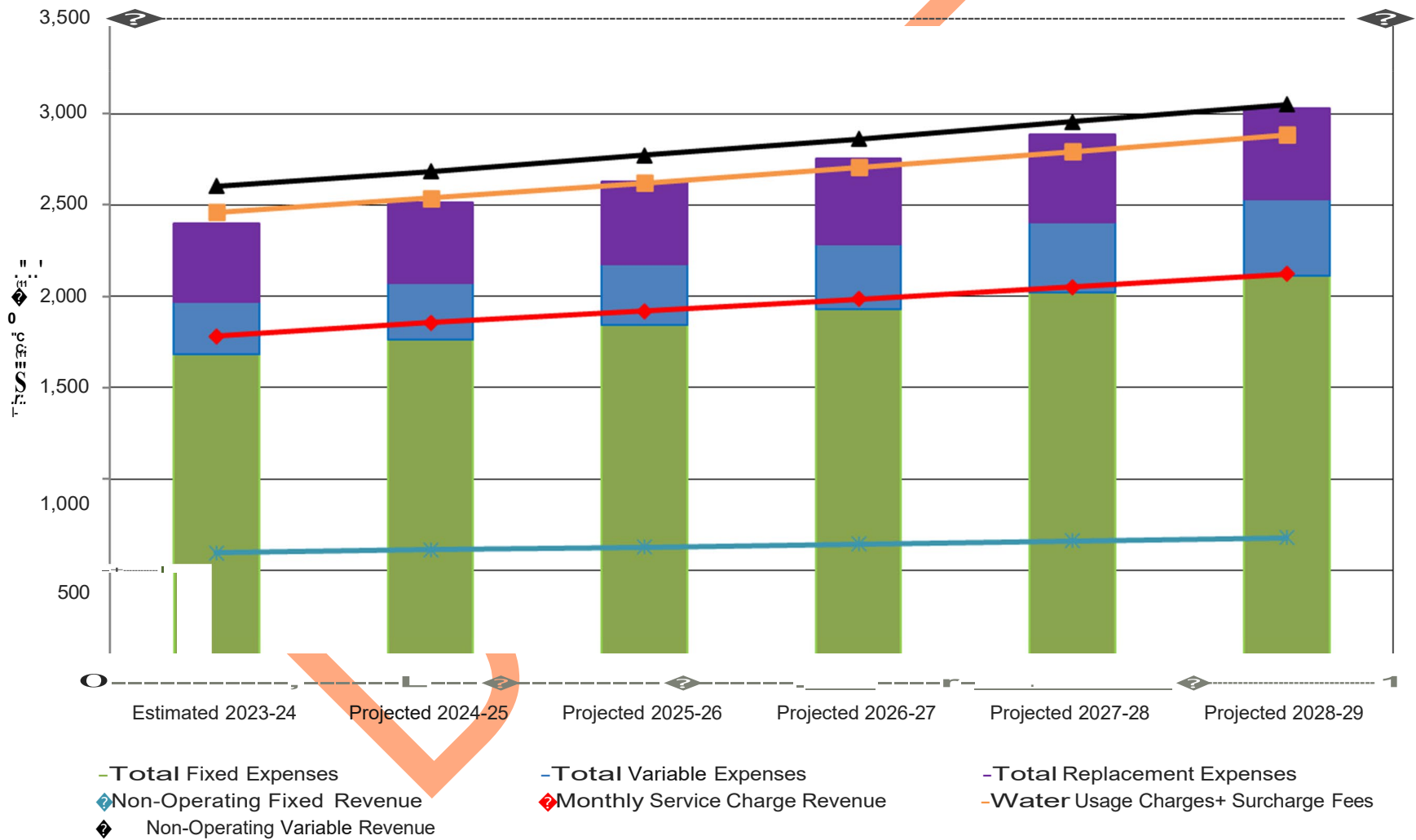
Customer Type	Existing 2023-24 (\$/1000 gal)	2024-25 (\$/1000 gal)	2025-26 (\$/1000 gal)	2026-27 (\$/1000 gal)	2027-28 (\$/1000 gal)	2028-29 (\$/1000 gal)
All Customers	0.27	0.27	0.28	0.29	0.30	0.31
Construction Meters	0.31	0.31	0.32	0.33	0.35	0.36

Flat Rate Customers Monthly Water Charges

Customer	Existing 2023-24 (\$)	2024-25 (\$)	2025-26 (\$)	2026-27 (\$)	2027-28 (\$)	2028-29 (\$)
Cal Wind	62.00	63.00	65.00	67.00	70.00	73.00

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**Figure 1- MPUD Water System
Estimated and Projected Expenses and Revenues**



Appendix A

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Table A-1: Comparison of Current and Proposed Rates for Typical Users

Connection Type	Estimate of Average Monthly Bill for Water Service										
	Current Rates	Proposed Rates									
		2024-25	% Increase	2025-26	% Increase	2026-27	% Increase	2027-28	% Increase	2028-29	% Increase
In District Residential 3/4" Meter	\$54.08	\$54.48	1%	\$56.37	3%	\$58.33	3%	\$60.34	3%	\$62.42	3%
Cache Creek 3/4" Meter	\$60.38	\$62.89	4%	\$65.62	4%	\$68.51	4%	\$71.54	4%	\$74.74	4%
2" Residential Meter	\$318.52	\$320.65	1%	\$331.54	3%	\$342.75	3%	\$354.27	3%	\$366.12	3%
2" Commercial Meter	\$397.98	\$423.28	6%	\$438.06	3%	\$453.32	3%	\$469.03	3%	\$485.24	3%
4" Residential Meter (cemetery)	\$2,005.29	\$2,011.96	0%	\$2,069.87	3%	\$2,128.78	3%	\$2,188.69	3%	\$2,249.60	3%
4" Commercial Meter	\$1,632.36	\$1,711.45	5%	\$1,767.75	3%	\$1,825.54	3%	\$1,884.82	3%	\$1,945.56	3%
6" Meter	\$6,809.44	\$6,967.58	2%	\$7,172.51	3%	\$7,380.40	3%	\$7,591.25	3%	\$7,805.06	3%
8" Meter (Airport)	\$8,946.45	\$9,199.47	3%	\$9,476.62	3%	\$9,758.51	3%	\$10,018.89	3%	\$10,336.46	3%
Wonder Acres (4" meter)	\$3,298.17	\$3,315.75	1%	\$3,423.33	3%	\$3,533.47	3%	\$3,646.27	3%	\$3,761.83	3%

Table A-2: Comparison of Water Cost Data for Other Water Suppliers**Monthly Charge - Base Rate for 3/4 inch Meter**

Meter Size	MPUD 2023-2024		Proposed MPUD 2024-2025		Cal Water	Indian Wells	Palmdale	Rosamond	East Niles	Cal Water	Average
	Residential	Commercial	Residential	Commercial	Antelope Valley	Valley WD	WD	CSD	CSD	Bakersfield	
3/4	\$39.69	\$58.77	\$40.09	\$59.33	\$47.62	\$49.66	\$54.43	\$39.23	\$42.90	\$30.65	\$44.08

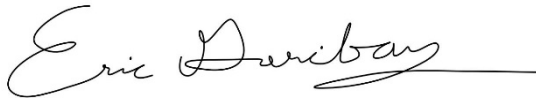
Water Usage Charges (\$/1000 gallons)

Agency	MPUD 2023-2024		Proposed MPUD		Cal Water	Indian Wells	Palmdale	Rosamond	East Niles	Cal Water	Avg
	Residential	Commercial	2024-25	2028-29	Antelope Valley	Valley WD	WD	CSD	CSD	Bakersfield	
Rate	1.92	1.92	1.92	2.12	6.56	2.95	1.52	5.00	2.14	2.70	3.48

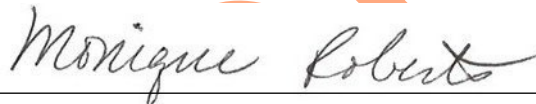
Note: Water use charges for Cal Water, Rosamond CSD, and Indian Wells Valley WD are on a tiered basis. Rates for upper tiers are higher than those shown.

MOJAVE PUBLIC UTILITY DISTRICT

Sewer Rate Study



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60709155
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Appendix A

Mojave Air and Spaceport

Introduction

The Mojave Public Utility District (MPUD or District) currently provides potable water and sewer service to approximately 4,300 people in the unincorporated communities of Mojave and Cache Creek in Kern County, California. The District currently serves these customers through about 1,190 water and sewer service connections. The District's service area includes single and multi-family residential dwellings, commercial development, and industrial areas.

The District requested that AECOM review and recommend adjustments to the District's current sewer rates. The District last conducted a Sewer Rate Study in 2018. Water rates and charges are addressed in a separate Water Rate Study.

The District's sewer rate structure consists of a monthly charge which is dependent on the type of customer. The District currently has about 22 different customer classifications for the various residential, commercial, and industrial users within the District.

Evaluation Assumptions

Results and recommendations in this report are based on the following assumptions:

1. Initial revenues and expenditures are based on the District's Fiscal Year (FY) 2023-24 budget and a review of the actual revenues and expenditures to date.
2. The District's "GENERAL AND ADMINISTRATIVE EXPENSES", "OTHER REVENUE" and "PROPERTY TAXES" revenue are allocated to the water and sewer systems at 80% and 20% respectively based on the percentage of the total operating expenses for each system.
3. Expenditures and revenues for the next five years (FY 2024-25 through 2028-29) are estimated as described in the notes on **Tables 1a and 1b**.
4. Depreciation expenses are included in the District's budget to generate funds for repair and replacement of existing sewer system improvements. The District has been using its reserve funds to fund a number of repair and replacement projects (Capital Improvements). As such, the costs associated with these projects are not included in the sewer rate evaluation. It is recommended that the capital improvement funding be reviewed and adjusted as needed as a part of future rate studies.
5. The District maintains contingency reserve funds to allow for adequate cash flow and accommodate budget shortfalls. Any annual surplus or deficiency in funding results in additions to or deductions from these reserve funds.
6. Expenses for capital improvements to serve new development are funded by monies in the connection fee account.
7. The fees for the Airport are based on the same unit rates for the wastewater components of average daily flow, biological oxygen demand (BOD₅), and total suspended solids (TSS) that are applied to all other customers. However, the quantities applied to these rates are determined by monthly monitoring of actual discharges from the Airport per the terms of the Contract Amendment between the District and the Airport. The MPUD will continue to charge the Airport per the terms and procedures in the Contract Amendment.
8. The average flow measured at the Airport for 2022 of 0.0498 MGD is used as the FY 2022-23 annual flow for the rate study analysis. The other wastewater characteristics for the Airport used in the rate study are based on those in use for the current FY 2023-24 Contract Amendment (BOD₅ = 120 mg/L; TSS = 201 mg/L).

Evaluation Tables

The tables used to evaluate the District's sewer rates are described as follows.

Table 1a: Summary of Projected Sewer System Expenses

Table 1a shows the breakdown of expenditures based on the District's FY 2023-24 budget, modified based on expected actual expenditures, and escalated for the following five fiscal years. Salaries and benefits are assumed to increase by 6% annually. OPEB GASB 45 costs are assumed to remain constant. All other expenses are assumed to increase by 3% annually.

Table 1b: Summary of Projected Sewer System Revenues

Table 1b shows the breakdown of revenue based on the District's FY 2023-24 budget, modified based on expected actual revenues, and escalated for the following five fiscal years. Included in the revenues are 20% of the projected domestic dump fees (collected from waste haulers located primarily outside of the District's service area and discharging septic wastes into the District's sewer). These revenues are considered to be additions to the District's general funds. Tax revenues, new account charges, delinquent charges, and revenues from domestic dump fees are assumed to increase by 3% annually. All other revenues are assumed to remain constant.

Table 1c: Summary of Projected Expenses Less Revenues

The revenues required to be generated through user rates to cover sewer system operating expenses are calculated in **Table 1c** as the difference between the total projected expenses calculated in **Table 1a** less the total projected revenues calculated in **Table 1b**.

Table 2: 2023-24 Summary of Users and Wastewater Characteristics

Table 2 shows the District's existing customer accounts by user groups. Each user group is considered to represent typical customers with similar contributions to the wastewater collection and treatment system. Wastewater profiles are shown for each user group with estimated quantities of three components which are measured at the Wastewater Treatment Plant (WWTP): average daily flow, BOD₅, and TSS. The use of these components allows the District to review whether the rate structure continues to be equitable to current users and can be used to evaluate equitable rates for when larger dischargers are connected to the District's sewerage system.

Column A-1 shows the District's Rate Code and Column B lists the different user categories. Column A shows the number of users within each category. Columns C through E show the estimated wastewater profile for each of the user groups.

Residential water usage for the MPUD during FY 2022-23 was approximately 31% less than it was during FY 2018-19. This reduction in water use is most likely due to the replacement of older fixtures with water conserving fixtures and other water conservation measures adopted by customers in response to drought conditions. The reduced water usage for residential development is anticipated to continue with the State's plan to "Make Conservation a California Way of Life". Overall water use within the MPUD has remained about the same due to an increase in water use for commercial and industrial customers. The reduction in residential water use has resulted in an 7% reduction in wastewater flows at the WWTP from approximately 0.367 million gallons per day (MGD) per the 2018 Sewer Rate Study Update to about 0.343 MGD in FY 2022-23.

Consequently, the breakdown of the quantities of the various wastewater parameters by user groups in in **Table 2** for FY 2023-24 were modified from the 2018 Sewer Rate Study to reflect current conditions.

Changes were made as follows:

- Typical single family residential use was decreased from 180 gallons per day to 155 gallons per day.

- BOD₅ and TSS quantities were kept the same based on the ratio of estimated flow for typical single family residential use from 2018 to 2023 ($180/155 = 1.16$) for all uses except for the Airport which is based on estimated actual wastewater characteristics per the terms of the current FY 2023-24 Contract Amendment and flow data from 2022 increased at 2% to reflect expected FY 2023-24 conditions.
- Wastewater flows for other user groups were increased in proportion to the reduction in single family residential wastewater flows.
- Wastewater flows for the Airport are assumed to increase at a rate of 2% annually. No other increase in flows or connections is anticipated.

Multiplying the number of users in Column A by the typical characteristics for users within each user group results in a total contribution (both daily and annually) for each user group. The results of those calculations are shown in Columns F through H and Columns I through K. The total calculated flow volume from **Table 2** is 0.344 MGD or approximately 125.64 million gallons (MG) per year. It should be noted that as the overall flow to the WWTP has decreased, wastewater flows from the Airport have become a larger percentage of the total.

Table 3 and Tables 3a through 3e: Unit Cost Determinations

Since the Airport is charged based on the unit rates for the wastewater components of average daily flow, BOD₅, and TSS, estimated unit costs for these wastewater components are developed as shown in **Table 3** for FY 2023-24 and in **Tables 3a through 3e** for FY 2024-25 through FY 2028-29. The values in **Table 3** are calculated based on the unit cost for each parameter for FY 2023-24 (in Column E) as established in the 2018 Sewer Rate Study. These values are multiplied by the estimated annual quantities for each component from **Table 2** (in Column D) to determine the estimated cost allocated to each parameter (in Column C). The Parameter Allocation Percentage in Column B is calculated from the values in Column C. The estimated total annual cost for FY 2023-24 (based on the current unit cost for each parameter) is calculated in **Table 3** as \$499,247.

Projections of unit cost determinations for the next five fiscal years are estimated in **Tables 3a through 3e** as follows.

- The parameter allocation percentages in Column B are as determined in **Table 3**.
- Budgeted expenses less revenues for each FY from **Table 1c** are shown in Column C.
- The total annual quantities for the various wastewater parameters in Column D are from **Table 2** and increased based on a 2% annual increase in wastewater flows for the Airport.
- Column E is the result of the annual cost allocated to each parameter divided by the total annual quantity. For example, the cost associated with flow in **Table 3a** is \$151,572 divided by 126.01 MG which equals \$1,202.82 per MG. Costs for BOD₅ and TSS are similarly determined.

Table 4: Summary of FY 2023-24 Costs and Revenue

Table 4 tabulates the spread of costs among the user groups according to cost category and calculates the revenue from each user type. Columns A and B show the number of users and user groups taken from **Table 2**. The annual flow, BOD₅ and TSS contributions from **Table 2**, Columns I, J and K are entered into **Table 4** Columns C, E and G, respectively. The unit cost for the wastewater parameter, as taken from **Table 3**, is entered at the top of each category and the cost for each parameter for each user group is determined by multiplying the value in the preceding column by the unit cost. The resulting costs are shown in Columns D, F and H and are summed in Column I.

The average annual revenue from each user within the various user groups is shown in Column J. It is determined by dividing the total cost calculated in Column I by the number of users in Column A.

Table 5: Rate Determination and Revenue Program Summary - User Fees

Table 5 calculates the average monthly charges needed to fund the revenue required by the District for each fiscal year. The number of users and user groups are shown in Columns A and B. The estimated average annual revenue from each user is taken from **Table 4**, Column J and is entered into Column C.

The existing rate structure for users other than the Airport is based on a ratio of the non-single-family users to the single-family residential user charge. Ratios for FY 2023-24 are calculated using the revised discharge profiles from **Table 2**. Column D shows the results of the calculation, which considers contributions of total flow, BOD₅ and TSS to the District's system. The ratios are calculated by taking the value in Column C and dividing by \$207.53 which is the estimated average annual revenue per single family residential user per the calculations in **Table 4**. Column E shows the current single-family dwelling ratios and Columns F and G show the current monthly charges and annual fixed revenue respectively. The single-family dwelling ratios for FY 2024-25 shown in Column H are proposed to remain the same as the current ratios since the differences between the calculated and current ratios are not significant.

Column I is a spread of the costs according to the proposed rate structure for FY 2024-25. No rate adjustment is proposed for FY 2024-25 since the revenues projected at current rates are adequate to cover projected expenses per **Table 1c**. The value for the residential user group is used to calculate the other annual revenues for the other user groups. The costs for the other user groups are determined by multiplying charge for a single-family dwelling by the proposed ratios in Column H. Column J shows the resulting monthly fee and is calculated by taking the values in Column I and dividing by 12 months. The estimated annual revenue by user group for FY 2024-25 is shown in Column K and is the result of Column I multiplied by the number of users in Column A. The spread of costs for FY 2025-26 through FY 2028-29 shown in Columns L through W are calculated in the same manner as described above for FY 2024-25. Sewer use rates for FY 2025-26 through FY 2028-29 are proposed to increase at 3.5% annually to provide the needed revenue.

New development within the District's wastewater service area during the study period is only anticipated at the Airport. The Contract Amendment sets forth the rates and determination of quantities for the monthly sewer fees collected by the District from the Airport. The calculation of estimated revenues to be collected from the Airport as included in **Table 5** is shown in **Table A-1** in **Appendix A**.

Table 6: Summary of Projected Revenues and Expenses

Table 6 summarizes the projected costs and expected revenues for each year from FY 2023-24 through FY 2028-29. The proposed sewer use rates are determined such that an annual surplus is maintained. Any annual surplus or deficiency is assumed to be an addition to or reduction in District reserve funds. A graph showing the District's estimated and projected expenses during the period of the Sewer Rate Study is provided as **Figure 1**.

Table 7a: Current Sewer Rate Table FY 2023-24

A summary of the District's current (FY 2023-24) sewer rates is shown in **Table 7a**, including rates for domestic dump fees.

Table 7b: Summary of Proposed Rates

Proposed sewer rates for FY 2024-25 through FY 2028-29 are summarized in **Table 7b**. Domestic dump fees are proposed to increase by \$5 annually starting in FY 2025-26 (an increase of about 4% annually). Dump fees for loads from outside District boundaries are proposed to be set at approximately 1.5 times the fees for loads from within the District's boundaries (rounded to the nearest five dollars for convenience). **Table A-2** in **Appendix A** provides an escalation table to calculate charges for the Airport based on the proposed unit costs developed in this rate study.

Recommendations

It is recommended that the District adopt the proposed sewer user fees as shown in **Table 7b**. The District should reevaluate the rates annually to determine if further adjustments are required.

A proposed schedule for adopting the recommended rate increases is presented below:

Event	Proposed Date
Mail Notice of Hearing	1/31/2024
Public Hearing (min. 45 days after date of mailing)	3/28/2024
Board Action on Rates	3/28/2024
Rate Effective Date	4/1/2024

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Table 1a: Summary of Projected Sewer System Expenses

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Estimated	Projected	Projected	Projected	Projected	Projected
Sewer Collection Operating Expenses¹						
Salaries	87,000	92,220	97,753	103,618	109,835	116,426
Maintenance	15,000	15,450	15,914	16,391	16,883	17,389
Vehicle Maintenance	3,000	3,090	3,183	3,278	3,377	3,478
Vehicle Fuel	6,000	6,180	6,365	6,556	6,753	6,956
Depreciation	38,000	39,140	40,314	41,524	42,769	44,052
SSO Program Fee	4,000	4,120	4,244	4,371	4,502	4,637
Sewer Treatment Plant Operating Expenses¹						
Salaries	85,000	90,100	95,506	101,236	107,311	113,749
Maintenance	40,000	41,200	42,436	43,709	45,020	46,371
Laboratory Tests	12,000	12,360	12,731	13,113	13,506	13,911
Depreciation	45,000	46,350	47,741	49,173	50,648	52,167
Vehicle Maintenance	3,000	3,090	3,183	3,278	3,377	3,478
Vehicle Fuel	12,000	12,360	12,731	13,113	13,506	13,911
Power	1,000	1,030	1,061	1,093	1,126	1,159
Annual Waste Discharge Fee	28,000	28,840	29,705	30,596	31,514	32,460
Sludge Removal	45,000	46,350	47,741	49,173	50,648	52,167
Capital Improvements and Reserves ²	0	0	0	0	0	0
Subtotal Sewer Operating Expenses	424,000	441,880	460,606	480,222	500,774	522,312
General and Administrative Expenses (Sewer Share)¹						
Salaries	45,000	47,700	50,562	53,596	56,811	60,220
Maintenance	4,000	4,120	4,244	4,371	4,502	4,637
Communications	3,000	3,090	3,183	3,278	3,377	3,478
Workman's Compensation	4,000	4,240	4,494	4,764	5,050	5,353
Liability Insurance	5,200	5,356	5,517	5,682	5,853	6,028
Property Insurance	2,400	2,472	2,546	2,623	2,701	2,782
Dues, Memberships, Licenses, Fees	4,000	4,120	4,244	4,371	4,502	4,637
Office Expenses	2,400	2,472	2,546	2,623	2,701	2,782
Printing	2,400	2,472	2,546	2,623	2,701	2,782
Travel Expenses	400	412	424	437	450	464
Postage	2,200	2,266	2,334	2,404	2,476	2,550
Power	2,200	2,266	2,334	2,404	2,476	2,550
Natural Gas	900	927	955	983	1,013	1,043
Engineering	20,000	20,600	21,218	21,855	22,510	23,185
Legal	6,400	6,592	6,790	6,993	7,203	7,419
Auditing	5,600	5,768	5,941	6,119	6,303	6,492
District Pension Contribution	11,600	12,296	13,034	13,816	14,645	15,523
District Pension Administration	840	865	891	918	945	974
Medical Insurance	46,000	48,760	51,686	54,787	58,074	61,558
Directors Fees	2,200	2,266	2,334	2,404	2,476	2,550
District Portion FICA/MEDI	13,000	13,390	13,792	14,205	14,632	15,071
Seminars & Training	1,200	1,236	1,273	1,311	1,351	1,391
Depreciation	22,000	22,660	23,340	24,040	24,761	25,504
Miscellaneous	4,000	4,120	4,244	4,371	4,502	4,637
Bad Debt Expenses-Water & Sewer	1,000	1,030	1,061	1,093	1,126	1,159
Uniform Service	1,600	1,648	1,697	1,748	1,801	1,855
Life Insurance	900	954	1,011	1,072	1,136	1,204
Vision Care Insurance	900	954	1,011	1,072	1,136	1,204
County Tax Collection Fee	1,400	1,442	1,485	1,530	1,576	1,623
Returned Check Bank Charges	40	41	42	44	45	46
Dental Care Insurance	2,700	2,862	3,034	3,216	3,409	3,613
Safety & Medical Supplies	1,200	1,236	1,273	1,311	1,351	1,391
Maintenance Agreements	11,000	11,330	11,670	12,020	12,381	12,752
Credit Card Payment Charges	1,100	1,133	1,167	1,202	1,238	1,275
Directors Expenses	200	206	212	219	225	232
Election Expenses	500	515	530	546	563	580
OPEB GASB 45	2,000	2,000	2,000	2,000	2,000	2,000
Subtotal General and Administrative Expenses	235,480	245,817	256,665	268,050	280,001	292,549
Total Expenses	659,480	687,697	717,271	748,272	780,775	814,861

Notes:

- Salaries and benefits are assumed to increase by 6% annually. OPEB GASB 45 is assumed to remain constant. All other expenses are assumed to increase by 3% annually.
- Capital Improvements are assumed to be paid from Reserve Funds generated through budgeted depreciation expenses.

Table 1b: Summary of Projected Sewer System Revenues (Exclusive of User Fees)

	2023-24 Estimated	2024-25 Projected	2025-26 Projected	2026-27 Projected	2027-28 Projected	2028-29 Projected
Operating Revenue (Sewer Share)¹						
New Account Charges	600	618	637	656	675	696
Delinquent Charges	3,000	3,090	3,183	3,278	3,377	3,478
Returned Check Charges	100	100	100	100	100	100
Domestic Dump Fees (assume 20% to sewer)	60,000	61,800	63,654	65,564	67,531	69,556
County Deposit - Interest	16,000	16,000	16,000	16,000	16,000	16,000
Checking Account Interest	100	100	100	100	100	100
Tax Differentials	20	20	20	20	20	20
Refunds	1,200	1,200	1,200	1,200	1,200	1,200
Miscellaneous	5,000	5,000	5,000	5,000	5,000	5,000
District Standard Specs	20	20	20	20	20	20
Plan Check & Inspection Fees	600	600	600	600	600	600
Subtotal Operating Revenue (Sewer Share)	86,640	88,548	90,513	92,537	94,622	96,770
Property Taxes (Sewer Share)¹						
Secured Property Taxes	84,000	86,520	89,116	91,789	94,543	97,379
Unsecured Property Taxes	13,000	13,390	13,792	14,205	14,632	15,071
Prior Year Property Taxes	400	412	424	437	450	464
Other Collection	400	412	424	437	450	464
Taxes Sewer Assessment Dist #1	1,000	1,030	1,061	1,093	1,126	1,159
Interest - Sewer Assessment Dist #1	3,000	3,090	3,183	3,183	3,377	3,478
Subtotal Property Taxes (Sewer Share)	101,800	104,854	108,000	111,145	114,578	118,014
Total Revenues	188,440	193,402	198,513	203,682	209,200	214,784

Note:

1. Tax revenues, new account charges, delinquent charges, and domestic dump fees are assumed to increase by 3% annually. All other revenues are assumed to remain constant.

Table 1c: Summary of Projected Expenses Less Revenues

	2023-24 Estimated	2024-25 Projected	2025-26 Projected	2026-27 Projected	2027-28 Projected	2028-29 Projected
Expenses Less Revenues						
Amount to be Collected through User Charges	471,040	494,295	518,758	544,590	571,575	600,077

Table 2: FY 2023-24 Summary of Users and Wastewater Characteristics

(A) Number of Accounts	(A-1) Sewer Rate Table Code	(B) Users (User Group)	WASTEWATER CHARACTERISTICS			DESIGN CAPACITY			TOTAL ANNUAL CAPACITY		
			(C) AVERAGE DAILY FLOW MGD	(D) BOD ₅ (2) mg/L	(E) TSS (2) mg/L	(F) DESIGN FLOW MGD	(G) BOD ₅ (D)x(F)x8.34 Lbs/Day	(H) TSS (E)x(F)x8.34 Lbs/Day	(I) VOLUME (C)x(A)x365 MG	(J) BOD ₅ (D)x(I)x8.34 Lbs/Year	(K) TSS (E)x(I)x8.34 Lbs/Year
799	A	SINGLE FAMILY (1)	0.00016	125	125	0.1238	129.1	129.1	45.203	47,125	47,125
527	B	APARTMENTS (1)	0.00012	125	125	0.0613	63.9	63.9	22.361	23,312	23,312
480	C	MOTEL UNITS (3)	0.00005	259	100	0.0216	46.7	18.0	7.884	17,030	6,575
65	D1	MOBILE HOMES (1)	0.00014	125	125	0.0091	9.5	9.5	3.310	3,450	3,450
83	D2	RV SPACES (4)	0.00004	125	125	0.0033	3.5	3.5	1.212	1,263	1,263
3	D3	RV DUMP STATION (5)	0.00018	502	125	0.0005	2.3	0.6	0.197	825	205
11	E	CHURCH FRATERNAL	0.00011	109	67	0.0012	1.1	0.7	0.436	396	243
75	F	SMALL BUSINESS	0.00016	109	67	0.0116	10.6	6.5	4.243	3,857	2,371
7	G	LARGE BUSINESS	0.00056	125	125	0.0039	4.1	4.1	1.426	1,486	1,486
15	H	RESTAURANT (6)	0.00040	836	502	0.0060	41.8	25.1	2.190	15,269	9,169
2	I	SUPER MARKET	0.00062	251	251	0.0012	2.6	2.6	0.453	947	947
45	J	LAUNDRIES, PER MACHINE (7)	0.00018	125	92	0.0081	8.4	6.2	2.957	3,082	2,268
6	K1	GAS STATIONS	0.00031	151	234	0.0019	2.3	3.6	0.679	855	1,325
2	K2	TRUCK STOP (WITH SHOWERS)	0.00062	125	125	0.0012	1.3	1.3	0.453	472	472
2	L	CAR WASH	0.00095	17	125	0.0019	0.3	2.0	0.694	98	723
2	M	MOJAVE JR/SR HIGH SCHOOL/ GYM (8)	0.00327	109	84	0.0065	5.9	4.6	2.385	2,168	1,671
3	O	MOJAVE ELEMENTARY SCHOOL (9)	0.00279	109	84	0.0084	7.6	5.9	3.060	2,782	2,144
4	P	SCHOOL SUPPORT	0.00016	109	84	0.0006	0.6	0.4	0.226	206	159
3	Q	SMALL COUNTY	0.00016	109	67	0.0005	0.4	0.3	0.170	154	95
4	R	LARGE COUNTY	0.00062	109	67	0.0025	2.3	1.4	0.905	823	506
107	S	CAMELOT HOMES (10)	0.00017	125	125	0.0182	19.0	19.0	6.659	6,942	6,942
1	ZZ	MOJAVE AIR AND SPACEPORT - 12" MAIN (11)	0.05080	120	201	0.0508	50.8	85.2	18.542	18,557	31,083
		Subtotals				0.3442	414.0	393.2	125.64	151,100	143,534
		Future Capacity				0.2558	586.8	607.6	93.36	214,192	221,758
		TOTALS				0.6000	1,000.8	1,000.8	219.00	365,292	365,292

NOTES:

1. Typical single family residential use estimated at 155 gal/day based on treatment plant flow data.
Apartments and Mobile Homes are estimated at 75% and 90% of typical single family residential use respectively.
2. BOD and TSS characteristics were kept the same from those in the 2018 Rate Study Update for all uses except the Airport which is based on estimated actual sewage strength (see also Note 9).
3. Motel use estimated at 90 gal/day/room, 50% occupancy.
4. RV space use estimated at 80 gal/day/space, 50% occupancy.
5. RV dump station use estimated at 180 gal/day.
6. Restaurant use based on 20 gal/seat for average of 20 seats.
7. Laundry use based on 180 gal/day/machine.
8. Jr./Sr. High School use based on 11 gal/day/student for 396 students for 9 months.
9. Elementary School use based on 9 gal/day/student for 414 students for 9 months.
10. Camelot Homes are estimated to have usage 10% greater than typical single family residential users.
11. Mojave Air and Spaceport 12" Main connection is charged based on actual flows and BOD₅ and TSS concentrations. Values shown are estimated for FY 2023-24 conditions.

Table 3: Unit Cost Allocation for FY 2023-24

(A) Cost Category (Wastewater Parameter)	(B) Parameter Allocation Percentage ³	(C) Annual Cost Allocated to Parameter (\$)	(D) Total Estimated Annual Quantities ²	(E) Unit Cost For Each Parameter ¹ (\$)
Estimated Total ⁴		499,247		
(a) Flow component (MG)	30.66%	153,091	125.64	1218.46
(b) BOD ₅ component (lbs)	35.41%	176,787	151,100	1.17
(c) TSS component (lbs)	33.93%	169,370	143,534	1.18

Notes:

1. Unit cost per wastewater parameter for FY 2023-24 from 2018 Rate Study
2. From Table 2.
3. Calculated based on Column C.
3. Estimated total cost allocation calculated based on FY 2023-24 parameters.

Table 3a: Unit Cost Determination for FY 2024-25

(A) Cost Category (Wastewater Parameter)	(B) Parameter Allocation Percentage ³	(C) Annual Cost Allocated to Parameter (\$)	(D) Total Estimated Annual Quantities ²	(E) Unit Cost For Each Parameter (\$)
Total (expense less revenue ¹)		494,295		
(a) Flow component (MG)	30.66%	151,572	126.01	1202.82
(b) BOD ₅ component (lbs)	35.41%	175,033	151,471	1.16
(c) TSS component (lbs)	33.93%	167,690	144,156	1.16

Table 3b: Unit Cost Determination for FY 2025-26

(A) Cost Category (Wastewater Parameter)	(B) Parameter Allocation Percentage ³	(C) Annual Cost Allocated to Parameter (\$)	(D) Total Estimated Annual Quantities ²	(E) Unit Cost For Each Parameter (\$)
Total (expense less revenue ¹)		518,758		
(a) Flow component (MG)	30.66%	159,073	126.39	1258.57
(b) BOD ₅ component (lbs)	35.41%	183,695	152,221	1.21
(c) TSS component (lbs)	33.93%	175,989	145,411	1.21

Notes:

1. From Table 1c.
2. From Table 2 assuming 2% annual increase in wastewater flows from the Airport.
3. From Table 3.

Table 3c: Unit Cost Determination for FY 2026-27

(A) Cost Category (Wastewater Parameter)	(B) Parameter Allocation Percentage ³	(C) Annual Cost Allocated to Parameter (\$)	(D) Total Estimated Annual Quantities ²	(E) Unit Cost For Each Parameter (\$)
Total (expense less revenue ¹)		544,590		
(a) Flow component (MG)	30.66%	166,995	126.78	1317.23
(b) BOD ₅ component (lbs)	35.41%	192,843	153,356	1.26
(c) TSS component (lbs)	33.93%	184,752	147,314	1.25

Table 3d: Unit Cost Determination for FY 2027-28

(A) Cost Category (Wastewater Parameter)	(B) Parameter Allocation Percentage ³	(C) Annual Cost Allocated to Parameter (\$)	(D) Total Estimated Annual Quantities ²	(E) Unit Cost For Each Parameter (\$)
Total (expense less revenue ¹)		571,575		
(a) Flow component (MG)	30.66%	175,269	127.17	1378.21
(b) BOD ₅ component (lbs)	35.41%	202,398	154,886	1.31
(c) TSS component (lbs)	33.93%	193,907	149,876	1.29

Table 3e: Unit Cost Determination for FY 2028-29

(A) Cost Category (Wastewater Parameter)	(B) Parameter Allocation Percentage ³	(C) Annual Cost Allocated to Parameter (\$)	(D) Total Estimated Annual Quantities ²	(E) Unit Cost For Each Parameter (\$)
Total (expense less revenue ¹)		600,077		
(a) Flow component (MG)	30.66%	184,009	127.57	1442.39
(b) BOD ₅ component (lbs)	35.41%	212,491	156,817	1.36
(c) TSS component (lbs)	33.93%	203,576	153,111	1.33

Notes:

1. From Table 1c.
2. From Table 2 assuming 2% annual increase in wastewater flows from the Airport.
3. From Table 3.

Table 4: Summary of FY 2023-24 Costs and Revenue

A	B	C	D	E	F	G	H	I	J
NUMBER OF USERS	USER GROUPS	FLOW		BOD ₅		TSS		TOTAL ANNUAL REVENUE (\$)	AVERAGE ANNUAL REVENUE/USER (I) / (A) (\$)
		UNIT COST =	\$1,218.46 /MG	UNIT COST =	\$1.17 /lb	UNIT COST =	\$1.18 /lb		
		ANNUAL FLOW (MG)	ANNUAL COST (\$)	ANNUAL BOD (lb)	ANNUAL COST (\$)	ANNUAL SS (lb)	ANNUAL COST (\$)		
799	SINGLE FAMILY	45.20	55,074	47,125	55,136	47,125	55,608	165,818	207.53
527	APARTMENTS	22.36	27,245	23,312	27,275	23,312	27,508	82,028	155.65
480	MOTEL UNITS	7.88	9,601	17,030	19,925	6,575	7,759	37,285	77.68
65	MOBILE HOMES	3.31	4,033	3,450	4,037	3,450	4,071	12,141	186.78
83	RV SPACES	1.21	1,474	1,263	1,478	1,263	1,490	4,442	53.52
3	RV DUMP STATION	0.20	244	825	965	205	242	1,451	483.67
11	CHURCH FRATERNAL	0.44	536	396	463	243	287	1,286	116.91
75	SMALL BUSINESS	4.24	5,166	3,857	4,513	2,371	2,798	12,477	166.36
7	LARGE BUSINESS	1.43	1,742	1,486	1,739	1,486	1,753	5,234	747.71
15	RESTAURANT	2.19	2,668	15,269	17,865	9,169	10,819	31,352	2,090.13
2	SUPER MARKET	0.45	548	947	1,108	947	1,117	2,773	1,386.50
45	LAUNDRIES, PER MACHINE	2.96	3,607	3,082	3,606	2,268	2,676	9,889	219.76
6	GAS STATIONS	0.68	829	855	1,000	1,325	1,564	3,393	565.50
2	TRUCK STOP (WITH SHOWERS)	0.45	548	472	552	472	557	1,657	828.50
2	CAR WASH	0.69	841	98	115	723	853	1,809	904.50
2	MOJAVE JR/SR HIGH SCHOOL/ GYM	2.38	2,900	2,168	2,537	1,671	1,972	7,409	3,704.50
3	MOJAVE ELEMENTARY SCHOOL	3.06	3,728	2,782	3,255	2,144	2,530	9,513	3,171.00
4	SCHOOL SUPPORT	0.23	280	206	241	159	188	709	177.25
3	SMALL COUNTY	0.17	207	154	180	95	112	499	166.33
4	LARGE COUNTY	0.91	1,109	823	963	506	597	2,669	667.25
107	CAMELOT HOMES	6.66	8,115	6,942	8,122	6,942	8,192	24,429	228.31
1	MOJAVE AIR AND SPACEPORT - 12" MAIN (11)	18.54	22,590	18,557	21,712	31,083	36,678	80,980	80,980.00
TOTAL		125.64	153,085	151,099	176,787	143,534	169,371	499,243	

Table 5: Rate Determination and Revenue Program Summary - User Fees

A	B	C	D	E	F	G	H	I	J	K	L	M	N
NUMBER OF USERS	USER GROUPS	ESTIMATED AVERAGE ANNUAL REVENUE PER USER (\$)	2023-24 CALCULATED SINGLE FAMILY DWELLING RATIO	CURRENT SINGLE FAMILY DWELLING RATIO	CURRENT MONTHLY CHARGES (\$)	2023-24 CURRENT ANNUAL FIXED REVENUE (\$)	2024-25 PROPOSED SINGLE FAMILY DWELLING RATIO	2024-25 PROPOSED ANNUAL FIXED REVENUE PER USER (\$)	2024-25 PROPOSED MONTHLY REVENUE PER USER (\$)	2024-25 PROPOSED ANNUAL FIXED REVENUE (\$)	2025-26 PROPOSED ANNUAL FIXED REVENUE PER USER (\$)	2025-26 PROPOSED MONTHLY REVENUE PER USER (\$)	2025-26 PROPOSED ANNUAL FIXED REVENUE (\$)
799	SINGLE FAMILY	207.53	1.00	1.00	18.90	181,213	1.00	226.80	18.90	181,213	234.74	19.56	187,541
527	APARTMENTS	155.65	0.75	0.75	14.18	89,674	0.75	170.10	14.18	89,674	176.05	14.67	92,773
480	MOTEL UNITS	77.68	0.37	0.29	5.48	31,565	0.29	65.77	5.48	31,565	68.07	5.67	32,659
65	MOBILE HOMES	186.78	0.90	0.90	17.01	13,268	0.90	204.12	17.01	13,268	211.26	17.61	13,736
83	RV SPACES	53.52	0.26	0.19	3.59	3,576	0.19	43.09	3.59	3,576	44.60	3.72	3,705
3	RV DUMP STATION	483.67	2.33	2.00	37.80	1,361	2.00	453.60	37.80	1,361	469.48	39.12	1,408
11	CHURCH FRATERNAL	116.91	0.56	0.70	13.23	1,746	0.70	158.76	13.23	1,746	164.32	13.69	1,807
75	SMALL BUSINESS	166.36	0.80	1.00	18.90	17,010	1.00	226.80	18.90	17,010	234.74	19.56	17,604
7	LARGE BUSINESS	747.71	3.60	3.60	68.05	5,716	3.60	816.48	68.04	5,715	845.06	70.42	5,915
15	RESTAURANT	2,090.13	10.07	8.70	164.45	29,601	8.70	1,973.16	164.43	29,597	2,042.22	170.19	30,634
2	SUPER MARKET	1,386.50	6.68	6.60	124.75	2,994	6.60	1,496.88	124.74	2,994	1,549.27	129.11	3,099
45	LAUNDRIES, PER MACHINE	219.76	1.06	0.90	17.01	9,185	0.90	204.12	17.01	9,185	211.26	17.61	9,509
6	GAS STATIONS	565.50	2.72	2.70	51.04	3,675	2.70	612.36	51.03	3,674	633.79	52.82	3,803
2	TRUCK STOP (WITH SHOWERS)	828.50	3.99	4.00	75.61	1,815	4.00	907.20	75.60	1,814	938.95	78.25	1,878
2	CAR WASH	904.50	4.36	3.40	64.27	1,542	3.40	771.12	64.26	1,542	798.11	66.51	1,596
2	MOJAVE JR/SR HIGH SCHOOL/ GYM	3,704.50	17.85	15.90	300.54	7,213	15.90	3,606.12	300.51	7,212	3,732.33	311.03	7,465
3	MOJAVE ELEMENTARY SCHOOL	3,171.00	15.28	14.20	268.41	9,663	14.20	3,220.56	268.38	9,662	3,333.28	277.77	10,000
4	SCHOOL SUPPORT	177.25	0.85	1.00	18.90	907	1.00	226.80	18.90	907	234.74	19.56	939
3	SMALL COUNTY	166.33	0.80	1.00	18.90	680	1.00	226.80	18.90	680	234.74	19.56	704
4	LARGE COUNTY	667.25	3.22	3.60	68.05	3,266	3.60	816.48	68.04	3,266	845.06	70.42	3,380
107	CAMELOT HOMES	228.31	1.10	1.10	20.79	26,694	1.10	249.48	20.79	26,694	258.21	21.52	27,632
	MOJAVE AIR AND SPACEPORT - 12" MAIN ¹	80,980.00			6,748.48	80,982			6,883.45	82,601		7,226.37	86,716
TOTAL						523,346				524,956			544,503

Note: 1. Airport is billed based on actual flow s and BOD₅ and TSS concentrations. For the purposes of this rate study, Airport flow s are estimated to increase by 2% annually. BOD and TSS concentrations are estimated per Table 2.

Table 5: Rate Determination and Revenue Program Summary - User Fees (cont.)

A	B	O	P	Q	R	S	T	U	V	W
NUMBER OF USERS	USER GROUPS	2026-27			2027-28			2028-29		
		PROPOSED ANNUAL REVENUE PER USER (\$)	PROPOSED MONTHLY REVENUE PER USER (\$)	PROPOSED ANNUAL FIXED REVENUE (\$)	PROPOSED ANNUAL REVENUE PER USER (\$)	PROPOSED MONTHLY REVENUE PER USER (\$)	PROPOSED ANNUAL FIXED REVENUE (\$)	PROPOSED ANNUAL REVENUE PER USER (\$)	PROPOSED MONTHLY REVENUE PER USER (\$)	PROPOSED ANNUAL FIXED REVENUE (\$)
799	SINGLE FAMILY	242.95	20.25	194,157	251.46	20.95	200,869	260.26	21.69	207,964
527	APARTMENTS	182.22	15.18	95,998	188.59	15.72	99,413	195.19	16.27	102,891
480	MOTEL UNITS	70.46	5.87	33,811	72.92	6.08	35,021	75.47	6.29	36,230
65	MOBILE HOMES	218.66	18.22	14,212	226.31	18.86	14,711	234.23	19.52	15,226
83	RV SPACES	46.16	3.85	3,835	47.78	3.98	3,964	49.45	4.12	4,104
3	RV DUMP STATION	485.91	40.49	1,458	502.91	41.91	1,509	520.52	43.38	1,562
11	CHURCH FRATERNAL	170.07	14.17	1,870	176.02	14.67	1,936	182.18	15.18	2,004
75	SMALL BUSINESS	242.95	20.25	18,225	251.46	20.95	18,855	260.26	21.69	19,521
7	LARGE BUSINESS	874.63	72.89	6,123	905.25	75.44	6,337	936.93	78.08	6,559
15	RESTAURANT	2,113.70	176.14	31,705	2,187.68	182.31	32,816	2,264.25	188.69	33,964
2	SUPER MARKET	1,603.50	133.62	3,207	1,659.62	138.30	3,319	1,717.70	143.14	3,435
45	LAUNDRIES, PER MACHINE	218.66	18.22	9,839	226.31	18.86	10,184	234.23	19.52	10,541
6	GAS STATIONS	655.98	54.66	3,936	678.93	56.58	4,074	702.70	58.56	4,216
2	TRUCK STOP (WITH SHOWERS)	971.82	80.98	1,944	1,005.83	83.82	2,012	1,041.03	86.75	2,082
2	CAR WASH	826.04	68.84	1,652	854.95	71.25	1,710	884.88	73.74	1,770
2	MOJAVE JR/SR HIGH SCHOOL/ GYM	3,862.97	321.91	7,726	3,998.17	333.18	7,996	4,138.11	344.84	8,276
3	MOJAVE ELEMENTARY SCHOOL	3,449.94	287.50	10,350	3,570.69	297.56	10,712	3,695.67	307.97	11,087
4	SCHOOL SUPPORT	242.95	20.25	972	251.46	20.95	1,006	260.26	21.69	1,041
3	SMALL COUNTY	242.95	20.25	729	251.46	20.95	754	260.26	21.69	781
4	LARGE COUNTY	874.63	72.89	3,499	905.25	75.44	3,621	936.93	78.08	3,748
107	CAMELOT HOMES	267.25	22.27	28,595	276.60	23.05	29,596	286.28	23.86	30,636
	MOJAVE AIR AND SPACEPORT - 12" MAIN		7,670.85	92,050		8,119.89	97,439		8,576.60	102,919
TOTAL				565,893			587,854			610,557

Table 6: Summary of Projected Revenues and Expenses

	2023-24 Estimated	Projected 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28	Projected 2028-29
Sewer Use Fee Revenues:						
From Table 5	\$523,346	\$524,956	\$544,503	\$565,893	\$587,854	\$610,557
Expenses to be Covered by Use Fees:						
From Table 1c	\$471,040	\$494,295	\$518,758	\$544,590	\$571,575	\$600,077
Annual Surplus (Deficiency)¹	\$52,306	\$30,661	\$25,745	\$21,303	\$16,279	\$10,480

Note:

1. Annual surplus or deficiency assumed to be an addition to or reduction in District reserve funds.

Table 7a: Mojave Public Utility District**Current Sewer Rate Table 2023-24**

Code	User Category	Sewer Monthly Rate (\$)
A	SINGLE FAMILY	18.90
B	APARTMENTS	14.18
C	MOTEL UNITS	5.48
D1	MOBILE HOMES	17.01
D2	RV SPACES	3.59
D3	RV DUMP STATION	30.67
E	CHURCH FRATERNAL	13.23
F	SMALL BUSINESS	18.90
G	LARGE BUSINESS	68.05
H	RESTAURANT	164.45
I	SUPER MARKET	124.75
J	LAUNDRIES, PER MACHINE	17.01
K	GAS STATIONS	51.04
L	CAR WASH	64.27
M	MOJAVE JR/SR HIGH SCHOOL/ GYM	300.54
O	MOJAVE ELEMENTARY SCHOOL	268.41
P	SCHOOL SUPPORT	18.90
Q	SMALL COUNTY	18.90
R	LARGE COUNTY	68.05
S	CAMELOT HOMES	20.79
ZZ	MOJAVE AIR AND SPACEPORT - 12" MAIN ¹	Varies

Note: 1. Mojave Air and Spaceport is billed based on actual flows and BOD₅ and TSS concentrations.

Domestic Dump Fees:

Loads from within District boundaries: \$125.00/load

Loads from outside District boundaries: \$190.00/load

Loads greater than 3,000 gallons will be charged an additional fee.

After hours loads accepted for an additional fee of \$120.00/load.

Table 7b: Mojave Public Utility District

Proposed Sewer Rates

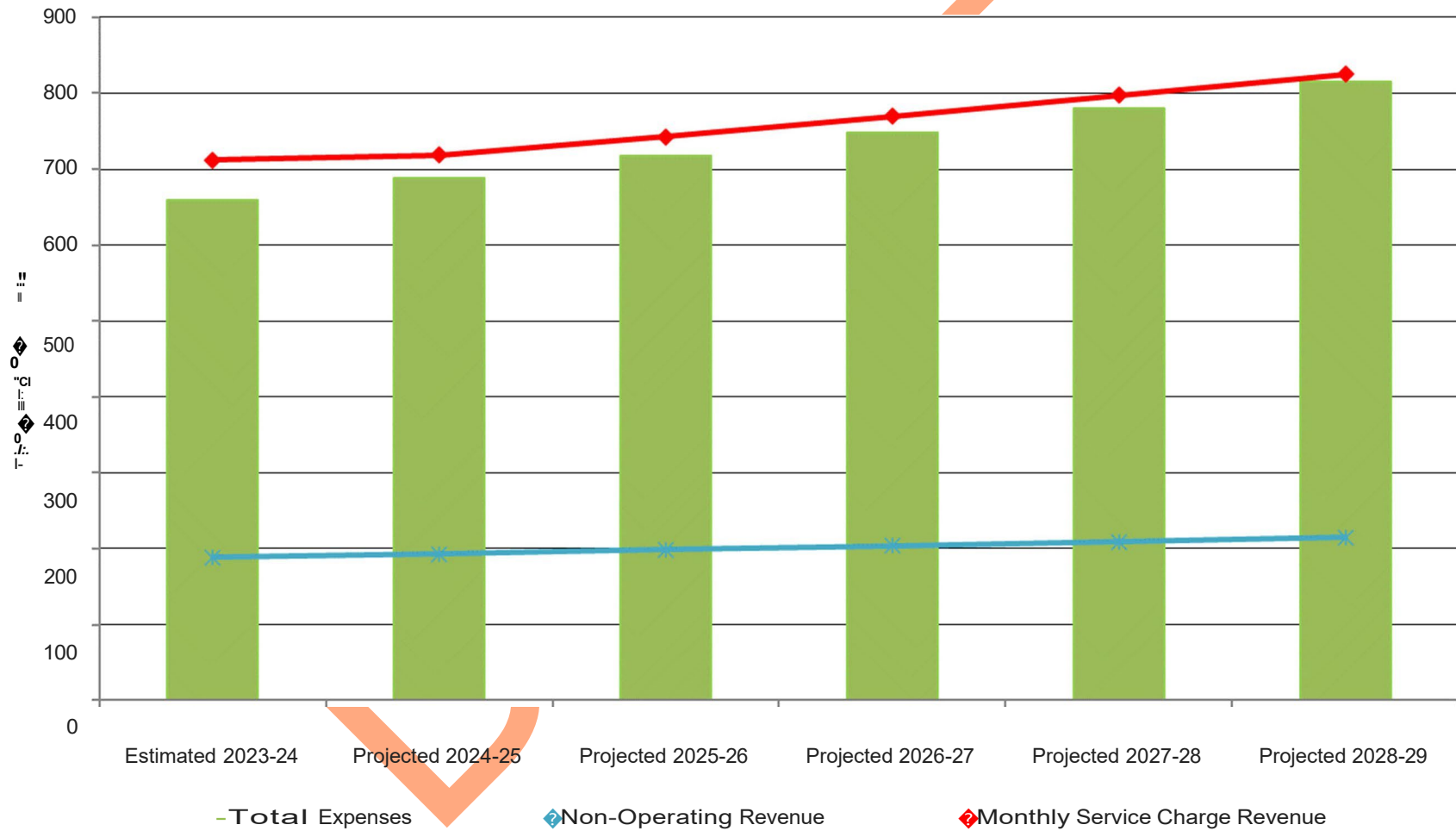
Code	User Category	Sewer Monthly Rate (\$)				
		2024-25	2025-26	2026-27	2027-28	2028-29
A	SINGLE FAMILY	18.90	19.56	20.25	20.95	21.69
B	APARTMENTS	14.18	14.67	15.18	15.72	16.27
C	MOTEL UNITS	5.48	5.67	5.87	6.08	6.29
D1	MOBILE HOMES	17.01	17.61	18.22	18.86	19.52
D2	RV SPACES	3.59	3.72	3.85	3.98	4.12
D3	RV DUMP STATION	37.80	39.12	40.49	41.91	43.38
E	CHURCH FRATERNAL	13.23	13.69	14.17	14.67	15.18
F	SMALL BUSINESS	18.90	19.56	20.25	20.95	21.69
G	LARGE BUSINESS	68.04	70.42	72.89	75.44	78.08
H	RESTAURANT	164.43	170.19	176.14	182.31	188.69
I	SUPER MARKET	124.74	129.11	133.62	138.30	143.14
J	LAUNDRIES, PER MACHINE	17.01	17.61	18.22	18.86	19.52
K1	GAS STATIONS	51.03	52.82	54.66	56.58	58.56
K2	TRUCK STOP (WITH SHOWERS)	75.60	78.25	80.98	83.82	86.75
L	CAR WASH	64.26	66.51	68.84	71.25	73.74
M	MOJAVE JR/SR HIGH SCHOOL/ GYM	300.51	311.03	321.91	333.18	344.84
O	MOJAVE ELEMENTARY SCHOOL	268.38	277.77	287.50	297.56	307.97
P	SCHOOL SUPPORT	18.90	19.56	20.25	20.95	21.69
Q	SMALL COUNTY	18.90	19.56	20.25	20.95	21.69
R	LARGE COUNTY	68.04	70.42	72.89	75.44	78.08
S	CAMELOT HOMES	20.79	21.52	22.27	23.05	23.86
ZZ	MOJAVE AIR AND SPACEPORT - 12" MAIN ¹	See Table A-2 for Calculation Methodology				

Note: 1. Mojave Air and Spaceport is billed based on actual flows and BOD₅ and TSS concentrations.

Domestic Dump Fees:	Dump Fee (\$/load)				
	2024-25	2025-26	2026-27	2027-28	2028-29
Loads from within District boundaries:	125.00	130.00	135.00	140.00	145.00
Loads from outside District boundaries:	190.00	195.00	200.00	210.00	220.00

Notes: Loads greater than 3,000 gallons will be charged an additional fee.
After hours loads accepted for an additional fee of \$130.00/load.

**Figure 1- MPUD Sewer System
Estimated and Projected Expenses and Revenues**



Appendix A

Mojave Air and Spaceport

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Table A-1
Mojave Air and Spaceport
Estimate of Projected Monthly Charges

Existing 2023-24

Flow (MG/mo)	1.55	\$	1,218.46	\$	1,882.72
BOD ₅ (lbs/mo)	1546	\$	1.17	\$	1,809.29
TSS (lbs/mo)	2590	\$	1.18	\$	3,056.47
				\$	6,748.48

Proposed 2024-25

Flow (MG/mo)	1.58	\$	1,218.46	\$	1,920.38
BOD ₅ (lbs/mo)	1577	\$	1.17	\$	1,845.48
TSS (lbs/mo)	2642	\$	1.18	\$	3,117.59
				\$	6,883.45

Proposed 2025-26

Flow (MG/mo)	1.61	\$	1,258.57	\$	2,023.27
BOD ₅ (lbs/mo)	1609	\$	1.21	\$	1,941.54
TSS (lbs/mo)	2695	\$	1.21	\$	3,261.56
				\$	7,226.37

Proposed 2026-27

Flow (MG/mo)	1.64	\$	1,317.23	\$	2,159.91
BOD ₅ (lbs/mo)	1641	\$	1.26	\$	2,063.60
TSS (lbs/mo)	2749	\$	1.25	\$	3,447.34
				\$	7,670.85

Proposed 2027-283

Flow (MG/mo)	1.67	\$	1,378.21	\$	2,305.11
BOD ₅ (lbs/mo)	1674	\$	1.31	\$	2,187.34
TSS (lbs/mo)	2804	\$	1.29	\$	3,627.43
				\$	8,119.89

Proposed 2028-29

Flow (MG/mo)	1.71	\$	1,442.39	\$	2,460.69
BOD ₅ (lbs/mo)	1707	\$	1.36	\$	2,313.50
TSS (lbs/mo)	2860	\$	1.33	\$	3,802.40
				\$	8,576.60

Note: The Airport shall be charged based on actual wastewater characteristics per the terms of the Contract Amendment.

Table A-2
Proposed Escalation Table

Assumptions:

BOD ₅	120 mg/L =	1,002.47 lbs/MG
TSS	201 mg/L =	1,675.51 lbs/MG

Year	Unit Costs			Costs per MG			Total Cost per MG	Outflow (MG)	Total Cost
	Flow	BOD ₅	TSS	Flow	BOD ₅	TSS			
2023-24	\$1,218.46	\$1.17	\$1.18	\$1,218.46	\$1,172.89	\$1,977.10	\$4,368.44		\$0.00
2024-25	\$1,218.46	\$1.17	\$1.18	\$1,218.46	\$1,172.89	\$1,977.10	\$4,368.44		\$0.00
2025-26	\$1,258.57	\$1.21	\$1.21	\$1,258.57	\$1,209.75	\$2,027.84	\$4,496.16		\$0.00
2026-27	\$1,317.23	\$1.26	\$1.25	\$1,317.23	\$1,260.59	\$2,101.32	\$4,679.13		\$0.00
2027-28	\$1,378.21	\$1.31	\$1.29	\$1,378.21	\$1,309.98	\$2,167.74	\$4,855.93		\$0.00
2028-29	\$1,442.39	\$1.36	\$1.33	\$1,442.39	\$1,358.37	\$2,227.75	\$5,028.50		\$0.00

Two consecutive days of composite BOD₅ and TSS samples will be taken once per month to include all days of the week to calculate a true average. Samples will be reviewed on an annual basis and adjustments to the pricing structure will be made accordingly. If the average BOD₅ and TSS is higher or lower than 120 mg/L and 201 mg/L, respectively, the pricing in the above calculator shall be adjusted accordingly.

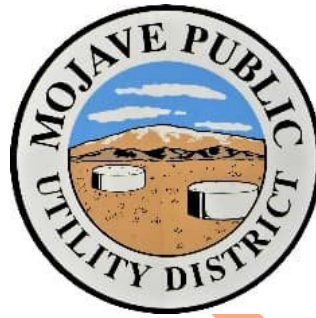
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Appendix C

Water Shortage Contingency Plan

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Water Shortage Contingency Plan Mojave Public Utility District



15844 K St, Mojave CA 93501

System CA1510014

July 1, 2023

Introduction

This Water Shortage Contingency Plan (WSCP) for the Mojave Public Utility District has been prepared in accordance with current California Water Code requirements (Section 10609.60) and outlines a program for responding to water supply limitations. The intent of the water conservation measures and progressive restrictions on water use identified in this WSCP is to provide guidance to the District in managing and mitigating anticipated water supply shortages. The structured steps are designed to allow the District to assess its available water supplies and implement appropriate measures in response to actual conditions so that water shortages can be managed efficiently and predictably with accountability.

This WSCP includes the following elements as required by the Water Code:

1. Drought-Planning Contacts
 - District (Water System) Contact
 - Local Public Safety Partners and Vendors
 - State and Local Agency Contacts
 - Mutual Aid Network
2. WSCP Triggering Mechanisms and Action Levels
 - Standard Water Shortage Levels
 - Water Shortage Mitigation,
 - Water Shortage Response
 - Water Shortage Customer Communications
 - Water Shortage Enforcement
 - Water Shortage Relief Actions

A water shortage condition is defined as when customer water demand exceeds the available water supply. Water shortage conditions may be a result of population growth, climate change, drought, catastrophic events, or other water shortage emergencies declared by either the City, State or Federal government.

The six standard water shortage levels and response actions defined in this WSCP increase restrictions on water use in response to the increasing levels of water shortage conditions.

No water use restrictions are proposed for a Level 1 water shortage condition. Water conservation measures per Ordinance No. 2016-01 apply and will be reinforced through local public education and awareness measures.

Compliance with Level 2 water shortage response actions is voluntary and will be reinforced through local public education and awareness measures.

Compliance with Level 3 through 6 water shortage response actions is mandatory. Violations are subject to criminal, civil, and administrative penalties and remedies as defined herein and adopted by Ordinance.

WSCP Refinement Procedures

The response actions and other considerations in this WSCP shall be reviewed on a periodic basis to determine the effectiveness of the implementation of the various measures to achieve the desired water demand reductions.

Water Supply

The District relies primarily on groundwater pumping from the Freemont Water Basin to meet the demands of its customers. In addition, the District purchases imported State Water Project (SWP) water from Antelope Valley East Kern Water Agency (AVEK). The District may encounter issues in the future requiring evaluation as to their potential impacts on water supply reliability. These could include:

- Changes in groundwater quality or regulations that require water supply wells to be taken out of service.
- Breakdown or planned maintenance of water supply facilities that impact the District's ability to supply water to its customers.

A catastrophic event may result in a complete loss of District water supplies for a temporary period lasting from a day to a week or more. Examples of catastrophic events include earthquakes, widespread power outages or other disasters. The WSCP shortage levels and response actions are intended to be implemented as appropriate in the event of any future water shortage.

Each of the required elements is addressed in the following sections.

Drought Planning Contacts

District (Water System) Contact

Organization or Department	Name & Position	Telephone	Email
Mojave Public Utility District	Damian Rickman General Manager	661-824-4161	damian.mpud@att.net
Mojave Public Utility District	Daryl Frye Maintenance Foreman	661-824-4161	darylpu@att.net
Mojave Public Utility District	On Call Phone Emergency and After-Hours Service	661-816-6340	

Local Public Safety Partners and Vendors

Organization or Department	Name & Position	Telephone	Email
P&J Electric		661-822-6217	
Road Runner Pump Services		661-944-5073	
Skookum H ₂ O Monitoring Inc		661-822-4185	
RMR Water Trucks		661-510-8516	

State and Local Agency Contacts

Organization or Department	Name & Position	Telephone	Email
State Water Board District Engineer	Abdel Rahman Shurbaji Associate Sanitary Engineer	661-335-7317	Abdel.Shurbaji@waterboards.ca.gov
Fire Department	Kern County Fire Station 14 (Mojave)	661-824-4581	
Antelope Valley East Kern Water Agency	John Bozigian Manager of Operations	661-943-3201	jbavekwa@yahoo.com
Kern County Office of Emergency Services	Jolene Murillo Assistant Emergency Services Manager	661-873-2603	jmurillo@kerncountyfire.org
Kern County Environmental Health		661-321-3000	publichealth@kerncounty.com
Wonder Acres (City of California City)	Joe Barragan Public Works Director	760-373-8661	
Kern County Public Health		661-321-3000	publichealth@kerncounty.com
Mojave Unified School District	Cindy Moore Operations Supervisor	661-824-2047	

Mutual Aid Network

Organization or Department	Name & Position	Telephone	Email
Rosamond Community Services District	John Houghton Director of Public Works	661-256-3411	jhoughton@rosamondcsd.com
City of California City	Joe Barragan Public Works Director	760-373-8661	

WSCP Triggering Mechanisms and Action Levels

Six Standard Water Shortage Levels and Response Actions

The District must provide the minimum health and safety water needs of the community. The six standard water shortage levels are defined by the State to allow for increasing levels of water conservation measures in response to increasing severity of water shortage. Compliance with the response actions in the various water shortage levels are voluntary up to Level 2 and mandatory for Level 3 and greater. The applicable water shortage Level and response actions will depend on the causes, severity, and anticipated duration of the water supply shortage. The Six Standard Water Shortage Levels are summarized in **Table 1**. There is no difference in the District's response actions for Levels 3 and 4 and for Levels 5 and 6.

Shortage Level	Percent Shortage Range	Shortage Response Actions (Narrative Description)
1	Up to 10%	No water use restrictions are proposed for shortages of up to 10%.
2	Up to 20%	For shortages greater than 10% up to 20% or pursuant to any emergency or drought-related regulations imposed by state or federal regulatory agencies. Compliance with shortage response actions shall be voluntary.
3	Up to 30%	For shortages greater than 20% up to 40% or pursuant to any emergency or drought-related regulations imposed by state or federal regulatory agencies or when it is apparent that the reductions achieved from Level 1 and 2 voluntary response actions are not sufficient to allow the District's supply to meet customer demand. Compliance with shortage response actions is mandatory. Violations are subject to enforcement actions.
4	Up to 40%	
5	Up to 50%	For shortages greater than 40% or pursuant to any emergency or drought-related regulations imposed by state or federal regulatory agencies or when it is apparent that the reductions achieved from Level 3 and 4 mandatory response actions are not sufficient to allow the District's supply to meet customer demand. Compliance with shortage response actions is mandatory. Violations are subject to enforcement actions.
6	>50%	

Shortage Response Actions

The District has established the following shortage response actions for the six standard water shortage levels defined above.

Shortage Level 1:

No water use restrictions are proposed for a Level 1 water shortage condition. Water conservation measures per . The City will expand its public information campaign to encourage water conservation to achieve up to a 10 percent decrease in demand. Water meter data will be monitored to determine the effectiveness of the shortage response actions in achieving the desired water demand reduction.

Shortage Level 2:

During Level 1 and 2 water shortage conditions, compliance shall be voluntary. All water withdrawn from District facilities shall be put to reasonable beneficial use. In addition to expanding the District's public information campaign to encourage water conservation, the following water conservation measures shall be implemented in accordance with District Ordinance No. 2016-01, in order to achieve up to a 20 percent reduction in demand:

- Washing or hosing down driveways or sidewalks is prohibited.
- Washing of motor vehicles with a hose is prohibited except where the hose is fitted with a shut-off nozzle that causes it to cease dispensing water immediately when not in use.
- Water should not be used in fountains or other decorative water features unless water therein is recirculated.
- Any water leaks in homes or businesses must be repaired immediately.

Water meter data will be monitored to determine the effectiveness of the shortage response actions in achieving the desired water demand reduction.

Shortage Levels 3 and 4:

During Shortage Levels 3 and 4, all response actions in Shortage Levels 1 through 2 shall apply as well as the following additional restrictions on water use in order to achieve up to a 40 percent reduction in demand. Compliance with all response actions in Shortage Levels 1 through 4 shall be mandatory.

- Outdoor irrigation of ornamental landscapes or turf with water provided by the District shall be limited to two (2) days per week, specifically Mondays and Thursdays. In no case should water be applied to landscape in a manner that causes excessive and undue runoff such that water flows onto adjacent property, non-irrigated lands, private or public walkways, roads, streets, or parking lots.
- The application of water provided by the District on outdoor landscapes during and within forty-eight (48) hours of measurable rainfall is prohibited.

Water meter data will be monitored monthly to determine the effectiveness of the shortage response actions in achieving the desired water demand reduction.

Shortage Levels 5 and 6:

During Shortage Levels 5 and 6, all response actions shall be mandatory. In addition to the Level 1 through 4 response actions, the District may implement the right to write a citation of up to \$500 per day for violations of mandatory response actions in Level 1 through 4 in order to achieve greater than a 40 percent reduction in demand.

Water meter data will be monitored on a monthly or more frequent basis to determine the effectiveness of the shortage response actions in achieving the desired water demand reduction. The District shall have the authority to amend the emergency rules adopted by Ordinance No. 2016-01 at any time and from time to time in the same manner as the same were adopted.

In addition to the demand reduction actions described above, the District may also implement measures to increase available supplies such as short-term water purchases.

Catastrophic Events:

Catastrophic events shall be evaluated as to their impact on the District's ability to deliver water supplies so that the appropriate water shortage level can be identified. The General Manager may immediately implement the appropriate shortage response actions due to a catastrophic event.

Earthquake hazard is known to be a high priority issue county wide. An earthquake can impact water delivery systems through damage to water mains and other facilities.

In the event of an earthquake or other catastrophic event, District personnel will assess the water system for damage that could impair the system's ability to deliver water to customers. If damage is identified, maintenance personnel or a contractor engaged by the District will perform the required repairs as soon as possible to restore delivery capacity. The District keeps an inventory of supplies on hand such as PVC pipe, valves, fittings, and water service appurtenances, which can be used to make needed repairs.

The District has installed a backup generator to provide emergency power to Wells 7, 8, and 9 in the event of a power outage. Available water supplies in storage will also be utilized. If necessary, the District will purchase and distribute emergency drinking water from AVEK to its customers.

Shortage Response Action Assessment

Under normal water supply conditions, potable water production figures are recorded daily. Totals are reported monthly to the General Manager.

During a Level 1 through Level 2 water shortage, monthly production figures will be compared to target monthly production to verify if the water use reduction goal is being met. If reduction goals are not being met, the General Manager will seek corrective action.

During a Level 3 through Level 6 water shortage, the procedure listed above will be followed, with the addition of a weekly production report to the General Manager.

During emergency shortages, production figures will be reported to the General Manager daily.

Customer Communications

Table 2 provides the anticipated communication protocols for the various water shortage levels. The degree of communication increases with the water shortage level.

Table 2 – Communication Protocol by Shortage Level	
Shortage Level	Description
1	Public information campaign to encourage water conservation due to water shortage level.
2	- Public information campaign to encourage water conservation due to water shortage level. - Newsletter or bill insert to notify customers of declared water shortage level and implementation of voluntary water use restrictions.
3 & 4	- Public information campaign to encourage water conservation due to water shortage level. - Newsletter or bill insert to notify customers of declared water shortage level and implementation of mandatory water use restrictions and enforcement actions. - Press release notifying the public of declared water shortage level and implementation of mandatory water use restrictions and enforcement actions.
5 & 6	- Public information campaign to encourage water conservation due to water shortage level. - Newsletter or bill insert to notify customers of declared water shortage level and implementation of mandatory water use restrictions and enforcement actions. - Press release notifying the public of declared water shortage level and implementation of mandatory water use restrictions and enforcement actions.
Emergency Conditions	- Coordination with Kern County Emergency Operations Center. - Notifications per Emergency Response Plan - Public information campaign to notify customers and public of declared water shortage and implementation of water use restrictions.

Enforcement

As required by Water Code Section 366, excessive water use by metered single-family residential customers and customers in multi-unit housing complexes in which each unit is individually metered or sub-metered is prohibited during water shortage conditions of Level 3 or higher. Customers with excessive water use will be identified through meter data in comparison to the declared water shortage condition and reasonable water use based on factors such as the full-time occupancy of the household, amount of landscaped area, seasonal weather conditions, and the rate of evapotranspiration.

Variances

The General Manager, or designee, may grant, in writing, a temporary variance for existing water uses otherwise prohibited under this Plan if it is determined that failure to grant such variance would cause an emergency condition adversely affecting the health, sanitation, or fire protection for the public or the person requesting such variance and if one or more of the following conditions are met:

- (a) Compliance with this Plan cannot be technically accomplished during the duration of the water supply shortage or other condition for which the Plan is in effect.
- (b) Alternative methods can be implemented which will achieve the same level of reduction in water use.

Persons requesting an exemption from the provisions of this Ordinance shall file a petition for variance with the water system within 5 days after the Plan or a particular drought response stage has been invoked. All petitions for variances shall be reviewed by the General Manager, or designee, and shall include the following:

- (a) Name and address of the petitioner(s).
- (b) Purpose of water use.
- (c) Specific provision(s) of the Plan from which the petitioner is requesting relief.
- (d) Detailed statement as to how the specific provision of the Plan adversely affects the petitioner or what damage or harm will occur to the petitioner or others if petitioner complies with this Ordinance.
- (e) Description of the relief requested.
- (f) Period of time for which the variance is sought.
- (g) Alternative water usage restrictions or other measures the petitioner is taking or proposes to take to meet the intent of this Plan and the compliance date.
- (h) Other pertinent information.

A decision on the variance request will be returned to the customer within no more than 5 business days.

While submittal of a variance is required, the following exemptions are pre-approved:

1. Use of a residential swamp cooler on days where the ambient temperature is greater than 80° F for residents that can demonstrate a medical need.
2. Use of water for the operation of a medical support device needed by a resident

Appendix D

Financial Audit and Budget Information

(covering three fiscal years)

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MOJAVE PUBLIC UTILITY DISTRICT
FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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**MOJAVE PUBLIC UTILITY DISTRICT
JUNE 30, 2022**

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GENERAL INFORMATION

MOJAVE PUBLIC UTILITY DISTRICT
MOJAVE
COUNTY OF KERN, CALIFORNIA
LIST OF PERSONNEL
JUNE 30, 2022

OFFICERS

Harold Smith
Albert Hansen
DeVon Aller

President
President Pro Tern
Secretary-Clerk

DIRECTORS

David W. Adams
Albert Hansen
Harold Smith
Thomas Pear
Victor M. Yaw

Term expires December 6, 2024
Term expires December 6, 2024
Term expires December 2, 2022
Term expires December 2, 2022
Term expires December 2, 2022

PERSONNEL

Bee Coy Jr.
Damian Rickman
Devon Aller

General Manager
Asst. General Manager
Office Manager

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mojave Public Utility District
Mojave, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Mojave Public Utility District (the District) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-6 and the required supplementary information on pages 29-30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Operating Revenues and Operating Expenses - General Fund is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Revenues and Operating Expenses - General Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



/w.,, ?fflr



Bakersfield, California
December 8, 2022

MOJAVE PUBLIC UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

This section of Mojave Public Utility District's (the District) annual financial report presents our discussion and analysis of the District's performance during the fiscal year ending June 30, 2022. Please read it in conjunction with the District's basic financial statements, which follow this section.

The District was formed on December 19, 1938, according to the provisions of the Public Utility District Act. The District is governed by a Board of Directors consisting of five members.

The District was initially formed to provide water service to residents within the District situated around the unincorporated area of Mojave, Kern County, California. Since that time, the District has instituted a sewage collection and disposal system pursuant to Section 16491 of the Public Utilities Code.

The District's basic fund financial statements include (1) the statement of net position - proprietary funds, (2) the statement of revenues, expenses, and changes in net position - proprietary funds, and (3) the statement of cash flows - proprietary funds. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Operating revenues result from providing services to the general public. Charges to customers represent the District's principal operating revenues and include water and sewer charges.

Operating expenses include the cost of maintenance and support of providing water service, sewer collection, sewer treatment, and administrative expenses along with the depreciation on capital assets.

The statement of revenues, expenses, and changes in net position is reported using the accrual basis of accounting. Revenues are reported when earned and expenses are reported when incurred, regardless of when cash is received or paid. Revenues and expenses are categorized as either operating or nonoperating based on definitions provided by the Governmental Accounting Standards Board (GASB).

Overview of the Financial Statements

This annual financial report consists of two major parts: Management's Discussion and Analysis (this section) and the Basic Financial Statements, including accompanying Notes that explain some of the information in the financial statements and provide more detailed data.

The Basic Financial Statements include two types of statements that present different views of the District:

- ◆ *District-Wide Financial Statements* report information about the District as a whole. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities. These two District-wide statements report the District's net position. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the District's health or financial position. The statement of activities is reported using the accrual basis of accounting. Revenues and expenses are categorized as either operating or nonoperating based upon definitions provided by the GASB.
- ◆ *Fund Financial Statements* provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending. Some funds are required by State law, and others are established by the District to control and manage money for specific purposes.

Condensed Financial Information

The District's financial operations remained solid during fiscal year 2021-22. Revenues from water and sewer charges, taxes, and nonoperating revenues were used to pay all operating expenses and debt service obligations.

Net Position - Net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, was \$18,351,859.

	June 30, 2022	June 30, 2021
Assets		
Capital Assets, Net	\$ 9,493,609	\$ 9,282,224
Other Assets	<u>8,874,313</u>	<u>7,902,181</u>
Total Assets	18,367,922	17,184,405
Deferred Outflows of Resources	369,420	58,418
Liabilities		
Current Liabilities	32,901	118,968
Long-Term Liabilities	<u>137,581</u>	<u>204,242</u>
Total Liabilities	170,482	323,210
Deferred Inflows of Resources	215,001	280,051
Net Position		
Net Investment in Capital Assets	9,493,609	9,282,224
Restricted for Operations	827,479	953,501
Unrestricted	<u>8,030,771</u>	<u>6,403,837</u>
Total Net Position	<u>\$ 18,351,859</u>	<u>\$ 16,639,562</u>

Capital Assets, Net increased by \$211,385. For detailed capital asset information, see Note 3 of the financial statements which summarizes additions and deletions.

Other Assets - Current assets were \$8,858,494 and noncurrent assets were \$9,509,428. Noncurrent assets included a net other postemployment benefits (OPEB) asset of \$15,819. See Note 5 for further information regarding the OPEB asset.

Long-Term Liabilities - This consisted of compensated absences of \$137,581.

Current Liabilities - Current liabilities were \$32,901.

Deferred Outflows and Inflows of Resources resulted from the implementation of GASB Statement No. 75.

Net Position - Net Investment in Capital Assets was \$9,493,609.

Net Position - Restricted was \$827,479 for developer fees, grant revenues, and long-term debt.

Unrestricted Net Position was \$8,030,771.

Change in Net Position - Change in net position for fiscal years 2022 and 2021 was \$1,712,297 and \$1,969,398, respectively.

	June 30, 2022	June 30, 2021
Total Program Revenues	\$ 3,089,002	\$ 3,476,031
Total Program Expenses	(2,286,121)	(2,063,370)
General Revenues	<u>909,416</u>	<u>556,737</u>
Change in Net Position	1,712,297	1,969,398
Net Position, Beginning of Year	<u>16,639,562</u>	14,670,164
Net Position, End of Year	<u>\$ 18,351,859</u>	<u>\$ 16,639,562</u>

Analytical Review of Revenues - The District's principal source of revenue is from water sales and sewer fees.

Analytical Review of Expenses - The District's principal expenses are water purchases and salaries.

Capital Assets and Debt Administration

Capital Assets - At June 30, 2022, the District had invested \$9,493,609 in capital assets, net of depreciation.

Long-Term Debt- At June 30, 2022, the District had no long-term debt outstanding.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mojave Public Utility District, 15844 K Street, Mojave, California 93501.

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 8,533,290
Accounts receivable	280,503
Inventories	20,691
Interest receivable	<u>24,010</u>
Total Current Assets	<u>8,858,494</u>

Noncurrent Assets:

Capital assets not being depreciated:

Land	221,113
Construction in progress	853,696

Capital assets being depreciated:

Buildings	250,100
Improvements	11,106,310
Sewer treatment plant	2,890,128
Equipment	1,261,367
Less accumulated depreciation	<u>{7,089,105}</u>

Total Capital Assets, Net of Depreciation	<u>9,493,609</u>
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Net OPES asset	<u>15,819</u>
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Total Noncurrent Assets	<u>9,509,428</u>
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Total Assets	<u>18,367,922</u>
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DEFERRED OUTFLOWS OF RESOURCES (OPEB)

369,420

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 18,737,342

LIABILITIES

Current Liabilities:

Accrued expense	\$ 51
Customers' refundable deposits	32,850

Long-Term Liabilities:

Due within one year:

Compensated absences	<u>137,581</u>
----------------------	----------------

Total Liabilities	<u>170,482</u>
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DEFERRED INFLOWS OF RESOURCES (OPEB)

215,001

NET POSITION

Net investment in capital assets	9,493,609
Restricted	827,479
Unrestricted	<u>8,030,771</u>
Total Net Position	<u>18,351,859</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

\$ 18,737,342

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

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense) and Revenues and Changes in Net Position Business- Type Activities</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Business-Type Activities:					
Water and sewer services	<u>\$ 2,286,121</u>	<u>\$ 2,732,319</u>	<u>\$'-----</u>	<u>\$ 356,683</u>	<u>\$ 8,028,881</u>
Totals	<u>\$ 2,286,121</u>	<u>\$ 2,732,319</u>	<u>=\$=====</u>	<u>=\$=====3=5=6,=68=3=</u>	<u>8,028,881</u>
General Revenues:					
Taxes and subventions:					
Taxes levied for general purposes					516,806
Interest and investment earnings					69,097
Gain on sale of assets					15,500
Miscellaneous					<u>308,013</u>
Total General Revenues					<u>909,416</u>
Change in Net Position					1,712,297
Net Position, Beginning of Year					<u>16,639,562</u>
Net Position, End of Year					<u>\$ 18,351,859</u>

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

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	General Fund	Other Proprietary Funds	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current Assets:			
Cash and cash equivalents	\$ 7,206,812	\$ 1,326,478	\$ 8,533,290
Accounts receivable	280,503		280,503
Inventories	20,691		20,691
Interest receivable	23,009	1,001	24,010
Due from other funds	500,000		500,000
Total Current Assets	8,031,015	1,327,479	9,358,494
Noncurrent Assets:			
Capital assets:			
Capital assets not being depreciated:			
Land	221,113		221,113
Construction in progress	853,696		853,696
Capital assets being depreciated:			
Buildings	250,100		250,100
Improvements	11,106,310		11,106,310
Sewer treatment plant	2,890,128		2,890,128
Equipment	1,261,367		1,261,367
Less accumulated depreciation	(7,089,105)		(7,089,105)
Total Capital Assets, Net of Depreciation	9,493,609		9,493,609
Net OPEB asset	15,819		15,819
Total Noncurrent Assets	9,509,428		9,509,428
Total Assets	17,540,443	1,327,479	18,867,922
Deferred Outflows of Resources (OPEB)	369,420		369,420
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 17,909,863	\$ 1,327,479	\$ 19,237,342
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current Liabilities:			
Accrued expense	\$ 51	\$	\$ 51
Customers' refundable deposits	32,850		32,850
Long-Term Liabilities:			
Due within one year:			
Compensated absences	137,581		137,581
Due to other funds		500,000	500,000
Total Liabilities	170,482	500,000	670,482
Deferred Inflows of Resources (OPEB)	215,001		215,001
Net Position:			
Net investment in capital assets	9,493,609		9,493,609
Restricted		827,479	827,479
Unrestricted	8,030,771		8,030,771
Total Net Position	17,524,380	827,479	18,351,859
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 17,909,863	\$ 1,327,479	\$ 19,237,342

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

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General Fund	Other Proprietary Funds	Total
Operating Revenues:			
Water and sewer charges	\$ 2,723,219	\$ 9,100	\$ 2,732,319
Taxes	516,806		516,806
Total Operating Revenues	3,240,025	9,100	3,249,125
Operating Expenses:			
Water	1,127,084		1,127,084
Sewer	90,311		90,311
Treatment plant	166,572		166,572
General and administrative	902,154		902,154
Total Operating Expenses	2,286,121		2,286,121
Operating Income	953,904	9,100	963,004
Nonoperating Revenues and Expenses:			
Nonoperating Revenues:			
Grant revenue		356,683	356,683
Interest	60,902	8,195	69,097
Gain on sale of asset	15,500		15,500
Miscellaneous	308,013		308,013
Total Nonoperating Revenues	384,415	364,878	749,293
Income Before Operating Transfers	1,338,319	373,978	1,712,297
Transfers			
Transfers In	500,000		500,000
Transfers Out		(500,000)	(500,000)
Total Transfers	500,000	(500,000)	
Net Increase (Decrease) in Net Position	1,838,319	(126,022)	1,712,297
Net Position, Beginning of Year	15,686,061	953,501	16,639,562
Net Position, End of Year	\$ 17,524,380	\$ 827,479	\$ 18,351,859

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

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>Other Proprietary Funds</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 3,239,678	\$ 9,100	\$ 3,248,778
Payments to employees (salaries and benefits)	(84,277)		(84,277)
Payments to suppliers	<u>(2,448,221)</u>		<u>(2,448,221)</u>
Net Cash Provided by Operating Activities	<u>707,180</u>	<u>9,100</u>	<u>716,280</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Other noncapital revenue	<u>275,280</u>		<u>275,280</u>
Net Cash Provided by Non-Capital Financing Activities	<u>275,280</u>		<u>275,280</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital funds received		356,682	356,682
Capital expenditures	<u>(91,193)</u>		<u>(91,193)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(91,193)</u>	<u>356,682</u>	<u>265,489</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>60,902</u>	<u>8,195</u>	<u>69,097</u>
Net Cash Provided by Investing Activities	<u>60,902</u>	<u>8,195</u>	<u>69,097</u>
Net Increase in Cash and Cash Equivalents	952,169	373,977	1,326,146
Cash and Cash Equivalents at Beginning of Year	<u>6,254,643</u>	<u>952,501</u>	<u>7,207,144</u>
Cash and Cash Equivalents at End of Year	\$ <u>7,206,812</u>	=\$=====1=,3=2=6,,,,,;4=78=	\$ <u>8,533,290</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 953,904	\$ 9,100	\$ 963,004
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	428,041		428,041
(Increase) decrease in:			
Inventories	(4,074)		(4,074)
Accounts receivable	(347)		(347)
Due from other funds	(500,000)		(500,000)
Deferred outflows of resources	(311,002)		(311,002)
Increase (decrease) in:			
Compensated absences	(85,517)		(85,517)
Net OPES asset	358,436		358,436
Accounts payable and other accrued expenses	(550)		(550)
Due to other funds	(66,661)		(66,661)
Deferred inflows of resources	<u>(65,050)</u>		<u>(65,050)</u>
Net Cash Provided by Operating Activities	\$ <u>707,180</u>	=\$=====9=1,=00=	\$ <u>716,280</u>

Supplemental Disclosure of Cash Flow Information:

The District did not have any non-cash activities during the fiscal year-

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

**MOJAVE PUBLIC UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mojave Public Utility District (the District) was formed December 19, 1938, according to the provisions of the Public Utility District Act, Statutes of 1931, Chapter 560 (General Law No. 6391) now Sections 15501 through 17776 of the Public Utilities Code. The Certificate of Incorporation was received from the Secretary of State on February 6, 1939. The District is governed by a Board of Directors consisting of five members.

The District was initially formed to provide water service to residents within the District situated around the unincorporated area of Mojave, Kern County, California. Since that time, the District has instituted a sewage collection and disposal system pursuant to Section 16491 of the Public Utilities Code.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America. The following is a summary of the significant policies:

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. District-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include all the financial activities of the District.

The statement of net position presents the financial condition of the business-type activities of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of the enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Accounting

The District is accounted for as a Business-Type Activity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*, and its financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of related cash flows.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Fund Accounting**

The accounting records of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The District's accounts are organized into major and non-major funds as follows:

Major Proprietary Fund:

The General Fund is the principal operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Non-Major Proprietary Funds:

The Developer Fee Fund is used to account for resources received from developer impact fees.

The Grant Fund was established to account for grant funds received from the State of California for the Well No. 9 project.

The Navy Tanks Fund was established to account for grant funds received from the State of California for the Navy Tanks project.

Cash and Cash Equivalents

Certain cash and cash equivalents, from time to time, may be restricted because their use is limited by applicable contracts or stipulations of the granting agency. Some of these restricted funds may be required to be maintained in separate bank accounts. For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) purchased with an original maturity of three months or less to be cash equivalents.

Inventories

Inventories are stated at cost not in excess of market value, using the first-in, first-out method. Inventories consist of materials and supplies.

Capital Assets

Capital assets, which include land, buildings, sewer treatment plant, improvements, vehicles, equipment, and furniture, are defined as assets with an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at appraised value at the time of donation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Capital Assets (Continued)

Land is not depreciated. Other capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Type</u>	<u>Useful Life</u>
Storage Tanks	15 - 40 years
Other Improvements	10 - 40 years
Sewer Treatment Plant	10 - 40 years
Buildings, Office, Steel Buildings	8 - 40 years
Water Plant and Water System	5 - 40 years
Wells	30 years
Fire Hydrants	25 years
Pumps and Electrical Motors	5 - 20 years
Equipment and Furniture	3 - 20 years
Chlorination Equipment	7 years
Vehicles	5 years

Accounts Receivable

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectable, the District writes these amounts off. Uncollectable accounts are analyzed and written off twice a year.

Net Position

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

Net position represents the residual interest in the District's assets after liabilities are deducted. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

- Net Position - Net Investment in Capital Assets - Includes capital assets net of accumulated depreciation or related debt.
- Restricted Net Position - This category presents net position with external restrictions on its use imposed by third parties or by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents net position of the District, not restricted for any project or purpose.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. Vacation leave is credited on a calendar year basis. The hire date must fall between the 1st and the 15th to receive credit for that month. If the hire date falls after the 15th, the employee does not receive credit for that month. Vacation benefits accrue at the following rates:

<u>Years of Service</u>	<u>Days Per Year</u>
1 - 5	10
6 - 10	15
11 - 15	20
16 - 30	25
30+	30

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Compensated Absences (Continued)

As fully explained in Note 7, accumulated employee sick leave benefits are recognized as liabilities of the District.

Classification of Revenues

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operational activities. Charges to customers represent the District's principal operating revenues and include water and sewer charges. Operating expenses include the cost of operating maintenance and support of providing water services and sewage collection and disposal services and related capital assets, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating or other revenues and expenses.

Property Taxes

Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are payable in two installments, December 10 and April 10. The County of Kern bills and collects the property taxes and remits them to the District in installments during the year. Property tax revenues are recognized when levied to the extent that they result in current receivables.

Use of Estimates in Preparation of Financial Statements

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

Implementation of New Accounting Pronouncements

The following GASB Statements have been implemented in the current financial statements.

Statement No. 87	<i>Leases</i>	The requirements of this statement are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter.
Statement No. 89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Implementation of New Accounting Pronouncements (Continued)

Statement No. 92

Omnibus 2020

The requirements of this statement are effective as follows:

- The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of GASB Statements No. 73 and No. 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of GASB Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Statement No. 93

Replacement of Interbank Offered Rates

The requirements of this statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Implementation of New Accounting Pronouncements (Continued)

Statement No. 97	<i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32</i>	The requirements of this statement are effective as follows: • The requirements in (1) paragraph 4 of this statement as it applies to defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and other employee benefit plans and (2) paragraph 5 of this statement are effective immediately. • The requirements in paragraphs 6-9 of this statement are effective for fiscal years beginning after June 15, 2021. • All other requirements of this statement are effective for reporting periods beginning after June 15, 2021.
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Future GASB Statements

The GASB Statements listed below will be implemented in future financial statements. The District is assessing, but has not yet determined, the effects of the implementation of the standards on its financial statements.

Statement No. 91	<i>Conduit Debt Obligations</i>	The requirements of this statement are effective for reporting periods beginning after December 15, 2021.
Statement No. 94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
Statement No. 96	<i>Subscription-Based Information Technology Arrangements</i>	The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Future GASB Statements (Continued)

Statement No. 99

Omnibus 2022

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of the London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance.
- The requirements related to leases, public-private and public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Statement No. 100

Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62

For fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Statement No. 101

Compensated Absences

The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2022, consisted of the following:

General Cash	
Deposited with Treasurer, County of Kern	\$ 6,324,198
Checking - Mission Bank	652,238
Merchant Account	8,156
Petty Cash	600
	6,985,192
Developer Fees	
Deposited with Treasurer, County of Kern	826,478
Bond Redemption Cash	
Deposited with Treasurer, County of Kern	188,770
Grant Funds	
Mission Bank	500,000
Trust Cash (Customer Deposits)	
Mission Bank	
	32,850
Total Cash and Cash Equivalents	
	\$ 8,533,290

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the **investment types** that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk** and **credit risk**.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Medium-Term Notes	5 years	None	None
Mutual Funds	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	N/A	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
County of Kern Investment Pool	<u>\$ 7,339,446</u>	<u>\$ 7,339,446</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, and the actual rating as of year-end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB Statement No. 40 does not require disclosure as to credit risk:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year-End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
County of Kern Investment Pool	<u>\$ 7,339,446</u>	<u>N/A</u>	<u>=\$=====</u>	<u>=\$=====</u>	<u>=\$=====</u>	<u>\$ 7,339,446</u>

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

The District did not have any investments for the year ended June 30, 2022, that were classified in this three-tiered fair value hierarchy, as the District's investments are in banks and the County of Kern Investment Pool. See the County of Kern Annual Comprehensive Report for additional information.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements

NOTE 2 CASH AND CASH EQUIVALENTS (Continued)
the World Bank and the International Monetary Fund (IMF) deposits or investments,

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NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)**Custodial Credit Risk** (Continued)

other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: None of the District's deposits with financial institutions were in excess of federal depository insurance limits and all deposits were held in collateralized accounts.

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity during the fiscal year ended June 30, 2022, is shown below:

	Balances June 30, 2021	Additions	Deletions	Balances June 30, 2022
Capital Assets, Not				
Being Depreciated:				
Land	\$ 221,113	\$	\$	\$ 221,113
Construction in progress	736,234	245,905	128,443	853,696
Total Capital Assets Not Being Depreciated	957,347	245,905	128,443	1,074,809
Capital Assets, Being Depreciated:				
Buildings	250,100			250,100
Improvements	10,919,797	186,513		11,106,310
Sewer treatment plant	2,872,828	17,300		2,890,128
Equipment	1,007,871	318,151	64,655	1,261,367
Total Capital Assets Being Depreciated	15,050,596	521,964	64,655	15,507,905
Less Accumulated Depreciation for:				
Buildings	245,380	5,897		251,277
Improvements	3,371,277	275,128		3,646,405
Sewer treatment plant	2,397,482	61,597		2,459,079
Equipment	711,580	85,419	64,655	732,344
Total Accumulated Depreciation	6,725,719	428,041	64,655	7,089,105
Total Capital Assets Being Depreciated, Net	8,324,877	93,923		8,418,800
Total Capital Assets, Net	\$ 9,282,224	\$ 339,828	\$ 128,443	\$ 9,493,609

Depreciation expense for the fiscal year ended June 30, 2022, was \$428,041.

NOTE 4 - RETIREMENT PLANMojave Public Utility District Money Purchase Pension Plan (The Plan)

All employees of the District that are eighteen years of age or older become eligible to participate in the Plan at the end of the six consecutive month period commencing on the date of hire, provided 1,000 hours of service are completed during this period. The District annually contributes 5% of the total annual compensation of all current participants. District employees may contribute the maximum allowable by current tax law. After five years' continuous employment with the District and for each succeeding period of five years' continuous employment up to a total of 25 years, the District will assume the payment of one percent of the employee's contribution to the Plan. The District's contribution to the Plan for the year ended June 30, 2022, was \$54,344.

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to the pension benefits described above, the District provides postemployment healthcare benefits to all employees who retire from the District after attaining age 60 and have 20 consecutive years of service with the District. However, eligible employees that have attained the age of 55 and who have 20 consecutive years of service with the District as of August 26, 2010, are also eligible for these same postemployment healthcare benefits.

The GASB Standards for accounting and financial reporting for postemployment benefits other than pensions (OPEB) require the following disclosures in the financial statements related to the retiree medical, dental, and life insurance benefits:

A. A Description of the Retiree Medical Insurance Program

Plan Type:	Comprehensive Medical Insurance offered through Anthem Blue Cross and Kaiser Permanente	
Administrator:	Mojave Public Utility District	
Eligibility:	An employee shall become eligible to retire under this plan upon attainment of age 60 as an active member and completion of 20 years of service with the District (those age 55 with 20 years of service on August 26, 2010, shall be grandfathered).	
Cost Sharing:	The District shall pay 50% of premiums for the retiree and his/her spouse at retirement. The District will pay an additional 5% for each year of service beyond 20 years with the District paying 100% of premiums for those with 30 or more years of service at retirement.	

B. Retiree Medical and Life Insurance Contributions

Group	Individual	Family
Medical	Varies (0% to 50%)	Varies (0% to 50%)
Dental	NIA	NIA
Life	NIA	NIA

C. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)C. Actuarial Methods and Assumptions (Continued)

Actuarial Cost Method: Individual Entry Age Normal
 Discount Rate: 6.50% per annum
 Healthcare Trend Rates:

Year	Medical	Dental
FY 2013	6.0%	5.5%
FY 2014	5.0%	5.0%
FY 2015	5.0%	5.0%
FY 2016	5.0%	5.0%
FY 2017	5.0%	5.0%
FY 2018	5.0%	5.0%
FY 2019	5.0%	5.0%
FY 2020-2023	4.5%	N/A

General Inflation Assumption: 2.50% per annum
 Annual Compensation Increases: 3.00% per annum
 Actuarial Value of Assets: Market Value

D. Funding Policy

The contribution requirements of plan members and the District are established and may be amended through District ordinances. For the year ending on the June 30, 2022 Measurement Date, total District premiums plus implicit costs for the retiree medical program were \$33,501. The District also made a contribution to an OPEB Trust of \$0 for a total contribution during the period of \$33,501.

E. Investment Policy

The chart below shows how the long-term rate of return on assets is developed based on the District's Investment Policy.

Investment Target Allocation and Expected Long-Term Real Rate of Return			
Asset Class	Target Allocation	Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap	26.50%	Domestic Equity - Large Cap	4.42%
Domestic Equity - Small/Mid Cap	13.00%	Domestic Equity - Small/Mid Cap	4.81%
International Equity- Developed Market	13.00%	International Equity - Developed Market	4.91%
International Equity- Emerging Market	6.50%	International Equity - Emerging Market	5.58%
Domestic Fixed Income	21.75%	Domestic Fixed Income	1.00%
International Fixed Income	8.25%	International Fixed Income	1.04%
Alternatives	3.00%	Alternatives	5.98%
Real Estate	8.00%	Real Estate	6.25%
Cash and Cash Equivalents	0.00%	Cash and Cash Equivalents	0.00%
Total	100.00%	I. Real Rate of Return	3.78%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I.+II.]	6.28%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	6.03%

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)F. Changes In Net OPEB Liability (Asset)**Changes in Net OPEB Liability (Asset)**

	Increase (Decrease)		
	Total OPEB <u>Liability (TOL)</u>	Plan Fiduciary Net Position	NetOPEB Liability (NOL) Asset
I. Balances for June 30, 2021	\$ 727,028	\$ 1,101,283	\$ (374,255)
II. Prior Period Adjustment			
III. Balances for June 30, 2021 with Adjustment [I. + II.]	727,028	1,101,283	(374,255)
Changes for the Year:			
IV. Service Cost	19,031		19,031
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	47,422		47,422
VI. Changes in Benefit Terms*			
VII. Change in Assumptions **	138,101		138,101
VIII. Differences Between Actual and Expected Experience **	39,506		39,506
IX. Net Investment Income		(147,877)	147,877
X. Employer Contributions to Trust		33,501	(33,501)
XI. Benefit Payments Withdrawn from Trust		(33,501)	33,501
XII. Benefit Payments Excluding Implicit Cost	(33,501)		(33,501)
XIII. Implicit Cost Amount			
XIV. Total Benefit Payments Including Implicit Cost [XII.+XIII.]	(33,501)		(33,501)
XV. Administrative Expense			
XVI. Other Charges			
XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	210,559	(147,877)	358,436
XVII. Balances at June 30, 2022 [111.+XVII.]	\$ 937,587	\$ 953,406	\$ (15,819)

* Recognized immediately

** Amortized over 7 years

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**G. Effect of 1% Change In Healthcare Trend**

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the NOL (Asset) would decrease to \$134,837. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the NOL (Asset) would increase to \$(133,477).

**Impact of a 1% Change in the Healthcare Trend Rate as of the
June 30, 2022 Measurement Date**

	1% Decrease (3.50%)	Current Trend Rate (4.50%)	1% Increase (5.50%)
Net OPEB Liability (Asset)	\$ (133,447)	\$ (15,819)	\$ 134,837

H. Effect of 1% Change in Discount Rate

As of the June 30, 2022 Measurement Date, if the discount rate were 1% higher than what was used in this valuation the NOL (Asset) would decrease to \$(122,667). If the discount rate were 1% lower than was used in this valuation the NOL (Asset) would decrease to \$117,386.

**Impact of a 1% Change in the Discount Rate as of the
June 30, 2022 Measurement Date**

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB Liability (Asset)	\$ 117,386	\$ (15,819)	\$ (122,667)

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)I. Net OPEB Liability (Asset), OPEB Expense, and Deferred Inflows/Outflows of Resources**Source of Deferred Inflows/Outflows of Resources**

	For the Reporting Date <u>June 30, 2022</u>
I. Deferred (Inflows)/Outflows of Resources from Actual vs. Expected Experience	\$ (61,162)
II. Deferred (Inflows)/Outflows of Resources from Investment Experience	77,975
III. Deferred (Inflows)/Outflows of Resources from Changes in Benefit Terms	
III. Deferred (Inflows)/Outflows of Resources from Changes in Assumptions	<u>\$ 137,606</u>

Change in Deferred Inflows/Outflows of Resources

	For the Fiscal Year Ending <u>June 30, 2022</u>
I. Deferred Outflows of Resources at the Beginning of the Fiscal Year	\$ 58,418
II. Deferred Outflows of Resources Created During the Fiscal Year	391,891
III. Deferred Outflows of Resources Recognized During the Fiscal Year	<u>80,889</u>
IV. Change in Deferred Outflows of Resources (II.-III.)	<u>311,002</u>
V. Deferred Outflows of Resources at End of the Fiscal Year (I.+IV.)	<u>\$ 369,420</u>
VI. Deferred Inflows of Resources at the Beginning of the Fiscal Year	\$ (280,051)
VII. Deferred Inflows of Resources Created During the Fiscal Year	
VIII. Deferred Inflows of Resources Recognized During the Fiscal Year	<u>(65,050)</u>
IX. Change in Deferred Inflows of Resources (VII.-VIII.)	<u>65,050</u>
X. Deferred Inflows of Resources at End of the Fiscal Year (VI.+IX.)	<u>\$ (215,001)</u>

Fiscal Year Ending June

2023	\$ 15,842
2024	17,315
2025	12,770
2026	50,609
2027	32,514
Thereafter	<u>25,369</u>
Total	<u>\$ 154,419</u>

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)I. Net OPEB Liability (Asset), OPEB Expense, and Deferred Inflows/Outflows of Resources (Continued)

Net OPEB Liability (Asset)		For the Reporting Date <u>June 30, 2022</u>
I. Net OPEB Asset at Beginning of Period	\$	(374,255)
11. Service Cost		19,031
III. Interest on TOL, Service Cost, and Payments		47,422
IV. Projected Investment Income		(66,407)
V. OPEB Plan Administrative Expenses		
VI. Total Employer Contributions		(33,501)
VII. Expense Related to Change in Benefit Terms		
VIII. Net OPEB Expense - Before Recognition of Deferred (Inflows)/Outflows of Resources (II.+III.+IV.+V.+VI.)		(33,455)
IX. Deferred Outflows of Resources Created During the Period		391,891
X. Deferred Inflows of Resources Created During the Period		
XI. Net OPEB Asset at End of Period (I.+ VII.+ VIII.+ IX.)	\$	<u>(15,819)</u>

Net OPEB Expense		For the Fiscal Year Ending <u>June 30, 2022</u>
I. Service Cost	\$	19,031
II. Interest on TOL, Service Cost, and Payments		47,422
III. Projected Investment Income		(66,407)
IV. Recognition of Deferred (Inflows)/Outflows of Resources		15,839
V. Expense Related to Change in Benefit Terms		
VI. Financial Statement Expense [I.+II.+III.+IV.+V.]		15,885
VII. Benefit Payments		(33,501)
VIII. Contributions to Trust		
IX. Total Employer Payments [VI.+VII.]		(33,501)
X. Total Net OPEB Expense (Income){VI.+IX.}	\$	<u>(17,616)</u>

NOTE 6 - SELF-INSURANCE PROGRAM

The District is exposed to various risks of loss related to theft of, damages to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. The District is self-insured for general, auto, and public officials (errors and omissions) liability up to \$2,000,000 and up to \$100,000, \$100,000, and \$2,000,000 for property, fidelity, and workers' compensation liability, respectively. The District has coverage for general, automobile, and public official liability for claims up to \$60,000,000 per occurrence. The District has coverage for property insurance for claims in excess of their self-insurance retention level of \$100,000 up to \$100,000,000. The District has fidelity coverage up to \$100,000. The District has workers' compensation coverage of \$2,000,000 to statutory. The coverages mentioned above are held through the Association of California Water Agencies Joint Powers Insurance Authority.

NOTE 7 - COMMITMENTS AND CONTINGENCIES**Sick Leave**

Employees of the District are credited with ten hours of sick leave per month, which can accumulate up to 150 days. Employees do not gain a vested right to accumulated sick leave. However, upon retirement or termination in good standing, employees who have zero to nineteen years with the District, will receive pay for 50% of accumulated sick leave. Employees in good standing will be paid for 75% of the accrued sick leave if employed between twenty and twenty-four years. Employees in good standing with twenty-five or more years with the District shall receive 100% of accrued sick leave. The value of accumulated sick leave earned, vested, and not paid (assuming all are in good standing) at June 30, 2022, was \$93,870. Accordingly, this amount is reflected as a liability of the District in the accompanying financial statements. The liability is presented as a component of compensated absences payable.

Vacation Leave

Accumulated unpaid employee vacation benefits are accrued as liabilities of the District. Vacation benefits accrue at the rates stated in Note 1. The liability is presented as a component of compensated absences payable. The value of accumulated unpaid vacation leave at June 30, 2022, is \$43,711.

NOTE 8 - SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2022, have been evaluated for possible adjustment to the financial statements or disclosure is December 8, 2022, which is the date that the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

**MOJAVE PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Schedule of Changes in the District's Net OPEB Liability (Asset) and Related Ratios*

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPES Liability	\$ 937,587	\$ 727,028	\$ 650,131	\$ 737,486	\$ 693,428
I. Service Cost	\$ 19,031	\$ 14,810	\$ 13,534	\$ 27,190	\$ 17,292
II. Interest on Total OPES Liability, Service Cost, and Benefit Payments	47,422	45,401	56,805	51,028	49,868
III. Changes in Benefit Terms					
IV. Difference between Expected and Actual Plan Experience	39,506		(144,514)		(29,037)
V. Changes of Assumptions	138,101	49,969	(28,804)		
VI. Benefit Payments Excluding Implicit Cost	(33,501)	(33,283)	(33,156)	(34,160)	NIA
VII. Implicit Cost Amount					NIA
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(33,501)	(33,283)	(33,156)	(34,160)	(29,957)
IX. Net Change in OPES Liability [I.+II.+III.+IV.+V.+VI.+VII.]	210,559	76,897	(136,135)	44,058	8,166
X. Total OPES Liability - Beginning of Period	727,028	650,131	737,486	693,428	685,262
XI. Prior Period Adjustment			48,780		
XII. Total OPES Liability- Beginning of Period with Adjustment	727,028	650,131	786,266	693,428	685,262
XIII. Total OPES Liability- End of Period [IX.+XII.]	\$ 937,587	\$ 727,028	\$ 650,131	\$ 737,486	\$ 693,428
Plan Fiduciary Net Position	\$ 953,406	\$ 1,101,283	\$ 803,627	\$ 596,426	\$ 497,766
XIV. Earnings from Plan Investments	\$ (147,877)	\$ 222,656	\$ 27,962	\$ 33,660	\$ 41,472
XV. Employer Contribution to Trust	33,501	108,283	108,156	99,160	89,957
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(33,501)	(33,283)	(33,156)	(34,160)	(29,957)
XVII. Administrative Expense					
XVIII. Other					
XIX. Net Change in Plan Fiduciary Net Position [XIV.+XV.+XVI.+XVII.+XVIII.]	(147,877)	297,656	102,962	98,660	101,472
XX. Plan Fiduciary Net Position - Beginning of Period	1,101,283	803,627	596,426	497,766	396,294
XXI. Prior Period Adjustment			104,239		
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	1,101,283	803,627	700,665	497,766	396,294
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	\$ 953,406	\$ 1,101,283	\$ 803,627	\$ 596,426	\$ 497,766
XXIV. Net OPES Liability (Asset) [XIII.-XXIII.]	\$ (15,819)	\$ (374,255)	\$ (153,496)	\$ 141,060	\$ 195,662
XXI. Plan Fiduciary Net Position as % of Total OPES Liability [XIX./XIV.]	101.69%	151.48%	123.61%	80.87%	71.78%
XXII. Covered Employee Payroll	\$ 663,891	\$ 1,525,957	\$ 1,481,512	\$ 570,184	\$ 555,375
XXIII. Plan Net OPES Liability (Asset) as % of Covered Employee Payroll [XX./XXII.]	-2.38%	-24.53%	-10.36%	24.74%	35.23%
Single Discount Rate to Calculate Plan Liabilities	6.00%	6.50%	7.00%	7.25%	7.25%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**MOJAVE PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Schedule of Contributions*

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
I. Service Cost	\$ 19,031	\$ 14,810	\$ 13,534	\$ 27,190	\$ 17,292
II. 30 Year Level Dollar Amortization of NOL (Asset)		(19,429)	(11,560)	15,073	15,073
III. Actuarial Determined Contribution [I. + II.]	19,031	(4,619)	1,974	42,263	32,365
IV. Contributions in Relation to the Actuarially Determined Contribution	(33,501)	(108,283)	(108,156)	(99,160)	(89,957)
V. Contribution Deficiency/ (Excess) [III. + IV.]	\$ (14,470)	\$ (112,902)	\$ (106,182)	\$ (56,897)	\$ (57,592)
Covered Employee Payroll	\$ 663,891	\$ 1,525,957	\$ 1,481,512	\$ 570,184	\$ 555,375
Contributions as a % of Covered Employee Payroll	5.05%	7.10%	7.30%	17.39%	16.20%
Discount Rate	6.00%	6.50%	7.00%	7.25%	7.25%
Money Weighted Rate of Return	-13.43%	27.52%	3.96%	4.85%	7.77%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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SUPPLEMENTARY INFORMATION AND OTHER REPORTS SECTION

**MOJAVE PUBLIC UTILITY DISTRICT
SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES-
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General Fund
OPERATING REVENUES	
Water sales	\$ 1,826,055
Water surcharge	81,910
Water permits	625
New account charges	2,800
Turn on charges	400
Delinquent charges	14,610
Sewer fees	465,070
Domestic waste dump fees	331,749
Taxes	<u>516,806</u>
Total Operating Revenues	\$ <u>3,240,025</u>
OPERATING EXPENSES	
Water expenses	
Salaries	\$ 435,282
Maintenance	24,378
Vehicle - maintenance	10,798
Water purchase	90,951
Vehicle - fuel	25,008
Pumping power	194,245
Chlorination	10,084
Water meters	10,264
Laboratory tests	8,906
Arsenic treatment	3,175
PH level adjustment	35,557
Depreciation	275,128
State Health Department annual fees	3,308
Total Water Expenses	\$ <u>1,127,084</u>
Sewer expenses	
Salaries	\$ 49,049
Vehicle - maintenance	1,513
Vehicle - fuel	3,509
Miscellaneous	12,483
Depreciation	23,757
Total Sewer Expenses	\$ <u>90,311</u>
Treatment plant expenses	
Salaries	\$ 70,337
Maintenance	7,214
Tests	2,968
Depreciation	37,839
Vehicle - maintenance	3,026
Vehicle - fuel	7,017
Power	432
Sludge removal	13,956
Annual waste discharge fee	23,783
Total Treatment Plant Expenses	\$ <u>166,572</u>

**MOJAVE PUBLIC UTILITY DISTRICT
SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES-
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GENERAL AND ADMINISTRATIVE EXPENSES

Salaries	\$ 190,695
Maintenance	6,320
Communications	10,291
Workmen's compensation insurance	13,292
Liability insurance	21,648
Property insurance	9,246
Dues and memberships	14,600
Office expenses	7,154
Printing	7,374
Credit card expenses	3,857
Travel expenses	698
Postage	8,866
Power	7,955
Natural gas	1,724
Engineering	7,974
Legal	34,056
Auditing	21,100
District pension contribution	54,344
District pension administration	3,925
OPEB expense	(17,616)
Medical insurance	243,368
Director fees	10,400
District portion FICA	61,351
Seminars	165
Depreciation	91,317
Miscellaneous	6,512
Bad debt expense - water and sewer	6,023
Uniform service	4,639
Cross connection inspection	1,450
Life insurance	3,777
Vision care insurance	3,248
Dental care insurance	9,626
Safety and medical supplies	3,645
Maintenance agreements	39,571
Director expenses	1,596
County tax collection fee	6,133
Returned check charge	80
Janitorial service	<u>1,750</u>

Total General and Administrative Expenses

\$ 902,154



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATIERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Mojave Public Utility District
Mojave, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Mojave Public Utility District (the District), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

MOJAVE PUBLIC UTILITY DISTRICT
FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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**MOJAVE PUBLIC UTILITY DISTRICT
JUNE 30, 2023**

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GENERAL INFORMATION

MOJAVE PUBLIC UTILITY DISTRICT
MOJAVE
COUNTY OF KERN, CALIFORNIA
LIST OF PERSONNEL
JUNE 30, 2023

OFFICERS

Harold Smith
David Adams
DeVon Aller

President
President Pro Tern
Secretary-Clerk

DIRECTORS

David W. Adams
Dor Hansen
Paul Holzer
Harold Smith
Victor M. Yaw

Term expires December 6, 2024
Term expires December 6, 2024
Term expires December 6, 2024
Term expires December 2, 2026
Term expires December 2, 2026

PERSONNEL

Damian Rickman
DeVon Aller

General Manager
Office Manager

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mojave Public Utility District
Mojave, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Mojave Public Utility District (the District) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-6 and the required supplementary information on pages 26-27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Operating Revenues and Operating Expenses – General Fund is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Revenues and Operating Expenses – General Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**BROWN ARMSTRONG
ACCOUNTANCY CORPORATION**

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
October 3, 2023

**MOJAVE PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This section of Mojave Public Utility District's (the District) annual financial report presents our discussion and analysis of the District's performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the District's basic financial statements, which follow this section.

The District was formed on December 19, 1938, according to the provisions of the Public Utility District Act. The District is governed by a Board of Directors consisting of five members.

The District was initially formed to provide water service to residents within the District situated around the unincorporated area of Mojave, Kern County, California. Since that time, the District has instituted a sewage collection and disposal system pursuant to Section 16491 of the Public Utilities Code.

The District's basic fund financial statements include (1) the statement of net position - proprietary funds, (2) the statement of revenues, expenses, and changes in net position - proprietary funds, and (3) the statement of cash flows - proprietary funds. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Operating revenues result from providing services to the general public. Charges to customers represent the District's principal operating revenues and include water and sewer charges.

Operating expenses include the cost of maintenance and support of providing water service, sewer collection, sewer treatment, and administrative expenses along with the depreciation on capital assets.

The statement of revenues, expenses, and changes in net position is reported using the accrual basis of accounting. Revenues are reported when earned and expenses are reported when incurred, regardless of when cash is received or paid. Revenues and expenses are categorized as either operating or nonoperating based on definitions provided by the Governmental Accounting Standards Board (GASB).

Overview of the Financial Statements

This annual financial report consists of two major parts: Management's Discussion and Analysis (this section) and the Basic Financial Statements, including accompanying Notes that explain some of the information in the financial statements and provide more detailed data.

The Basic Financial Statements include two types of statements that present different views of the District:

- ◆ *District-Wide Financial Statements* report information about the District as a whole. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities. These two District-wide statements report the District's net position. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the District's health or financial position. The statement of activities is reported using the accrual basis of accounting. Revenues and expenses are categorized as either operating or nonoperating based upon definitions provided by the GASB.
- ◆ *Fund Financial Statements* provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending. Some funds are required by State law, and others are established by the District to control and manage money for specific purposes.

Condensed Financial Information

The District's financial operations remained solid during fiscal year 2022-23. Revenues from water and sewer charges, taxes, and nonoperating revenues were used to pay all operating expenses and debt service obligations.

Net Position - Net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, was \$20,140,193.

	June 30, 2023	June 30, 2022
Assets		
Capital Assets, Net	\$ 9,719,928	\$ 9,493,609
Other Assets	10,446,953	8,874,313
Total Assets	20,166,881	18,367,922
Deferred Outflows of Resources (OPEB)	312,028	369,420
Liabilities		
Current Liabilities	28,650	32,901
Long-Term Liabilities	157,500	137,581
Total Liabilities	186,150	170,482
Deferred Inflows of Resources (OPEB)	152,566	215,001
Net Position		
Net Investment in Capital Assets	9,719,928	9,493,609
Restricted for Operations	885,082	827,479
Unrestricted	9,535,183	8,030,771
Total Net Position	\$ 20,140,193	\$ 18,351,859

Capital Assets, Net increased by \$226,319. For detailed capital asset information, see Note 3 of the financial statements which summarizes additions and deletions.

Other Assets – Current assets were \$10,424,967 and noncurrent assets were \$9,741,914. Noncurrent assets included a net other postemployment benefits (OPEB) asset of \$21,986. See Note 5 for further information regarding the OPEB asset.

Long-Term Liabilities - This consisted of compensated absences of \$157,500.

Current Liabilities - Current liabilities were \$28,650.

Deferred Outflows and Inflows of Resources resulted from postemployment healthcare benefits on implementation of GASB Statement No. 75.

Net Position – Net Investment in Capital Assets was \$9,719,928.

Net Position – Restricted was \$885,082 for developer fees, grant revenues, and long-term debt.

Unrestricted Net Position was \$9,535,183.

Change in Net Position - Change in net position for fiscal years 2023 and 2022 was \$1,788,334 and \$1,712,297, respectively.

	June 30, 2023	June 30, 2022
Total Program Revenues	\$ 3,096,986	\$ 3,089,002
Total Program Expenses	(2,229,240)	(2,286,121)
General Revenues	920,588	909,416
Change in Net Position	1,788,334	1,712,297
Net Position, Beginning of Year	18,351,859	16,639,562
Net Position, End of Year	<u>\$ 20,140,193</u>	<u>\$ 18,351,859</u>

Analytical Review of Revenues - The District's principal source of revenue is from water sales and sewer fees.

Analytical Review of Expenses - The District's principal expenses are water purchases and salaries.

Capital Assets

Capital Assets - At June 30, 2023, the District had invested \$9,719,928 in capital assets, net of depreciation.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mojave Public Utility District, 15844 K Street, Mojave, California 93501.

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 10,160,508
Accounts receivable	219,341
Inventories	21,109
Interest receivable	24,009
Total Current Assets	<u>10,424,967</u>

Noncurrent Assets:

Capital assets not being depreciated:

Land	221,113
Construction in progress	1,239,322

Capital assets being depreciated:

Buildings	250,100
Improvements	11,245,334
Sewer treatment plant	2,902,555
Equipment	1,258,640
Less accumulated depreciation	<u>(7,397,136)</u>

Total Capital Assets, Net of Depreciation	9,719,928
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Net OPEB asset	<u>21,986</u>
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Total Noncurrent Assets	<u>9,741,914</u>
-------------------------	------------------

Total Assets	<u>20,166,881</u>
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DEFERRED OUTFLOWS OF RESOURCES (OPEB)312,028**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**\$ 20,478,909**LIABILITIES**

Current Liabilities:

Accrued expense	\$ 50
Customers' refundable deposits	28,600

Long-Term Liabilities:

Due within one year:

Compensated absences	<u>157,500</u>
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Total Liabilities	<u>186,150</u>
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DEFERRED INFLOWS OF RESOURCES (OPEB)152,566**NET POSITION**

Net investment in capital assets	9,719,928
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Restricted	885,082
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Unrestricted	<u>9,535,183</u>
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Total Net Position	<u>20,140,193</u>
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 20,478,909</u></u>
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The accompanying notes are an integral part of these basic financial statements.

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions / Programs	Expenses	Program Revenues			Net (Expense) and Revenues and Changes in Net Position Business-
		Charges for Services	Grants and Contributions	Grants and Contributions	
Business-Type Activities:					
Water and sewer services	\$ 2,229,240	\$ 2,708,048	\$	\$ 388,938	\$ 867,746
Totals	\$ 2,229,240	\$ 2,708,048	\$	\$ 388,938	867,746
General Revenues:					
Taxes and subventions:					
Taxes levied for general purposes					544,047
Interest and investment earnings					163,819
Miscellaneous					212,722
Total General Revenues					920,588
Change in Net Position					1,788,334
Net Position, Beginning of Year					18,351,859
Net Position, End of Year					\$ 20,140,193

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

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023**

	General Fund	Other Proprietary Funds	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current Assets:			
Cash and cash equivalents	\$ 8,776,426	\$ 1,384,082	\$ 10,160,508
Accounts receivable	219,341		219,341
Inventories	21,109		21,109
Interest receivable	23,009	1,000	24,009
Due from other funds	500,000		500,000
Total Current Assets	9,539,885	1,385,082	10,924,967
Noncurrent Assets:			
Capital assets:			
Capital assets not being depreciated:			
Land	221,113		221,113
Construction in progress	882,492	356,830	1,239,322
Capital assets being depreciated:			
Buildings	250,100		250,100
Improvements	11,245,334		11,245,334
Sewer treatment plant	2,902,555		2,902,555
Equipment	1,258,640		1,258,640
Less accumulated depreciation	(7,397,136)		(7,397,136)
Total Capital Assets, Net of Depreciation	9,363,098	356,830	9,719,928
Net OPEB asset	21,986		21,986
Total Noncurrent Assets	9,385,084	356,830	9,741,914
Total Assets	18,924,969	1,741,912	20,666,881
Deferred Outflows of Resources (OPEB)	312,028		312,028
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 19,236,997	\$ 1,741,912	\$ 20,978,909
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current Liabilities:			
Accrued expense	\$ 50	\$	\$ 50
Customers' refundable deposits	28,600		28,600
Long-Term Liabilities:			
Due within one year:			
Compensated absences	157,500		157,500
Due to other funds		500,000	500,000
Total Liabilities	186,150	500,000	686,150
Deferred Inflows of Resources (OPEB)	152,566		152,566
Net Position:			
Net investment in capital assets	9,363,098	356,830	9,719,928
Restricted		885,082	885,082
Unrestricted	9,535,183		9,535,183
Total Net Position	18,898,281	1,241,912	20,140,193
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 19,236,997	\$ 1,741,912	\$ 20,978,909

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

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Other Proprietary Funds	Total
Operating Revenues:			
Water and sewer charges	\$ 2,702,048	\$ 6,000	\$ 2,708,048
Taxes	544,047		544,047
Total Operating Revenues	3,246,095	6,000	3,252,095
Operating Expenses:			
Water	1,092,567		1,092,567
Sewer	94,229		94,229
Treatment plant	181,940		181,940
General and administrative	860,504		860,504
Total Operating Expenses	2,229,240		2,229,240
Operating Income	1,016,855	6,000	1,022,855
Nonoperating Revenues and Expenses:			
Nonoperating Revenues:			
Grant revenue		388,938	388,938
Interest	144,324	19,495	163,819
Miscellaneous	212,722		212,722
Total Nonoperating Revenues	357,046	408,433	765,479
Total Nonoperating Revenues and Expenses	357,046	408,433	765,479
Income Before Operating Transfers	1,373,901	414,433	1,788,334
Net Increase (Decrease) in Net Position	1,373,901	414,433	1,788,334
Net Position, Beginning of Year	17,524,380	827,479	18,351,859
Net Position, End of Year	\$ 18,898,281	\$ 1,241,912	\$ 20,140,193

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

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Other Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 3,307,257	\$ 6,000	\$ 3,313,257
Other operating cash receipts			
Payments to employees (salaries and benefits)	8,708		8,708
Payments to suppliers	(1,823,195)		(1,823,195)
Net Cash Provided by Operating Activities	1,492,770	6,000	1,498,770
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Other noncapital revenue	212,722		212,722
Net Cash Provided by Non-Capital Financing Activities	212,722		212,722
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital funds received		388,938	388,938
Capital expenditures	(280,202)	(356,830)	(637,032)
Net Cash Provided (Used) by Capital and Related Financing Activities	(280,202)	32,108	(248,094)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	144,324	19,496	163,820
Net Cash Provided by Investing Activities	144,324	19,496	163,820
Net Increase in Cash and Cash Equivalents	1,569,614	57,604	1,627,218
Cash and Cash Equivalents at Beginning of Year	7,206,812	1,326,478	8,533,290
Cash and Cash Equivalents at End of Year	\$ 8,776,426	\$ 1,384,082	\$ 10,160,508
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 1,016,855	\$ 6,000	\$ 1,022,855
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	410,713		410,713
(Increase) decrease in:			
Inventories	(418)		(418)
Interest receivable			
Accounts receivable	61,162		61,162
Due from other funds			
Deferred outflows of resources	57,392		57,392
Increase (decrease) in:			
Compensated absences	19,919		19,919
Net OPEB asset	(6,167)		(6,167)
Accounts payable and other accrued expenses	(1)		(1)
Customers refundable deposits	(4,250)		(4,250)
Deferred inflows of resources	(62,435)		(62,435)
Net Cash Provided by Operating Activities	\$ 1,492,770	\$ 6,000	\$ 1,498,770

Supplemental Disclosure of Cash Flow Information:

The District did not have any non-cash activities during the fiscal year.

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

**MOJAVE PUBLIC UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mojave Public Utility District (the District) was formed December 19, 1938, according to the provisions of the Public Utility District Act, Statutes of 1931, Chapter 560 (General Law No. 6391) now Sections 15501 through 17776 of the Public Utilities Code. The Certificate of Incorporation was received from the Secretary of State on February 6, 1939. The District is governed by a Board of Directors consisting of five members.

The District was initially formed to provide water service to residents within the District situated around the unincorporated area of Mojave, Kern County, California. Since that time, the District has instituted a sewage collection and disposal system pursuant to Section 16491 of the Public Utilities Code.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America. The following is a summary of the significant policies:

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. District-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include all the financial activities of the District.

The statement of net position presents the financial condition of the business-type activities of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of the enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Accounting

The District is accounted for as a Business-Type Activity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements Management's Discussion and Analysis for State and Local Governments*, and its financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of related cash flows.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Fund Accounting

The accounting records of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The District's accounts are organized into major and non-major funds as follows:

Major Proprietary Fund:

The General Fund is the principal operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Non-Major Proprietary Funds:

The Developer Fee Fund is used to account for resources received from developer impact fees.

The Grant Fund was established to account for grant funds received from the State of California for the Well No. 9 project.

The Navy Tanks Fund was established to account for grant funds received from the State of California for the Navy Tanks project.

Cash and Cash Equivalents

Certain cash and cash equivalents, from time to time, may be restricted because their use is limited by applicable contracts or stipulations of the granting agency. Some of these restricted funds may be required to be maintained in separate bank accounts. For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) purchased with an original maturity of three months or less to be cash equivalents.

Inventories

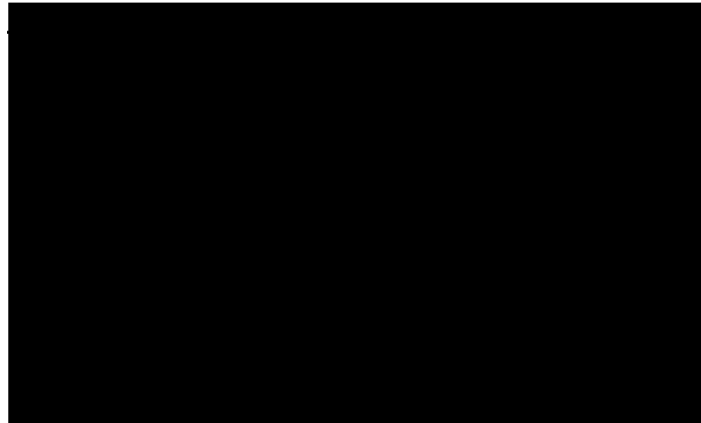
Inventories are stated at cost not in excess of market value, using the first-in, first-out method. Inventories consist of materials and supplies.

Capital Assets

Capital assets, which include land, buildings, sewer treatment plant, improvements, vehicles, equipment, and furniture, are defined as assets with an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at appraised value at the time of donation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Capital Assets (Continued)

Land is not depreciated. Other capital assets are depreciated using the straight-line method over the following useful lives:

Accounts Receivable

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectable, the District writes these amounts off. Uncollectable accounts are analyzed and written off twice a year.

Net Position

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

Net position represents the residual interest in the District's assets after liabilities are deducted. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Position - Net Investment in Capital Assets - Includes capital assets net of accumulated depreciation or related debt.

Restricted Net Position - This category presents net position with external restrictions on its use imposed by third parties or by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents net position of the District, not restricted for any project or purpose.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. Vacation leave is credited on a calendar year basis. The hire date must fall between the 1st and the 15th to receive credit for that month. If the hire date falls after the 15th, the employee does not receive credit for that month. Vacation benefits accrue at the following rates:

<u>Years of Service</u>	<u>Days Per Year</u>
1 - 5	10
6 - 10	15
11 - 15	20
16 - 30	25
30+	30

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Compensated Absences (Continued)

As fully explained in Note 7, accumulated employee sick leave benefits are recognized as liabilities of the District.

Classification of Revenues

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operational activities. Charges to customers represent the District's principal operating revenues and include water and sewer charges. Operating expenses include the cost of operating maintenance and support of providing water services and sewage collection and disposal services and related capital assets, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating or other revenues and expenses.

Property Taxes

Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are payable in two installments, December 10 and April 10. The County of Kern bills and collects the property taxes and remits them to the District in installments during the year. Property tax revenues are recognized when levied to the extent that they result in current receivables.

Use of Estimates in Preparation of Financial Statements

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

Implementation of New Accounting Pronouncements

In the current year the District implemented the following standards:

Statement No. 91	<i>Conduit Debt Obligations</i>	The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The implementation of this standard had no effect on the financials.
Statement No. 94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The implementation of this standard had no effect on the financials.
Statement No. 96	<i>Subscription-Based Information Technology Arrangements</i>	The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The implementation of this standard had no effect on the financials.

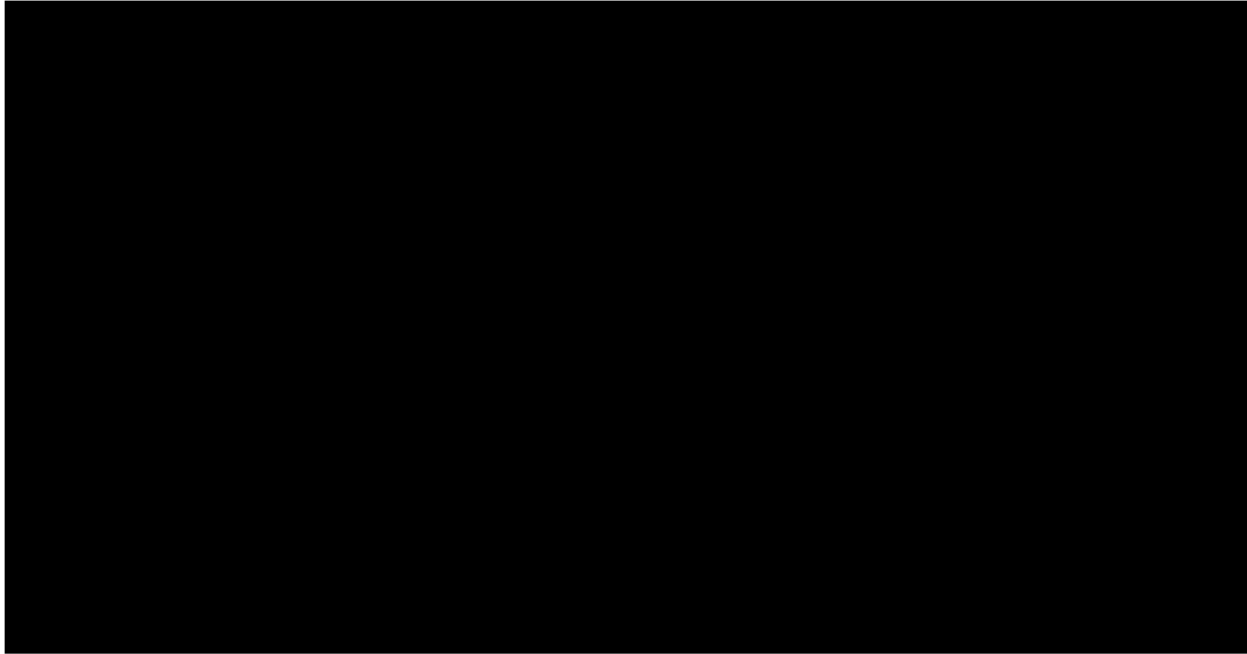
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Future GASB Statements

The GASB Statements listed below will be implemented in future financial statements. The District is assessing, but has not yet determined, the effects of the implementation of the standards on its financial statements.

Statement No. 99	<i>Omnibus 2022</i>	The requirements related to the extension of the use of London Interbank Offered Rate (LIBOR), accounting for supplemental nutrition assistance program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance. The requirements related to leases, public-private and public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.
Statement No. 100	<i>Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62</i>	For fiscal years beginning after June 15, 2023, and all reporting periods thereafter.
Statement No. 101	<i>Compensated Absences</i>	The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

NOTE 2- CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2023, consisted of the following:

**Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the **investment types** that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk** and **credit risk**.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Medium-Term Notes	5 years	None	None
Mutual Funds	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	N/A	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
County of Kern Investment Pool	\$ 8,047,519	\$ 8,047,519	\$ -	\$ -	\$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, and the actual rating as of year-end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB Statement No. 40 does not require disclosure as to credit risk:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End		
				AAA	Aa	Not Rated
County of Kern Investment Pool	\$ 8,047,519	N/A	\$ -	\$ -	\$ -	\$ 8,047,519

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

The District did not have any investments for the year ended June 30, 2023, that were classified in this three-tiered fair value hierarchy, as the District's investments are in banks and the County of Kern Investment Pool. See the County of Kern Annual Comprehensive Financial Report for additional information.

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: None of the District's deposits with financial institutions were in excess of federal depository insurance limits and all deposits were held in collateralized accounts.

NOTE 3-CAPITAL ASSETS AND DEPRECIATION

Capital asset activity during the fiscal year ended June 30, 2023, is shown below:

	Balances June 30, 2022	Additions	Deletions	Balances June 30, 2023
Capital Assets, Not Being Depreciated:				
Land	\$ 221,113	\$	\$	\$ 221,113
Construction in progress	853,696	385,626		1,239,322
Total Capital Assets Not Being Depreciated	1,074,809	385,626		1,460,435
Capital Assets, Being Depreciated:				
Buildings	250,100			250,100
Improvements	11,106,310	234,191	95,167	11,245,334
Sewer treatment plant	2,890,128	17,216	4,789	2,902,555
Equipment	1,261,367		2,727	1,258,640
Total Capital Assets Being Depreciated	15,507,905	251,407	102,683	15,656,629
Less Accumulated Depreciation for:				
Buildings	251,277	5,897		257,174
Improvements	3,646,405	283,624	95,167	3,834,862
Sewer treatment plant	2,459,079	60,644	4,789	2,514,934
Equipment	732,345	60,548	2,727	790,166
Total Accumulated Depreciation	7,089,106	410,713	102,683	7,397,136
Total Capital Assets Being Depreciated, Net	8,418,799	(159,306)		8,259,493
Total Capital Assets, Net	\$ 9,493,608	\$ 226,320	\$	\$ 9,719,928

Depreciation expense for the fiscal year ended June 30, 2023, was \$410,713.

NOTE 4 - RETIREMENT PLAN**Mojave Public Utility District Money Purchase Pension Plan (The Plan)**

All employees of the District that are eighteen years of age or older become eligible to participate in the Plan at the end of the six consecutive month period commencing on the date of hire, provided 1,000 hours of service are completed during this period. The District annually contributes 5% of the total annual compensation of all current participants. District employees may contribute the maximum allowable by current tax law. After five years' continuous employment with the District and for each succeeding period of five years' continuous employment up to a total of 25 years, the District will assume the payment of one percent of the employee's contribution to the Plan. The District's contribution to the Plan for the year ended June 30, 2023, was \$43,183.

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to the pension benefits described above, the District provides postemployment healthcare benefits to all employees who retire from the District after attaining age 60 and have 20 consecutive years of service with the District. However, eligible employees that have attained the age of 55 and who have 20 consecutive years of service with the District as of August 26, 2010, are also eligible for these same postemployment healthcare benefits.

The GASB Standards for accounting and financial reporting for postemployment benefits other than pensions (OPEB) require the following disclosures in the financial statements related to the retiree medical, dental, and life insurance benefits:

A. A Description of the Retiree Medical Insurance Program

Plan Type:	Comprehensive Medical Insurance offered through Anthem Blue Cross and Kaiser Permanente	
Administrator:	Mojave Public Utility District	
Eligibility:	An employee shall become eligible to retire under this plan upon attainment of age 60 as an active member and completion of 20 years of service with the District (those age 55 with 20 years of service on August 26, 2010, shall be grandfathered).	
Cost Sharing:	The District shall pay 50% of premiums for the retiree and his/her spouse at retirement. The District will pay an additional 5% for each year of service beyond 20 years with the District paying 100% of premiums for those with 30 or more years of service at retirement.	

B. Retiree Medical and Life Insurance Contributions

Group	Individual	Family
Medical	Varies (0% to 50%)	Varies (0% to 50%)
Dental	N/A	N/A
Life	N/A	N/A

C. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**C. Actuarial Methods and Assumptions** (Continued)

Actuarial Cost Method: Individual Entry Age Normal
 Discount Rate: 6.50% per annum
 Healthcare Trend Rates:

Year	Medical	Dental
FY 2013	6.0%	5.5%
FY 2014	5.0%	5.0%
FY 2015	5.0%	5.0%
FY 2016	5.0%	5.0%
FY 2017	5.0%	5.0%
FY 2018	5.0%	5.0%
FY 2019	5.0%	5.0%
FY 2020-2023	4.5%	N/A

General Inflation Assumption: 2.50% per annum
 Annual Compensation Increases: 3.00% per annum
 Actuarial Value of Assets: Market Value

D. Funding Policy

The contribution requirements of plan members and the District are established and may be amended through District ordinances. For the year ending on the June 30, 2023 Measurement Date, total District premiums plus implicit costs for the retiree medical program were \$44,849. The District also made a contribution to an OPEB Trust of \$0 for a total contribution during the period of \$44,849.

E. Investment Policy

The chart below shows how the long-term rate of return on assets is developed based on the District's Investment Policy.

Investment Target Allocation and Expected Long-Term Real Rate of Return

Asset Class	Target Allocation	Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap	26.50%	Domestic Equity - Large Cap	4.10%
Domestic Equity - Small/Mid Cap	13.00%	Domestic Equity - Small/Mid Cap	4.55%
International Equity - Developed Market	13.00%	International Equity - Developed Market	4.64%
International Equity - Emerging Market	6.50%	International Equity - Emerging Market	5.45%
Domestic Fixed Income	21.75%	Domestic Fixed Income	1.05%
International Fixed Income	8.25%	International Fixed Income	96.00%
Alternatives	3.00%	Alternatives	5.95%
Real Estate	8.00%	Real Estate	6.25%
Cash and Cash Equivalents	0.00%	Cash and Cash Equivalents	0.00%
Total	100.00%	I. Real Rate of Return	3.62%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I.+II.]	6.12%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	5.87%

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**F. Changes in Net OPEB Liability (Asset)**

	Increase (Decrease)		
	Total OPEB Liability (TOL)	Plan Fiduciary Net Position	Net OPEB Liability (NOL) Asset
I. Balances for June 30, 2022	\$ 937,587	\$ 953,406	\$ (15,819)
II. Prior Period Adjustment			
III. Balances for June 30, 2022 with Adjustment [I. + II.]	937,587	953,406	(15,819)
Changes for the Year:			
IV. Service Cost	16,133		16,133
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	55,897		55,897
VI. Changes in Benefit Terms *			
VII. Change in Assumptions **	27,415		27,415
VIII. Differences Between Actual and Expected Experience **			
IX. Net Investment Income		60,763	(60,763)
X. Employer Contributions to Trust		44,849	(44,849)
XI. Benefit Payments Withdrawn from Trust		(44,849)	44,849
XII. Benefit Payments Excluding Implicit Cost	(44,849)		(44,849)
XIII. Implicit Cost Amount			
XIV. Total Benefit Payments Including Implicit Cost [XII.+XIII.]	(44,849)		(44,849)
XV. Administrative Expense			
XVI. Other Charges			
XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	54,596	60,763	(6,167)
XVII. Balances at June 30, 2023 [II1.+XVII.]	\$ 992,183	\$ 1,014,169	\$ (21,986)

* Recognized immediately

** Amortized over 7 years

G. Effect of 1% Change in Healthcare Trend

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the NOL (Asset) would decrease to \$139,740. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the NOL (Asset) would increase to \$(147,995).

**Impact of a 1% Change in the Healthcare Trend Rate as of the
June 30, 2023 Measurement Date**

	1% Decrease (3.50%)	Current Trend Rate (4.50%)	1% Increase (5.50%)
Net OPEB Liability (Asset)	\$ (147,995)	\$ (21,986)	\$ 139,740

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**H. Effect of 1% Change in Discount Rate**

As of the June 30, 2023 Measurement Date, if the discount rate were 1% higher than what was used in this valuation the NOL (Asset) would decrease to \$(136,566) If the discount rate were 1% lower than was used in this valuation the NOL (Asset) would decrease to \$121,081.

**Impact of a 1% Change in the Discount Rate as of the
June 30, 2023 Measurement Date**

	1% Decrease (4.87%)	Current Discount Rate (5.87%)	1% Increase (6.87%)
Net OPEB Liability (Asset)	\$ 121,081	\$ 21,986	\$ (136,566)

I. Net OPEB Liability (Asset), OPEB Expense, and Deferred Inflows/Outflows of Resources

	For the Fiscal Year Ending June 30, 2023
I. Deferred Outflows of Resources at the Beginning of the Fiscal Year	\$ 369,420
II. Deferred Outflows of Resources Created During the Fiscal Year	27,415
III. Deferred Outflows of Resources Recognized During the Fiscal Year	84,807
IV. Change in Deferred Outflows of Resources (II.-III.)	(57,392)
V. Deferred Outflows of Resources at End of the Fiscal Year (I.+IV.)	\$ 312,028
VI. Deferred Inflows of Resources at the Beginning of the Fiscal Year	\$ (215,000)
VII. Deferred Inflows of Resources Created During the Fiscal Year	(3,267)
VIII. Deferred Inflows of Resources Recognized During the Fiscal Year	(65,702)
IX. Change in Deferred Inflows of Resources (VII.-VIII.)	62,435
X. Deferred Inflows of Resources at End of the Fiscal Year (VI.+IX.)	\$ (152,565)

Source of Deferred Inflows/Outflows of Resources

	For the Reporting Date June 30, 2023
I. Deferred (Inflows)/Outflows of Resources from Actual vs. Expected Experience	\$ (42,013)
II. Deferred (Inflows)/Outflows of Resources from Investment Experience	\$ 63,122
III. Deferred (Inflows)/Outflows of Resources from Changes in Assumptions	\$ 138,353

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**I. Net OPES Liability (Asset), OPES Expense, and Deferred Inflows/Outflows of Resources** (Continued)

<u>Fiscal Year Ending June</u>		
2024	\$	20,578
2025		16,033
2026		53,872
2027		35,775
2028		29,285
Thereafter		3,919
Total	\$	<u>159,462</u>

Net OPEB Liability (Asset)		For the Reporting Date June 30, 2022
I. Net OPES Asset at Beginning of Period	\$	(15,819)
11. Service Cost		16,133
III. Interest on TOL, Service Cost, and Payments		55,897
IV. Projected Investment Income		(57,496)
V. OPES Plan Administrative Expenses		
VI. Total Employer Contributions		(44,849)
VII. Expense Related to Change in Benefit Terms		
VIII. Net OPES Expense - Before Recognition of Deferred (Inflows)/Outflows of Resources (II.+II1.+IV.+V.+VI.)		(30,315)
IX. Deferred Outflows of Resources Created During the Period		27,415
X. Deferred Inflows of Resources Created During the Period		(3,267)
XI. Net OPES Asset at End of Period (I.+ VIII.+ IX.+ X.)	\$	<u>(21,986)</u>

Net OPEB Expense		For the Fiscal Year Ending June 30, 2022
I. Service Cost	\$	16,133
II. Interest on TOL, Service Cost, and Payments		55,897
III. Projected Investment Income		(57,496)
IV. Recognition of Deferred (Inflows)/Outflows of Resources		19,105
V. Expense Related to Change in Benefit Terms		
VI. Financial Statement Expense [I.+II.+II1.+IV.+V.]		33,639
VII. Benefit Payments		(44,849)
VIII. Contributions to Trust		
IX. Total Employer Payments [VI.+VII.]		(44,849)
X. Total Net OPES Expense (Income){VI+IX.}	\$	<u>(11,210)</u>

NOTE 6 - SELF-INSURANCE PROGRAM

The District is exposed to various risks of loss related to theft of, damages to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. The District is self-insured for general, auto, and public officials (errors and omissions) liability up to \$2,000,000 and up to \$100,000, \$100,000, and \$2,000,000 for property, fidelity, and workers' compensation liability, respectively. The District has coverage for general, automobile, and public official liability for claims up to \$60,000,000 per occurrence. The District has coverage for property insurance for claims in excess of their self-insurance retention level of \$100,000 up to \$100,000,000. The District has fidelity coverage up to \$100,000. The District has workers' compensation coverage of \$2,000,000 to statutory. The coverages mentioned above are held through the Association of California Water Agencies Joint Powers Insurance Authority.

NOTE 7 - COMMITMENTS AND CONTINGENCIES**Sick Leave**

Employees of the District are credited with ten hours of sick leave per month, which can accumulate up to 150 days. Employees do not gain a vested right to accumulated sick leave. However, upon retirement or termination in good standing, employees who have zero to nineteen years with the District, will receive pay for 50% of accumulated sick leave. Employees in good standing will be paid for 75% of the accrued sick leave if employed between twenty and twenty-four years. Employees in good standing with twenty-five or more years with the District shall receive 100% of accrued sick leave. The value of accumulated sick leave earned, vested, and not paid (assuming all are in good standing) at June 30, 2023, was \$106,611. Accordingly, this amount is reflected as a liability of the District in the accompanying financial statements. The liability is presented as a component of compensated absences payable.

Vacation Leave

Accumulated unpaid employee vacation benefits are accrued as liabilities of the District. Vacation benefits accrue at the rates stated in Note 1. The liability is presented as a component of compensated absences payable. The value of accumulated unpaid vacation leave at June 30, 2023, is \$50,889.

NOTES-SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2023, have been evaluated for possible adjustment to the financial statements or disclosure is October 3, 2023, which is the date that the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

**MOJAVE PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Schedule of Changes in the District's Net OPEB Liability (Asset) and Related Ratios*

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability	\$ 992,183	\$ 937,587	\$ 727,028	\$ 650,131	\$ 737,486	\$ 693,428
I. Service Cost	\$ 16,133	\$ 19,031	\$ 14,810	\$ 13,534	\$ 27,190	\$ 17,292
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	55,897	47,422	45,401	56,805	51,028	49,868
111. Changes in Benefit Terms						
IV. Difference between Expected and Actual Plan Experience		39,506		(144,514)		(29,037)
V. Changes of Assumptions	27,415	138,101	49,969	(28,804)		
VI. Benefit Payments Excluding Implicit Cost	(44,849)	(33,501)	(33,283)	(33,156)	(34,160)	N/A
VII. Implicit Cost Amount						N/A
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(44,849)	(33,501)	(33,283)	(33,156)	(34,160)	(29,957)
IX. Net Change in OPEB Liability [I.+II.+111.+IV.+V.+VIII.]	54,596	210,559	76,897	(136,135)	44,058	8,166
X. Total OPEB Liability- Beginning of Period	937,587	727,028	650,131	737,486	693,428	685,262
XI. Prior Period Adjustment				48,780		
XII. Total OPEB Liability- Beginning of Period with Adjustment	937,587	727,028	650,131	786,266	693,428	685,262
XIII. Total OPEB Liability- End of Period [IX.+XII.]	\$ 992,183	\$ 937,587	\$ 727,028	\$ 650,131	\$ 737,486	\$ 693,428
Plan Fiduciary Net Position	\$ 1,014,169	\$ 953,406	\$ 1,101,283	\$ 803,627	\$ 596,426	\$ 497,766
XIV. Earnings from Plan Investments	\$ 60,763	\$ (147,877)	\$ 222,656	\$ 27,962	\$ 33,660	\$ 41,472
XV. Employer Contribution to Trust	44,849	33,501	108,283	108,156	99,160	89,957
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(44,849)	(33,501)	(33,283)	(33,156)	(34,160)	(29,957)
XVII. Administrative Expense						
XVIII. Other						
XIX. Net Change in Plan Fiduciary Net Position [XIV.+XV.+XVI.+XVII.+XVIII.]	60,763	(147,877)	297,656	102,962	98,660	101,472
XX. Plan Fiduciary Net Position - Beginning of Period	953,406	1,101,283	803,627	596,426	497,766	396,294
XXI. Prior Period Adjustment				104,239		
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	953,406	1,101,283	803,627	700,665	497,766	396,294
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	\$ 1,014,169	\$ 953,406	\$ 1,101,283	\$ 803,627	\$ 596,426	\$ 497,766
XXIV. Net OPEB Liability (Asset) [XIII.-XXIII.]	\$ (21,986)	\$ (15,819)	\$ (374,255)	\$ (153,496)	\$ 141,060	\$ 195,662
XXI. Plan Fiduciary Net Position as% of Total OPEB Liability [XIX./XII.]	102.22%	101.69%	151.48%	123.61%	80.87%	71.78%
XXII. Covered Employee Payroll	\$ 683,808	\$ 663,891	\$ 1,525,957	\$ 1,481,512	\$ 570,184	\$ 555,375
XXIII. Plan Net OPEB Liability (Asset) as% of Covered Employee Payroll [XX./XXII.]	-3.22%	-2.38%	-24.53%	-10.36%	24.74%	35.23%
Single Discount Rate to Calculate Plan Liabilities	5.87%	6.00%	6.50%	7.00%	7.25%	7.25%

***This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.**

**MOJAVE PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Schedule of Contributions*

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
I. Service Cost	\$ 16,133	\$ 19,031	\$ 14,810	\$ 13,534	\$ 27,190	\$ 17,292
II. 30 Year Level Dollar Amortization of NOL (Asset)			(19,429)	(11,560)	15,073	15,073
III. Actuarial Determined Contribution [I. + II.]	16,133	19,031	(4,619)	1,974	42,263	32,365
IV. Contributions in Relation to the Actuarially Determined Contribution	(44,849)	(33,501)	(108,283)	(108,156)	(99,160)	(89,957)
V. Contribution Deficiency/ (Excess) [III. + IV.]	\$ (28,716)	\$ (14,470)	\$ (112,902)	\$ (106,182)	\$ (56,897)	\$ (57,592)
Covered Employee Payroll	\$ 683,808	\$ 663,891	\$ 1,525,957	\$ 1,481,512	\$ 570,184	\$ 555,375
Contributions as a% of Covered Employee Payroll	6.56%	5.05%	7.10%	7.30%	17.39%	16.20%
Discount Rate	5.87%	6.00%	6.50%	7.00%	7.25%	7.25%
Money Weighted Rate of Return	6.37%	-13.43%	27.52%	3.96%	4.85%	7.77%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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SUPPLEMENTARY INFORMATION AND OTHER REPORTS SECTION

**MOJAVE PUBLIC UTILITY DISTRICT
SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES-
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>
OPERATING REVENUES	
Water sales	\$ 1,722,686
Water surcharge	80,296
Water permits	625
New account charges	2,140
Turn on charges	2,550
Delinquent charges	10,480
Sewer fees	494,342
Domestic waste dump fees	386,429
Plan Check Fees	2,500
Taxes	544,047
Total Operating Revenues	\$ 3,246,095
OPERATING EXPENSES	
Water expenses	
Salaries	\$ 391,037
Maintenance	14,724
Vehicle - maintenance	2,894
Water purchase	119,424
Vehicle - fuel	26,142
Pumping power	169,240
Chlorination	14,395
Water meters	13,257
Laboratory tests	9,098
Arsenic treatment	5,441
PH level adjustment	40,917
Depreciation	282,220
State Health Department annual fees	3,778
Total Water Expenses	\$ 1,092,567
Sewer expenses	
Salaries	\$ 60,561
Vehicle - maintenance	424
Vehicle - fuel	4,091
Miscellaneous	6,230
Depreciation	22,923
Total Sewer Expenses	\$ 94,229
Treatment plant expenses	
Salaries	\$ 79,417
Maintenance	5,992
Tests	5,770
Depreciation	37,721
Vehicle - maintenance	848
Vehicle - fuel	8,183
Power	266
Sludge removal	19,056
Annual waste discharge fee	24,687
Total Treatment Plant Expenses	\$ 181,940

**MOJAVE PUBLIC UTILITY DISTRICT
SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES-
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

GENERAL AND ADMINISTRATIVE EXPENSES

Salaries	\$ 203,333
Maintenance	6,816
Communications	16,130
Workmen's compensation insurance	13,477
Liability insurance	22,916
Property insurance	12,531
Dues and memberships	15,836
Office expenses	6,381
Printing	10,440
Credit card expenses	4,647
Travel expenses	150
Postage	9,242
Power	4,631
Natural gas	3,848
Engineering	6,729
Legal	14,019
Auditing	25,400
District pension contribution	43,183
District pension administration	2,863
OPES expense	(5,960)
Medical insurance	211,522
Director fees	10,100
District portion FICA	54,786
Seminars	20
Depreciation	67,849
Miscellaneous	13,584
Bad debt expense - water and sewer	11,554
Uniform service	7,051
Cross connection inspection	1,450
Life insurance	3,275
Vision care insurance	2,932
Dental care insurance	8,400
Safety and medical supplies	3,718
Maintenance agreements	42,176
Director expenses	61
County tax collection fee	5,289
Returned check charge	125
Total General and Administrative Expenses	<u><u>\$ 860,504</u></u>



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661-324-4971

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Mojave Public Utility District
Mojave, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Mojave Public Utility District (the District), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 3, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
October 3, 2023

MOJAVE PUBLIC UTILITY DISTRICT
FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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**MOJAVE PUBLIC UTILITY DISTRICT
JUNE 30, 2024**

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GENERAL INFORMATION

MOJAVE PUBLIC UTILITY DISTRICT
MOJAVE
COUNTY OF KERN, CALIFORNIA
LIST OF PERSONNEL
JUNE 30, 2024

OFFICERS

Harold Smith
David Adams
DeVon Aller

President
President Pro Tern
Secretary-Clerk

DIRECTORS

David Adams
Dor Hansen
Paul Holzer
Harold Smith
Victor M. Yaw

Term expires December 6, 2024
Term expires December 6, 2024
Term expires December 6, 2024
Term expires December 2, 2026
Term expires December 2, 2026

PERSONNEL

Damian Rickman
DeVon Aller

General Manager
Office Manager

DRAFT

FINANCIAL SECTION



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661-324-4971

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mojave Public Utility District
Mojave, California

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Mojave Public Utility District (the District) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-6 and the required supplementary information on pages 28-29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Operating Revenues and Operating Expenses – General Fund is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Revenues and Operating Expenses – General Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**BROWN ARMSTRONG
ACCOUNTANCY CORPORATION**

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
October 29, 2024

**MOJAVE PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

This section of Mojave Public Utility District's (the District) annual financial report presents our discussion and analysis of the District's performance during the fiscal year ending June 30, 2024. Please read it in conjunction with the District's basic financial statements, which follow this section.

The District was formed on December 19, 1938, according to the provisions of the Public Utility District Act. The District is governed by a Board of Directors consisting of five members.

The District was initially formed to provide water service to residents within the District situated around the unincorporated area of Mojave, Kern County, California. Since that time, the District has instituted a sewage collection and disposal system pursuant to Section 16491 of the Public Utilities Code.

The District's basic fund financial statements include (1) the statement of net position - proprietary funds, (2) the statement of revenues, expenses, and changes in net position - proprietary funds, and (3) the statement of cash flows - proprietary funds. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Operating revenues result from providing services to the general public. Charges to customers represent the District's principal operating revenues and include water and sewer charges.

Operating expenses include the cost of maintenance and support of providing water service, sewer collection, sewer treatment, and administrative expenses along with the depreciation on capital assets.

The statement of revenues, expenses, and changes in net position is reported using the accrual basis of accounting. Revenues are reported when earned and expenses are reported when incurred, regardless of when cash is received or paid. Revenues and expenses are categorized as either operating or nonoperating based on definitions provided by the Governmental Accounting Standards Board (GASB).

Overview of the Financial Statements

This annual financial report consists of two major parts: Management's Discussion and Analysis (this section) and the Basic Financial Statements, including accompanying Notes that explain some of the information in the financial statements and provide more detailed data.

The Basic Financial Statements include two types of statements that present different views of the District:

- ♦ *District-Wide Financial Statements* report information about the District as a whole. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities. These two District-wide statements report the District's net position. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the District's health or financial position. The statement of activities is reported using the accrual basis of accounting. Revenues and expenses are categorized as either operating or nonoperating based upon definitions provided by the GASB.
- ♦ *Fund Financial Statements* provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending. Some funds are required by State law, and others are established by the District to control and manage money for specific purposes.

Condensed Financial Information

The District's financial operations remained solid during fiscal year June 30, 2024. Revenues from water and sewer charges, taxes, and nonoperating revenues were used to pay all operating expenses and debt service obligations.

Net Position - Net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, was \$22,088,710.

	June 30, 2024	June 30, 2023
Assets		
Capital Assets, Net	\$ 10,065,261	\$ 9,719,928
Other Assets	15,579,204	10,446,953
Total Assets	25,644,465	20,166,881
Deferred Outflows of Resources (OPEB)	228,201	312,028
Liabilities		
Current Liabilities	123,492	28,650
Long-Term Liabilities	3,372,541	157,500
Total Liabilities	3,496,033	186,150
Deferred Inflows of Resources (OPEB)	287,923	152,566
Net Position		
Net Investment in Capital Assets	10,065,261	9,719,928
Restricted for Operations	977,500	885,082
Unrestricted	11,045,949	9,535,183
Total Net Position	\$ 22,088,710	\$ 20,140,193

Capital Assets, Net increased by \$345,333. For detailed capital asset information, see Note 3 of the financial statements which summarizes additions and deletions.

Other Assets – Current assets were \$12,085,024 and noncurrent assets were \$13,559,441. Noncurrent assets included a net other postemployment benefits (OPEB) asset of \$302,068. See Note 5 for further information regarding the OPEB asset.

Long-Term Liabilities - This consisted of compensated absences of \$149,923 and deferred lease income of \$3,222,618. Refer to Note 8 for further information regarding the lease.

Current Liabilities - Current liabilities were \$123,492.

Deferred Outflows and Inflows of Resources resulted from postemployment healthcare benefits on implementation of GASB Statement No. 75.

Net Position – Net Investment in Capital Assets was \$10,065,261.

Net Position – Restricted was \$977,500 for developer fees, grant revenues, and long-term debt.

Unrestricted Net Position was \$11,045,949.

Change in Net Position - Change in net position for fiscal years 2024 and 2023 was \$1,948,517 and \$1,788,334, respectively.

	June 30, 2024	June 30, 2023
Total Program Revenues	\$ 3,277,414	\$ 3,096,986
Total Program Expenses	(2,440,840)	(2,229,240)
General Revenues	1,111,943	920,588
Change in Net Position	1,948,517	1,788,334
Net Position, Beginning of Year	20,140,193	18,351,859
Net Position, End of Year	\$ 22,088,710	\$ 20,140,193

Analytical Review of Revenues - The District's principal source of revenue is from water sales and sewer fees.

Analytical Review of Expenses - The District's principal expenses are water purchases and salaries.

Capital Assets - At June 30, 2024, the District had invested \$10,065,261 in capital assets, net of depreciation.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mojave Public Utility District, 15844 K Street, Mojave, California 93501.

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 11,751,745
Accounts receivable	220,364
Lease receivable (Note 8)	65,153
Inventories	23,753
Interest receivable	24,009
Total Current Assets	<u>12,085,024</u>

Noncurrent Assets:

Capital assets not being depreciated:

Land	221,113
Construction in progress	1,477,937

Capital assets being depreciated:

Buildings	250,100
Improvements	11,587,230
Sewer treatment plant	2,902,555
Equipment	1,463,134
Less accumulated depreciation	<u>(7,836,808)</u>

Total Capital Assets, Net of Depreciation 10,065,261

Net OPEB asset 302,068

Lease receivable (Note 8) 3,192,112

Total Noncurrent Assets 13,559,441

Total Assets 25,644,465

DEFERRED OUTFLOWS OF RESOURCES (OPEB)

228,201

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 25,872,666

LIABILITIES

Current Liabilities:

Accrued expense	\$ 48
Customers' refundable deposits	28,100
Deferred lease income (Note 8)	95,344

Long-Term Liabilities:

Due within one year:

Compensated absences 149,923

Due in more than one year:

Deferred lease income (Note 8) 3,222,618

Total Liabilities 3,496,033

DEFERRED INFLOWS OF RESOURCES (OPEB)

287,923

NET POSITION

Net investment in capital assets	10,065,261
Restricted	977,500
Unrestricted	<u>11,045,949</u>
Total Net Position	<u>22,088,710</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION \$ 25,872,666

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

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Functions / Programs	Expenses	Program Revenues		Net (Expense) and Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Business- Type Activities
Business-Type Activities:				
Water and sewer services	\$ 2,440,840	\$ 3,008,160	\$	\$ 269,253
Totals	<u>\$ 2,440,840</u>	<u>\$ 3,008,160</u>	<u>\$</u>	<u>\$ 269,253</u>
General Revenues:				
Taxes and subventions:				
Taxes levied for general purposes				585,895
Interest and investment earnings				281,427
Miscellaneous				<u>244,622</u>
Total General Revenues				<u>1,111,944</u>
Change in Net Position				1,948,517
Net Position, Beginning of Year				<u>20,140,193</u>
Net Position, End of Year				<u>\$ 22,088,710</u>

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

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024**

	General Fund	Other Proprietary Funds	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current Assets:			
Cash and cash equivalents	\$ 10,275,245	\$ 1,476,500	\$ 11,751,745
Accounts receivable	220,364		220,364
Lease receivable (Note 8)	65,153		65,153
Inventories	23,753		23,753
Interest receivable	23,009	1,000	24,009
Due from other funds	500,000		500,000
Total Current Assets	11,107,524	1,477,500	12,585,024
Noncurrent Assets:			
Capital assets:			
Capital assets not being depreciated:			
Land	221,113		221,113
Construction in progress	894,245	583,692	1,477,937
Capital assets being depreciated:			
Buildings	250,100		250,100
Improvements	11,587,230		11,587,230
Sewer treatment plant	2,902,555		2,902,555
Equipment	1,463,134		1,463,134
Less accumulated depreciation	(7,836,808)		(7,836,808)
Total Capital Assets, Net of Depreciation	9,481,569	583,692	10,065,261
Net OPEB asset	302,068		302,068
Lease receivable (Note 8)	3,192,112		3,192,112
Total Noncurrent Assets	12,975,749	583,692	13,559,441
Total Assets	24,083,273	2,061,192	26,144,465
Deferred Outflows of Resources (OPEB)	228,201		228,201
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 24,311,474	\$ 2,061,192	\$ 26,372,666
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current Liabilities:			
Accrued expense	\$ 48	\$	\$ 48
Customers' refundable deposits	28,100		28,100
Deferred lease income (Note 8)	95,344		95,344
Long-Term Liabilities:			
Due within one year:			
Compensated absences	149,923		149,923
Due to other funds		500,000	500,000
Due in more than one year:			
Deferred lease income (Note 8)	3,222,618		3,222,618
Total Liabilities	3,496,033	500,000	3,996,033
Deferred Inflows of Resources (OPEB)	287,923		287,923
Net Position:			
Net investment in capital assets	9,481,569	583,692	10,065,261
Restricted		977,500	977,500
Unrestricted	11,045,949		11,045,949
Total Net Position	20,527,518	1,561,192	22,088,710
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 24,311,474	\$ 2,061,192	\$ 26,372,666

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

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	General Fund	Other Proprietary Funds	Total
Operating Revenues:			
Water and sewer charges	\$ 2,986,550	\$ 21,610	\$ 3,008,160
Taxes	585,895		585,895
Total Operating Revenues	<u>3,572,445</u>	<u>21,610</u>	<u>3,594,055</u>
Operating Expenses:			
Water	1,217,066		1,217,066
Sewer	93,523		93,523
Treatment plant	198,167		198,167
General and administrative	932,084		932,084
Total Operating Expenses	<u>2,440,840</u>	<u></u>	<u>2,440,840</u>
Operating Income	<u>1,131,605</u>	<u>21,610</u>	<u>1,153,215</u>
Nonoperating Revenues and Expenses:			
Nonoperating Revenues:			
Grant revenue		269,253	269,253
Interest	253,010	28,417	281,427
Miscellaneous	244,622		244,622
Total Nonoperating Revenues	<u>497,632</u>	<u>297,670</u>	<u>795,302</u>
Total Nonoperating Revenues and Expenses	<u>497,632</u>	<u>297,670</u>	<u>795,302</u>
Income Before Operating Transfers	<u>1,629,237</u>	<u>319,280</u>	<u>1,948,517</u>
Net Increase in Net Position	1,629,237	319,280	1,948,517
Net Position, Beginning of Year	<u>18,898,281</u>	<u>1,241,912</u>	<u>20,140,193</u>
Net Position, End of Year	<u>\$ 20,527,518</u>	<u>\$ 1,561,192</u>	<u>\$ 22,088,710</u>

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

**MOJAVE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	General Fund	Other Proprietary Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 3,632,119	\$ 21,610	\$ 3,653,729
Payments to employees (salaries and benefits)	(68,477)		(68,477)
Payments to suppliers	(2,004,314)		(2,004,314)
Net Cash Provided by Operating Activities	1,559,328	21,610	1,580,938
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Other noncapital revenue	244,622		244,622
Net Cash Provided by Non-Capital Financing Activities	244,622		244,622
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital funds received		269,254	269,254
Capital expenditures	(558,141)	(226,862)	(785,003)
Net Cash Provided (Used) by Capital and Related Financing Activities	(558,141)	42,392	(515,749)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	253,010	28,416	281,426
Net Cash Provided by Investing Activities	253,010	28,416	281,426
Net Increase in Cash and Cash Equivalents	1,498,819	92,418	1,591,237
Cash and Cash Equivalents at Beginning of Year	8,776,426	1,384,082	10,160,508
Cash and Cash Equivalents at End of Year	\$ 10,275,245	\$ 1,476,500	\$ 11,751,745
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ 1,131,605	\$ 21,610	\$ 1,153,215
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	439,670		439,670
(Increase) decrease in:			
Inventories	(2,644)		(2,644)
Accounts receivable	(1,023)		(1,023)
Lease receivable	(3,257,265)		(3,257,265)
Deferred outflows of resources	83,827		83,827
Increase (decrease) in:			
Compensated absences	(7,577)		(7,577)
Net OPEB asset	(280,082)		(280,082)
Accounts payable and other accrued expenses	(2)		(2)
Customers refundable deposits	(500)		(500)
Deferred Inflows of resources	135,357		135,357
Deferred inflows of resources - Leases	3,317,962		3,317,962
Net Cash Provided by Operating Activities	\$ 1,559,328	\$ 21,610	\$ 1,580,938

Supplemental Disclosure of Cash Flow Information:

The District did not have any non-cash activities during the fiscal year.

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

**MOJAVE PUBLIC UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mojave Public Utility District (the District) was formed December 19, 1938, according to the provisions of the Public Utility District Act, Statutes of 1931, Chapter 560 (General Law No. 6391) now Sections 15501 through 17776 of the Public Utilities Code. The Certificate of Incorporation was received from the Secretary of State on February 6, 1939. The District is governed by a Board of Directors consisting of five members.

The District was initially formed to provide water service to residents within the District situated around the unincorporated area of Mojave, Kern County, California. Since that time, the District has instituted a sewage collection and disposal system pursuant to Section 16491 of the Public Utilities Code.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America. The following is a summary of the significant policies:

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. District-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include all the financial activities of the District.

The statement of net position presents the financial condition of the business-type activities of the District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of the enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Accounting

The District is accounted for as a Business-Type Activity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements Management's Discussion and Analysis for State and Local Governments*, and its financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of related cash flows.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Fund Accounting

The accounting records of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The District's accounts are organized into major and non-major funds as follows:

Major Proprietary Fund:

The General Fund is the principal operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Non-Major Proprietary Funds:

The Developer Fee Fund is used to account for resources received from developer impact fees.

The Grant Fund was established to account for grant funds received from the State of California for the Well No. 9 project.

The Navy Tanks Fund was established to account for grant funds received from the State of California for the Navy Tanks project.

Cash and Cash Equivalents

Certain cash and cash equivalents, from time to time, may be restricted because their use is limited by applicable contracts or stipulations of the granting agency. Some of these restricted funds may be required to be maintained in separate bank accounts. For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) purchased with an original maturity of three months or less to be cash equivalents.

Inventories

Inventories are stated at cost not in excess of market value, using the first-in, first-out method. Inventories consist of materials and supplies.

Capital Assets

Capital assets, which include land, buildings, sewer treatment plant, improvements, vehicles, equipment, and furniture, are defined as assets with an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at appraised value at the time of donation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Capital Assets (Continued)

Land is not depreciated. Other capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Type</u>	<u>Useful Life</u>
Storage Tanks	15-40years
Other Improvements	10 - 40 years
Sewer Treatment Plant	10-40years
Buildings, Office, Steel Buildings	8 - 40 years
Water Plant and Water System	5 - 40 years
Wells	30 years
Fire Hydrants	25 years
Pumps and Electrical Motors	5 - 20 years
Equipment and Furniture	3 - 20 years
Chlorination Equipment	7 years
Vehicles	5 years

Accounts Receivable

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectable, the District writes these amounts off. Uncollectable accounts are analyzed and written off twice a year.

Leases Receivable

The lease receivable is recognized at the commencement of the lease term. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The present value of the future lease payments to be received is discounted based on the interest rate charges the lessee. The District uses the interest rate identified in the contract as the discount rate. If no interest rate is specified, the District uses its implicit rate as the discount rate. The lease term includes the noncancelable period of the lease and extensions the District is reasonably certain to exercise. The District monitors changes in circumstances that are expected to significantly affect the amount of a lease receivable that may require a remeasurement of its lease.

Net Position

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

Net position represents the residual interest in the District's assets after liabilities are deducted. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Position - Net Investment in Capital Assets - Includes capital assets net of accumulated depreciation or related debt.

Restricted Net Position - This category presents net position with external restrictions on its use imposed by third parties or by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents net position of the District, not restricted for any project or purpose.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. Vacation leave is credited on a calendar year basis. The hire date must fall between the 1st and the 15th to receive credit for that month. If the hire date falls after the 15th, the employee does not receive credit for that month. Vacation benefits accrue at the following rates:

<u>Years of Service</u>	<u>Days Per Year</u>
1 - 5	10
6 - 10	15
11 - 15	20
16 - 30	25
30+	30

As fully explained in Note 7, accumulated employee sick leave benefits are recognized as liabilities of the District.

Classification of Revenues

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operational activities. Charges to customers represent the District's principal operating revenues and include water and sewer charges. Operating expenses include the cost of operating maintenance and support of providing water services and sewage collection and disposal services and related capital assets, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating or other revenues and expenses.

Property Taxes

Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are payable in two installments, December 10 and April 10. The County of Kern bills and collects the property taxes and remits them to the District in installments during the year. Property tax revenues are recognized when levied to the extent that they result in current receivables.

Use of Estimates in Preparation of Financial Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Implementation of New Accounting Pronouncements

In the current year the District implemented the following standards:

GASB Statement No. 87 -Leases. The requirements of this standard were effective for reporting periods after June 15,2021. In the current year the District entered into a new lease contract. See Note 8 for additional details.

GASB Statement No. 99 - Omnibus 2022. The requirements of this statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District implemented this statement where applicable.

GASB Statement No. 100 - Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62. For fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District implemented this statement where applicable.

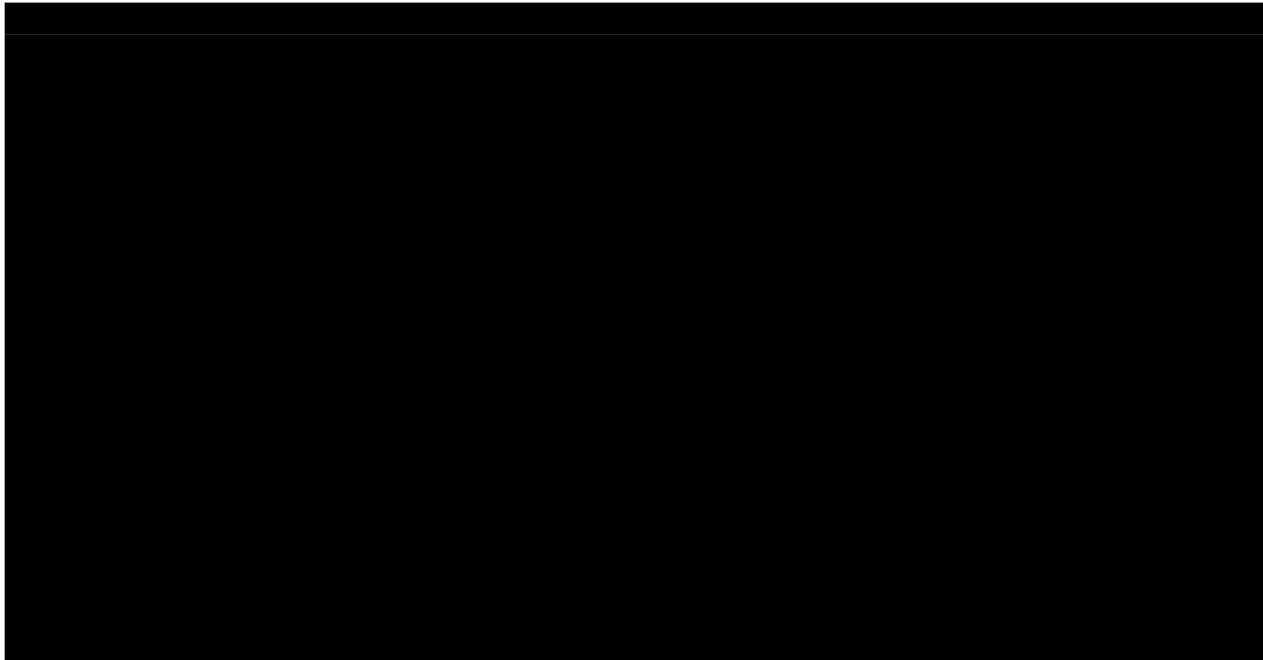
Future GASB Statements

The GASB Statements listed below will be implemented in future financial statements. The District is assessing, but has not yet determined, the effects of the implementation of the standards on its financial statements.

Statement No. 101	<i>Compensated Absences</i>	The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.
Statement No. 102	<i>Certain Risk Disclosures</i>	The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.
Statement No. 103	<i>Financial Reporting Model Improvements</i>	The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

NOTE 2- CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2024, consisted of the following:

**Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the **investment types** that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk** and **credit risk**.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	None	None
Medium-Term Notes	5 years	None	None
Mutual Funds	N/A	None	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	N/A	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, and the actual rating as of year-end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB Statement No. 40 does not require disclosure as to credit risk:

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

The District did not have any investments for the year ended June 30, 2024, that were classified in this three-tiered fair value hierarchy, as the District's investments are in banks and the County of Kern Investment Pool. See the County of Kern Annual Comprehensive Financial Report for additional information.

Custodial Credit Risk

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

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)**Custodial Credit Risk** (Continued)

will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: None of the District's deposits with financial institutions were in excess of federal depository insurance limits and all deposits were held in collateralized accounts.

NOTE 3-CAPITAL ASSETS AND DEPRECIATION

Capital asset activity during the fiscal year ended June 30, 2024, is shown below:

	Balances June 30, 2023	Additions	Deletions	Balances June 30, 2024
Capital Assets, Not Being Depreciated:				
Land				
Construction in progress	\$ 221,113	\$	\$	\$ 221,113
	1,239,322	238,615		1,477,937
Total Capital Assets Not Being Depreciated	1,460,435	238,615		1,699,050
Capital Assets, Being Depreciated:				
Buildings	250,100			250,100
Improvements	11,245,334	341,896		11,587,230
Sewer treatment plant	2,902,555			2,902,555
Equipment	1,258,640	204,494		1,463,134
Total Capital Assets Being Depreciated	15,656,629	546,390		16,203,019
Less Accumulated Depreciation for:				
Buildings	257,174	5,897		263,071
Improvements	3,834,862	293,914		4,128,776
Sewer treatment plant	2,514,934	61,080		2,576,014
Equipment	790,166	78,781		868,947
Total Accumulated Depreciation	7,397,136	439,672		7,836,808
Total Capital Assets Being Depreciated, Net	8,259,493	106,718		8,366,211
Total Capital Assets, Net	\$ 9,719,928	\$ 345,333	\$	\$ 10,065,261

Depreciation expense for the fiscal year ended June 30, 2024, was \$439,670.

NOTE 4- MOJAVE PUBLIC UTILITY DISTRICT MONEY PURCHASE PENSION PLAN (THE PLAN)

All employees of the District that are eighteen years of age or older become eligible to participate in the Plan at the end of the six consecutive month period commencing on the date of hire, provided 1,000 hours of service are completed during this period. The District annually contributes 5% of the total annual compensation of all current participants. District employees may contribute the maximum allowable by current tax law. After five years' continuous employment with the District and for each succeeding period of five years' continuous employment up to a total of 25 years, the District will assume the payment of one percent of the employee's contribution to the Plan. The District's contribution to the Plan for the year ended June 30, 2024, was \$45,863.

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In addition to the pension benefits described above, the District provides postemployment healthcare benefits to all employees who retire from the District after attaining age 60 and have 20 consecutive years of service with the District. However, eligible employees that have attained the age of 55 and who have 20 consecutive years of service with the District as of August 26, 2010, are also eligible for these same postemployment healthcare benefits.

The GASS Standards for accounting and financial reporting for postemployment benefits other than pensions (OPES) require the following disclosures in the financial statements related to the retiree medical, dental, and life insurance benefits:

A. A Description of the Retiree Medical Insurance Program

Plan Type:	Comprehensive Medical Insurance offered through Anthem Blue Cross and Kaiser Permanente	
Administrator:	Mojave Public Utility District	
Eligibility:	An employee shall become eligible to retire under this plan upon attainment of age 60 as an active member and completion of 20 years of service with the District (those age 55 with 20 years of service on August 26, 2010, shall be grandfathered).	
Cost Sharing:	The District shall pay 50% of premiums for the retiree and his/her spouse at retirement. The District will pay an additional 5% for each year of service beyond 20 years with the District paying 100% of premiums for those with 30 or more years of service at retirement.	

B. Retiree Medical and Life Insurance Contributions

Group	Individual	Family
Medical	Varies (0% to 50%)	Varies (0% to 50%)
Dental	N/A	N/A
Life	N/A	N/A

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**C. Actuarial Methods and Assumptions**

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2023
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2024
Investment Rate of Return:	6.87%, net of OPEB plan investment expense, including inflation
Municipal Bond Rate:	4.21 as of June 30, 2024 (source: S&P Muncide Bond 20-Year High Grade Index- SAPIHG)
Single Equivalent Discount Rate:	6.87%, net of OPEB plan investment expense, including inflation
Inflation:	2.50% as of June 30, 2024 and for future periods
Salary Increases:	3.00% annually as of June 30, 2024 and for future periods
Cost of Living Adjustment	Not Applicable
Pre-Retirement Mortality:	General: PubG-2010 Mortality Table for Employees projected generationally with scale MP-2020 for males and females
Post-Retirement Mortality:	General: PubG-2010 Mortality Table for Healthy Annuitants projected generationally with scale MP-2020 for males and females
Disabled Mortality:	General: PubG-2010 Mortality Table for Disabled Annuitants projected generationally with scale MP-2020 for males and females

D. Funding Policy

The contribution requirements of plan members and the District are established and may be amended through District ordinances. For the year ending on the June 30, 2024 Measurement Date, total District premiums plus implicit costs for the retiree medical program were \$62,041. The District also made a contribution to an OPEB Trust of \$0 for a total contribution during the period of \$62,041.

E. Investment Policy

The chart below shows how the long-term rate of return on assets is developed based on the District's Investment Policy.

Investment Target Allocation and Expected Long-Term Real Rate of Return			
Asset Class	Target Allocation	Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap	22.00%	Domestic Equity - Large Cap	4.91%
Domestic Equity - Small/Mid Cap	10.75%	Domestic Equity - Small/Mid Cap	5.29%
International Equity - Developed Market	10.75%	International Equity - Developed Market	5.32%
International Equity - Emerging Market	5.50%	International Equity - Emerging Market	6.13%
Domestic Fixed Income	20.50%	Domestic Fixed Income	2.30%
International Fixed Income	7.50%	International Fixed Income	2.02%
Alternatives	3.00%	Alternatives	6.35%
Real Estate	20.00%	Real Estate	6.25%
Cash and Cash Equivalents	0.00%	Cash and Cash Equivalents	0.00%
Total	100.00%	I. Real Rate of Return	4.62%
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I.+II.]	7.12%
		IV. Investment Expense	0.25%
		V. Net Investment Return* (III.-IV.)	6.87%

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**F. Changes in Net OPEB Liability (Asset)**

	Increase (Decrease)		
	Total OPEB Liability (TOL)	Plan Fiduciary Net Position	Net OPEB Liability (NOL) Asset
I. Balances for June 30, 2023 Reporting Date	\$ 992,183	\$ 1,014,169	\$ (21,986)
II. Prior Period Adjustment			
III. Balances for June 30, 2023 with Adjustment [I. + II.]	992,183	1,014,169	(21,986)
Changes for the Year:			
IV. Service Cost	19,065		19,065
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	57,565		57,565
VI. Changes in Benefit Terms*			
VII. Change in Assumptions**	(73,783)		(73,783)
VIII. Differences Between Actual and Expected Experience **	(110,044)		(110,044)
IX. Net Investment Income		110,844	(110,844)
X. Employer Contributions to Trust		62,041	(62,041)
XI. Benefit Payments Withdrawn from Trust		(62,041)	62,041
XII. Benefit Payments Excluding Implicit Cost	(45,397)		(45,397)
XIII. Implicit Cost Amount	(16,644)		(16,644)
XIV. Total Benefit Payments Including			
Implicit Cost [XII.+XIII.]	(62,041)		(62,041)
XV. Administrative Expense			
XVI. Other Charges			
XVII. Net Changes			
[IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	(169,238)	110,844	(280,082)
XVII. Balances at June 30, 2024 Reporting Date [III.+XVII.]	\$ 822,945	\$ 1,125,013	\$ (302,068)

* Recognized immediately

** Amortized over 7 years

G. Effect of 1% Change in Healthcare Trend

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the NOL (Asset) would decrease to \$(175,084). If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the NOL (Asset) would increase to \$(402,578).

**Impact of a 1% Change in the Healthcare Trend Rate as of the
June 30, 2024 Measurement Date**

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability (Asset)	\$ (402,578)	\$ (302,068)	\$ (175,084)

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**H. Effect of 1% Change in Discount Rate**

As of the June 30, 2024 Measurement Date, if the discount rate were 1% higher than what was used in this valuation the NOL (Asset) would increase to \$(393,997). If the discount rate were 1% lower than was used in this valuation the NOL (Asset) would decrease to \$(188,483).

**Impact of a 1% Change in the Discount Rate as of the
June 30, 2024 Measurement Date**

	1% Decrease (5.87%)	Current Discount Rate (6.87%)	1% Increase (7.87%)
Net OPEB Liability (Asset)	\$ (188,483)	\$ (302,068)	\$ (393,997)

I. Net OPEB Liability (Asset), OPEB Expense, and Deferred Inflows/Outflows of Resources

Source of Deferred Inflows/Outflows of Resources

	For the Reporting Date June 30, 2024
I. Deferred (Inflows)/Outflows of Resources from Actual vs. Expected Experience	\$ (117,188)
II. Deferred (Inflows)/Outflows of Resources from Investment Experience	\$ 9,024
III. Deferred (Inflows)/Outflows of Resources from Changes in Assumptions	\$ 48,442

Change in Deferred Inflows/Outflows of Resources

	For the Fiscal Year Ending June 30, 2024
I. Deferred Outflows of Resources at the Beginning of the Fiscal Year	\$ 312,028
II. Deferred Outflows of Resources Created During the Fiscal Year	
III. Deferred Outflows of Resources Recognized During the Fiscal Year	83,827
IV. Change in Deferred Outflows of Resources (II.-III.)	(83,827)
V. Deferred Outflows of Resources at End of the Fiscal Year (I.+IV.)	\$ 228,201
VI. Deferred Inflows of Resources at the Beginning of the Fiscal Year	(152,566)
VII. Deferred Inflows of Resources Created During the Fiscal Year	(235,125)
VIII. Deferred Inflows of Resources Recognized During the Fiscal Year	(99,768)
IX. Change in Deferred Inflows of Resources (VII.-VIII.)	(135,357)
X. Deferred Inflows of Resources at End of the Fiscal Year (VI.+IX.)	\$ (287,923)

NOTE 5 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**I. Net OPES Liability (Asset), OPES Expense, and Deferred Inflows/Outflows of Resources** (Continued)

Fiscal Year Ending June		
2025	\$	(20,486)
2026		17,353
2027		(744)
2028		(7,237)
2029		(22,341)
Thereafter		(26,267)
Total	\$	<u>(59,722)</u>
Net OPEB Liability (Asset)		
		For the Reporting Date June 30, 2024
I. Net OPEB Asset at Beginning of Period	\$	(21,986)
II. Service Cost		19,065
III. Interest on TOL, Service Cost, and Payments		57,565
IV. Projected Investment Income		(59,546)
V. OPEB Plan Administrative Expenses		
VI. Total Employer Contributions		(62,041)
VII. Expense Related to Change in Benefit Terms		
VIII. Net OPEB Expense - Before Recognition of Deferred (Inflows)/Outflows of Resources (II.+II1.+IV.+V.+VI.)		(44,957)
IX. Deferred Outflows of Resources Created During the Period		
X. Deferred Inflows of Resources Created During the Period		(235,125)
XI. Net OPEB Asset at End of Period (I.+ VIII.+ IX.+ X.)	\$	<u><u>(302,068)</u></u>
Net OPEB Expense		
		For the Fiscal Year Ending June 30, 2024
I. Service Cost	\$	19,065
II. Interest on TOL, Service Cost, and Payments		57,565
III. Projected Investment Income		(59,546)
IV. Recognition of Deferred (Inflows)/Outflows of Resources		(15,941)
V. Expense Related to Change in Benefit Terms		
VI. Financial Statement Expense [1.+II.+II1.+IV.+V.]		1,143
VII. Benefit Payments		(62,041)
VIII. Contributions to Trust		
IX. Total Employer Payments [VI.+VII.]		(62,041)
X. Total Net OPEB Expense (Income){VI+IX.}	\$	<u><u>(60,898)</u></u>

NOTE 6 - SELF-INSURANCE PROGRAM

The District is exposed to various risks of loss related to theft of, damages to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. The District is self-insured for general, auto, and public officials (errors and omissions) liability up to \$2,000,000 and up to \$100,000, \$100,000, and \$2,000,000 for property, fidelity, and workers' compensation liability, respectively. The District has coverage for general, automobile, and public official liability for claims up to \$60,000,000 per occurrence. The District has coverage for property insurance for claims in excess of their self-insurance retention level of \$100,000 up to \$100,000,000. The District has fidelity coverage up to \$100,000. The District has workers' compensation coverage of \$2,000,000 to statutory. The coverages mentioned above are held through the Association of California Water Agencies Joint Powers Insurance Authority.

NOTE 7 - COMMITMENTS AND CONTINGENCIES**Sick Leave**

Employees of the District are credited with ten hours of sick leave per month, which can accumulate up to 150 days. Employees do not gain a vested right to accumulated sick leave. However, upon retirement or termination in good standing, employees who have zero to nineteen years with the District, will receive pay for 50% of accumulated sick leave. Employees in good standing will be paid for 75% of the accrued sick leave if employed between twenty and twenty-four years. Employees in good standing with twenty-five or more years with the District shall receive 100% of accrued sick leave. The value of accumulated sick leave earned, vested, and not paid (assuming all are in good standing) at June 30, 2024, was \$100,116. Accordingly, this amount is reflected as a liability of the District in the accompanying financial statements. The liability is presented as a component of compensated absences payable.

Vacation Leave

Accumulated unpaid employee vacation benefits are accrued as liabilities of the District. Vacation benefits accrue at the rates stated in Note 1. The liability is presented as a component of compensated absences payable. The value of accumulated unpaid vacation leave at June 30, 2024, is \$49,807.

NOTE 8 - LEASES

On June 19, 2024, the District (lessor) entered into a long-term lease arrangement with Sanborn Solar 1C, LLC, (lessee) for the exclusive right to use of 91.25 usable acres of District land. The terms of the lease call for annual payments of \$700 per usable acre, for a term of 34 years and 10 months (418 months). The lease also calls for annual escalations in the rent of 2%, during the term of the lease. As of June 30, 2024, the District recognized lease revenue of \$3,178. The balance of Lease Receivable and Deferred Lease Income as of June 30, 2024, is \$3,257,265 and \$3,317,962, respectively.

Expected future annual lease payments received, revenue recognized, and balances are as follows:

Fiscal Year Ending June	Expected Cash Rent	Recognized Lease Income	Lease Receivable	Deferred Lease Income
2025	\$ 65,153	\$ 95,344	\$ 3,192,113	\$ 3,222,618
2026	66,456	95,344	3,125,657	3,127,275
2027	67,785	95,344	3,057,872	3,031,931
2028	69,140	95,344	2,988,732	2,936,587
2029	70,523	95,344	2,918,209	2,841,243
Thereafter	2,918,209	2,841,243		
Total	\$ 3,257,265	\$ 3,317,962		

NOTE 9 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2024, have been evaluated for possible adjustment to the financial statements or disclosure is October 29, 2024, which is the date that the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

**MOJAVE PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Schedule of Changes in the District's Net OPEB Liability (Asset) and Related Ratios*

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability	\$ 822,945	\$ 992,183	\$ 937,587	\$ 727,028	\$ 650,131	\$ 737,486	\$ 693,428
I. Service Cost	\$ 19,065	\$ 16,133	\$ 19,031	\$ 14,810	\$ 13,534	\$ 27,190	\$ 17,292
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	57,565	55,897	47,422	45,401	56,805	51,028	49,868
111. Changes in Benefit Terms							
IV. Difference between Expected and Actual Plan Experience	(110,044)		39,506		(144,514)		(29,037)
V. Changes of Assumptions	(73,783)	27,415	138,101	49,969	(28,804)		
VI. Benefit Payments Excluding Implicit Cost	(45,397)	(44,849)	(33,501)	(33,283)	(33,156)	(34,160)	N/A
VII. Implicit Cost Amount	(16,644)						N/A
VIII. Total Benefit Payments Including Implicit Cost [VI.+VII.]	(62,041)	(44,849)	(33,501)	(33,283)	(33,156)	(34,160)	(29,957)
IX. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.]	(169,238)	54,596	210,559	76,897	(136,135)	44,058	8,166
X. Total OPEB Liability - Beginning of Period	992,183	937,587	727,028	650,131	737,486	693,428	685,262
XI. Prior Period Adjustment					48,780		
XII. Total OPEB Liability - Beginning of Period with Adjustment	992,183	937,587	727,028	650,131	786,266	693,428	685,262
XIII. Total OPEB Liability- End of Period [IX.+XII.]	<u>\$ 822,945</u>	<u>\$ 992,183</u>	<u>\$ 937,587</u>	<u>\$ 727,028</u>	<u>\$ 650,131</u>	<u>\$ 737,486</u>	<u>\$ 693,428</u>
Plan Fiduciary Net Position	\$ 1,125,013	\$ 1,014,169	\$ 953,406	\$ 1,101,283	\$ 803,627	\$ 596,426	\$ 497,766
XIV. Earnings from Plan Investments	\$ 110,844	\$ 60,763	\$ (147,877)	\$ 222,656	\$ 27,962	\$ 33,660	\$ 41,472
XV. Employer Contribution to Trust	62,041	44,849	33,501	108,283	108,156	99,160	89,957
XVI. Benefit Payments from Trust, Including Refunds of Member Contributions	(62,041)	(44,849)	(33,501)	(33,283)	(33,156)	(34,160)	(29,957)
XVII. Administrative Expense							
XVIII. Other							
XIX. Net Change in Plan Fiduciary Net Position [XIV.+XV.+XVI.+XVII.+XVIII.]	110,844	60,763	(147,877)	297,656	102,962	98,660	101,472
XX. Plan Fiduciary Net Position - Beginning of Period	1,014,169	953,406	1,101,283	803,627	596,426	497,766	396,294
XXI. Prior Period Adjustment					104,239		
XXII. Plan Fiduciary Net Position - Beginning of Period with Adjustment	1,014,169	953,406	1,101,283	803,627	700,665	497,766	396,294
XXIII. Plan Fiduciary Net Position - End of Period [XIX.+XXII.]	<u>\$ 1,125,013</u>	<u>\$ 1,014,169</u>	<u>\$ 953,406</u>	<u>\$ 1,101,283</u>	<u>\$ 803,627</u>	<u>\$ 596,426</u>	<u>\$ 497,766</u>
XXIV. Net OPEB Liability (Asset) [XIII.-XXIII.]	<u>\$ (302,068)</u>	<u>\$ (21,986)</u>	<u>\$ (15,819)</u>	<u>\$ (374,255)</u>	<u>\$ (153,496)</u>	<u>\$ 141,060</u>	<u>\$ 195,662</u>
XXI. Plan Fiduciary Net Position as% of Total OPEB Liability [XIX./XII.]	136.71%	102.22%	101.69%	151.48%	123.61%	80.87%	71.78%
XXII. Covered Employee Payroll	\$ 704,322	\$ 683,808	\$ 663,891	\$ 644,554	\$ 625,781	\$ 570,184	\$ 555,375
XXIII. Plan Net OPEB Liability (Asset) as% of Covered Employee Payroll [XX./XXII.]	-42.89%	-3.22%	-2.38%	-58.06%	-24.53%	24.74%	35.23%
Single Discount Rate to Calculate Plan Liabilities	6.87%	5.87%	6.00%	6.50%	7.00%	7.25%	7.25%

***This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.**

**MOJAVE PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Schedule of Contributions*

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
I. Service Cost	\$ 19,065	\$ 16,133	\$ 19,031	\$ 14,810	\$ 13,534	\$ 27,190	\$ 17,292
II. 30 Year Level Dollar Amortization of NOL (Asset)				(19,429)	(11,560)	15,073	15,073
III. Actuarial Determined Contribution [1. + II.]	19,065	16,133	19,031	(4,619)	1,974	42,263	32,365
IV. Contributions in Relation to the Actuarially Determined Contribution	(62,041)	(44,849)	(33,501)	(108,283)	(108,156)	(99,160)	(89,957)
V. Contribution Deficiency/ (Excess) [111. + IV.]	<u>\$ (42,976)</u>	<u>\$ (28,716)</u>	<u>\$ (14,470)</u>	<u>\$ (112,902)</u>	<u>\$ (106,182)</u>	<u>\$ (56,897)</u>	<u>\$ (57,592)</u>
Covered Employee Payroll	\$ 704,322	\$ 683,808	\$ 663,891	\$ 1,525,957	\$ 1,481,512	\$ 570,184	\$ 555,375
Contributions as a % of Covered Employee Payroll	8.81%	6.56%	5.05%	7.10%	7.30%	17.39%	16.20%
Discount Rate	6.87%	5.87%	6.00%	6.50%	7.00%	7.25%	7.25%
Money Weighted Rate of Return	10.93%	6.37%	-13.43%	27.52%	3.96%	4.85%	7.77%

***This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.**

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SUPPLEMENTARY INFORMATION AND OTHER REPORTS SECTION

**MOJAVE PUBLIC UTILITY DISTRICT
SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES-
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>General Fund</u>
OPERATING REVENUES	
Water sales	\$ 1,672,815
Water surcharge	76,539
Water permits	800
New account charges	2,220
Turn on charges	3,050
Delinquent charges	11,450
Sewer fees	552,222
Domestic waste dump fees	667,454
Taxes	585,895
	<u>585,895</u>
Total Operating Revenues	<u>\$ 3,572,445</u>
OPERATING EXPENSES	
Water expenses	
Salaries	\$ 431,451
Maintenance	49,407
Vehicle - maintenance	10,100
Water purchase	103,814
Vehicle - fuel	29,741
Pumping power	132,857
Chlorination	12,008
Water meters	12,413
Laboratory tests	13,702
Arsenic treatment	104,390
PH level adjustment	21,183
Depreciation	292,022
State Health Department annual fees	3,978
	<u>3,978</u>
Total Water Expenses	<u>\$ 1,217,066</u>
Sewer expenses	
Salaries	56,035
Vehicle - maintenance	1,393
Vehicle - fuel	4,088
Miscellaneous	8,339
Depreciation	23,668
	<u>23,668</u>
Total Sewer Expenses	<u>\$ 93,523</u>
Treatment plant expenses	
Salaries	83,601
Maintenance	6,637
Tests	8,542
Depreciation	37,411
Vehicle - maintenance	2,786
Vehicle - fuel	8,175
Power	513
Sludge removal	23,717
Annual waste discharge fee	26,785
	<u>26,785</u>
Total Treatment Plant Expenses	<u>\$ 198,167</u>

**MOJAVE PUBLIC UTILITY DISTRICT
SCHEDULE OF OPERATING REVENUES AND OPERATING EXPENSES-
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

GENERAL AND ADMINISTRATIVE EXPENSES

Salaries	\$ 221,886
Maintenance	8,861
Communications	14,978
Workmen's compensation insurance	15,624
Liability insurance	25,909
Property insurance	15,285
Dues and memberships	16,046
Office expenses	5,330
Printing	6,471
Credit card expenses	11,106
Travel expenses	299
Postage	9,821
Power	8,853
Natural gas	1,810
Engineering	63,048
Legal	18,218
Auditing	28,388
District pension contribution	45,863
District pension administration	3,000
OPEB expense (income)	(60,898)
Medical insurance	206,507
Director fees	11,675
District portion FICA	61,383
Depreciation	86,569
Miscellaneous	2,575
Bad debt expense - water and sewer	2,610
Uniform service	7,675
Cross connection inspection	1,465
Life insurance	3,295
Vision care insurance	3,137
Dental care insurance	7,868
Safety and medical supplies	2,009
Maintenance agreements	70,139
County tax collection fee	5,279
Total General and Administrative Expenses	<u><u>\$ 932,084</u></u>



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Mojave Public Utility District
Mojave, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Mojave Public Utility District (the District), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

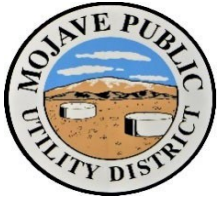
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
October 29, 2024



**MOJAVE PUBLIC UTILITY DISTRICT
APPROVED BUDGET 2023-2024**

OPERATING REVENUE

WATER SALES	\$ 2,000,000.00
WATER SURCHARGE	\$ 95,000.00
WATER PERMITS	\$ 2,000.00
NEW ACCOUNT CHARGES	\$ 3,000.00
TURN ON CHARGES	\$ 1,500.00
DELINQUENT CHARGES	\$ 15,000.00
SEWER FEES	\$ 525,000.00
RETURNED CHECK CHARGES	\$ 500.00
DOMESTIC DUMP FEES	\$ 350,000.00

TOTAL OPERATING REVENUE **\$ 2,992,000.00**

OTHER REVENUE

COUNTY DEPOSIT - INTEREST	\$ 60,000.00
CHECKING ACCOUNT INTEREST	\$ 500.00
TAX DIFFERENTIALS	\$ 100.00
SALE OF SURPLUS PROPERTY	\$ 190,000.00
REFUNDS	\$ 3,000.00
REIMBURSEMENTS	\$ 3,000.00
UB MISCELLANEOUS	\$ 25,000.00
DISTRICT STANDARD SPECS	\$ 100.00
PLAN CHECK & INSPECTION FEES	\$ 3,000.00

TOTAL OTHER REVENUE **\$ 284,700.00**

PROPERTY TAXES

SECURED	\$ 420,000.00
UNSECURED	\$ 65,000.00
PRIOR YEAR	\$ 2,000.00
OTHER COLLECTION	\$ 2,000.00
TAXES-SEWER ASSESSMENT DIST #1	\$ 1,000.00
INTEREST SEWER ASSESSMENT DIST #1	\$ 3,000.00

TOTAL TAXES **\$ 493,000.00**

TOTAL REVENUE **\$ 3,769,700.00**

**MOJAVE PUBLIC UTILITY DISTRICT
APPROVED BUDGET 2023-2024**

WATER OPERATING EXPENSES

WATER PURCHASES-AVEK	180,000.00
MAINTENANCE WATER SYSTEM	55,000.00
VEHICLE MAINTENANCE	12,000.00
VEHICLE FUEL	42,000.00
PUMPING POWER	190,000.00
CHLORINATION	25,000.00
WATER METERS	15,000.00
LABORATORY TESTS	20,000.00
DEPRECIATION WATER	341,000.00
STATE HEALTH ANNUAL FEE	4,000.00
ARSENIC TREATMENT	150,000.00
PH ADJUSTMENT	50,000.00
SALARIES WATER	550,000.00

TOTAL WATER OPERATING EXPENSES **\$ 1,634,000.00**

SEWER COLLECTION EXPENSE

VEHICLE MAINTENANCE	3,000.00
VEHICLE FUEL	6,000.00
MAINTENANCE SEWER COLLECTION	15,000.00
DEPRECIATION SEWER COLLECTION	38,000.00
SSO PROGRAM FEE	4,000.00
SALARIES SEWER COLLECTION	87,000.00

TOTAL SEWER COLLECTION EXPENSES **\$ 153,000.00**

TREATMENT PLANT EXPENSES

VEHICLE MAINTENANCE	3,000.00
VEHICLE FUEL	12,000.00
MAINTENANCE SEWER TREATMENT	40,000.00
LABORATORY TESTS	12,000.00
DEPRECIATION TREATMENT PLANT	45,000.00
POWER	1,000.00
ANNUAL WASTE DISCHARGE FEE	28,000.00
SLUDGE REMOVAL	45,000.00
SALARIES SEWER TREATMENT	85,000.00

TOTAL TREATMENT PLANT EXPENSES **\$ 271,000.00**

**MOJAVE PUBLIC UTILITY DISTRICT
APPROVED BUDGET 2023-2024**

GENERAL & ADMINISTRATIVE EXPENSES

CREDIT CARD FEES	\$ 5,500.00
MAINTENANCE GENERAL & ADMIN	\$ 20,000.00
COMMUNICATIONS	\$ 15,000.00
WORKMANS COMPENSATION	\$ 20,000.00
LIABILITY INSURANCE	\$ 26,000.00
PROPERTY INSURANCE	\$ 12,000.00
DUES, MEMBERSHIP, LICENSES, FEES	\$ 20,000.00
OFFICE EXPENSES	\$ 12,000.00
PRINTING	\$ 12,000.00
TRAVEL EXPENSES	\$ 2,000.00
POSTAGE	\$ 11,000.00
POWER	\$ 11,000.00
NATURAL GAS	\$ 4,500.00
ENGINEERING	\$ 100,000.00
LEGAL	\$ 32,000.00
AUDITING	\$ 28,000.00
DISTRICT PENSION CONTRIBUTION	\$ 58,000.00
DISTRICT PENSION ADMINISTRATION	\$ 4,200.00
MEDICAL INSURANCE	\$ 330,000.00
DIRECTORS FEES	\$ 11,000.00
DISTRICT PORTION FICA/MEDI	\$ 65,000.00
SEMINARS & TRAINING	\$ 6,000.00
DEPRECIATION GENERAL & ADMIN	\$ 110,000.00
MISCELLANEOUS	\$ 20,000.00
BAD DEBT EXPENSES-WATER & SEWER	\$ 5,000.00
UNIFORM SERVICE	\$ 8,000.00
CROSS CONNECTION INSPECTION	\$ 3,500.00
LIFE INSURANCE	\$ 4,500.00
VISION CARE INSURANCE	\$ 4,500.00
COUNTY TAX COLLECTION FEE	\$ 7,000.00
RETURNED CHECK BANK CHARGES	\$ 200.00
DENTAL CARE INSURANCE	\$ 13,500.00
SAFETY & MEDICAL SUPPLIES	\$ 6,000.00
ELECTION EXPENSES	\$ 2,500.00
MAINTENANCE AGREEMENTS	\$ 55,000.00
DIRECTORS EXPENSE	\$ 1,000.00
OPEB GASB 45	\$ 75,000.00
SALARIES OFFICE STAFF	\$ 225,000.00
TOTAL GENERAL & ADM. EXPENSES	\$ 1,345,900.00
TOTAL EXPENSES	\$ 3,403,900.00

**MOJAVE PUBLIC UTILITY DISTRICT
APPROVED BUDGET 2023-2024**

REVENUE

OPERATING	<u>\$ 2,992,000.00</u>
OTHER REVENUE	<u>\$ 284,700.00</u>
PROPERTY TAXES	<u>\$ 493,000.00</u>

TOTAL REVENUE

\$ 3,769,700.00

OPERATING EXPENSES

WATER OPERATION	<u>\$ 1,634,000.00</u>
SEWER COLLECTION	<u>\$ 153,000.00</u>
SEWER TREATMENT	<u>\$ 271,000.00</u>
GENERAL & ADMINISTRATIVE	<u>\$ 1,345,900.00</u>

TOTAL OPERATING EXPENSES

\$ 3,403,900.00

BUDGET REQUEST

OPERATING BUDGET REQUEST	<u>\$ 3,403,900.00</u>
CAPITAL IMPROVEMENTS REQUEST	<u>\$ 757,000.00</u>

TOTAL BUDGET REQUEST

\$ 4,160,900.00

REVENUE ESTIMATE

\$ 3,769,700.00

FUNDS ON HAND

\$ 7,739,433.00

FUNDS AVAILABLE

\$ 11,509,133.00

BUDGET REQUEST

\$ 4,160,900.00

CONTINGENCY

\$ 3,348,233.00

GENERAL RESERVE

\$ 4,000,000.00

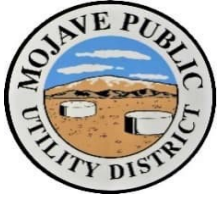
TOTAL BUDGET

\$ 11,509,133.00

**MOJAVE PUBLIC UTILITY DISTRICT
2023-2024
CAPITAL IMPROVEMENT FUNDS**

	ESTIMATED COST	FUND SOURCE
1) GENERAL & ADMINISTRATIVE		
A) Backhoe	A) \$150,000.00	RESERVE FUNDS
B) (2) 3/4 ton trucks	B) \$150,000.00	RESERVE FUNDS
C) Office computers	C) \$10,000.00	RESERVE FUNDS
2) WATER SYSTEM IMPROVEMENTS		
A) Well 21A electrical system update	A) \$80,000.00	RESERVE FUNDS
B) Well 22 electrical system update	B) \$72,000.00	RESERVE FUNDS
C) Tank 3 electrical system update	C) \$85,000.00	RESERVE FUNDS
D) hypochlorite generator (21A)	D) \$165,000.00	RESERVE FUNDS
E) Well 22 Refurbishment	E) \$20,000.00	RESERVE FUNDS
F) Rebuild pressure reducing valves (PRVs)	F) \$25,000.00	RESERVE FUNDS
TOTAL CAPITAL IMPROVEMENTS ESTIMATE	<u>\$757,000.00</u>	

Request for cost of living adjustment of 7.3% for all District employees



**MOJAVE PUBLIC UTILITY DISTRICT
APPROVED BUDGET 2024-2025**

OPERATING REVENUE

WATER SALES	\$ 2,100,000.00
WATER SURCHARGE	\$ 100,000.00
WATER PERMITS	\$ 2,000.00
NEW ACCOUNT CHARGES	\$ 3,000.00
TURN ON CHARGES	\$ 1,500.00
DELINQUENT CHARGES	\$ 15,000.00
SEWER FEES	\$ 525,000.00
RETURNED CHECK CHARGES	\$ 500.00
DOMESTIC DUMP FEES	\$ 350,000.00

TOTAL OPERATING REVENUE **\$ 3,097,000.00**

OTHER REVENUE

COUNTY DEPOSIT - INTEREST	\$ 80,000.00
CHECKING ACCOUNT INTEREST	\$ 500.00
TAX DIFFERENTIALS	
SALE OF SURPLUS PROPERTY	\$ 55,000.00
REFUNDS	\$ 3,000.00
REIMBURSEMENTS	\$ 3,000.00
UB MISCELLANEOUS	\$ 25,000.00
DISTRICT STANDARD SPECS	
PLAN CHECK & INSPECTION FEES	\$ 3,000.00

TOTAL OTHER REVENUE **\$ 169,500.00**

PROPERTY TAXES

SECURED	\$ 540,000.00
UNSECURED	\$ 65,000.00
PRIOR YEAR	\$ 2,000.00
OTHER COLLECTION	\$ 2,000.00
TAXES-SEWER ASSESSMENT DIST #1	\$ 1,000.00
INTEREST SEWER ASSESSMENT DIST #1	\$ 3,000.00

TOTAL TAXES **\$ 613,000.00**

TOTAL REVENUE **\$ 3,879,500.00**

**MOJAVE PUBLIC UTILITY DISTRICT
APPROVED BUDGET 2024-2025**

WATER OPERATING EXPENSES

WATER PURCHASES-AVEK	200,000.00
MAINTENANCE WATER SYSTEM	55,000.00
VEHICLE MAINTENANCE	15,000.00
VEHICLE FUEL	44,000.00
PUMPING POWER	195,000.00
CHLORINATION	25,000.00
WATER METERS	15,000.00
LABORATORY TESTS	20,000.00
DEPRECIATION WATER	341,000.00
STATE HEALTH ANNUAL FEE	4,500.00
ARSENIC TREATMENT	150,000.00
PH ADJUSTMENT	50,000.00
SALARIES WATER	550,000.00

TOTAL WATER OPERATING EXPENSES **\$ 1,664,500.00**

SEWER COLLECTION EXPENSE

VEHICLE MAINTENANCE	5,000.00
VEHICLE FUEL	6,000.00
MAINTENANCE SEWER COLLECTION	15,000.00
DEPRECIATION SEWER COLLECTION	38,000.00
SSO PROGRAM FEE	4,200.00
SALARIES SEWER COLLECTION	90,000.00

TOTAL SEWER COLLECTION EXPENSES **\$ 158,200.00**

TREATMENT PLANT EXPENSES

VEHICLE MAINTENANCE	3,000.00
VEHICLE FUEL	12,000.00
MAINTENANCE SEWER TREATMENT	40,000.00
LABORATORY TESTS	15,000.00
DEPRECIATION TREATMENT PLANT	45,000.00
POWER	1,100.00
ANNUAL WASTE DISCHARGE FEE	30,000.00
SLUDGE REMOVAL	45,000.00
SALARIES SEWER TREATMENT	90,000.00

TOTAL TREATMENT PLANT EXPENSES **\$ 281,100.00**

**MOJAVE PUBLIC UTILITY DISTRICT
APPROVED BUDGET 2024-2025**

GENERAL & ADMINISTRATIVE EXPENSES

CREDIT CARD FEES	\$ 12,000.00
MAINTENANCE GENERAL & ADMIN	\$ 20,000.00
COMMUNICATIONS	\$ 15,000.00
WORKMANS COMPENSATION	\$ 20,000.00
LIABILITY INSURANCE	\$ 30,000.00
PROPERTY INSURANCE	\$ 16,000.00
DUES, MEMBERSHIP, LICENSES, FEES	\$ 20,000.00
OFFICE EXPENSES	\$ 12,000.00
PRINTING	\$ 12,000.00
TRAVEL EXPENSES	\$ 2,000.00
POSTAGE	\$ 12,000.00
POWER	\$ 12,000.00
NATURAL GAS	\$ 4,500.00
ENGINEERING	\$ 30,000.00
LEGAL	\$ 32,000.00
AUDITING	\$ 28,000.00
DISTRICT PENSION CONTRIBUTION	\$ 59,000.00
DISTRICT PENSION ADMINISTRATION	\$ 4,500.00
MEDICAL INSURANCE	\$ 330,000.00
DIRECTORS FEES	\$ 14,000.00
DISTRICT PORTION FICA/MEDI	\$ 65,000.00
SEMINARS & TRAINING	\$ 6,000.00
DEPRECIATION GENERAL & ADMIN	\$ 110,000.00
MISCELLANEOUS	\$ 20,000.00
BAD DEBT EXPENSES-WATER & SEWER	\$ 5,000.00
UNIFORM SERVICE	\$ 10,000.00
CROSS CONNECTION INSPECTION	\$ 3,500.00
LIFE INSURANCE	\$ 5,000.00
VISION CARE INSURANCE	\$ 4,500.00
COUNTY TAX COLLECTION FEE	\$ 7,000.00
RETURNED CHECK BANK CHARGES	\$ 200.00
DENTAL CARE INSURANCE	\$ 13,500.00
SAFETY & MEDICAL SUPPLIES	\$ 6,000.00
ELECTION EXPENSES	\$ 2,500.00
MAINTENANCE AGREEMENTS	\$ 60,000.00
DIRECTORS EXPENSE	\$ 1,000.00
OPEB GASB 45	\$ 75,000.00
SALARIES OFFICE STAFF	\$ 235,000.00
TOTAL GENERAL & ADM. EXPENSES	\$ 1,314,200.00
TOTAL EXPENSES	\$ 3,418,000.00

**MOJAVE PUBLIC UTILITY DISTRICT
APPROVED BUDGET 2024-2025**

REVENUE

OPERATING	<u>\$ 3,097,000.00</u>
OTHER REVENUE	<u>\$ 169,500.00</u>
PROPERTY TAXES	<u>\$ 613,000.00</u>

TOTAL REVENUE**\$ 3,879,500.00****OPERATING EXPENSES**

WATER OPERATION	<u>\$ 1,664,500.00</u>
SEWER COLLECTION	<u>\$ 158,200.00</u>
SEWER TREATMENT	<u>\$ 281,100.00</u>
GENERAL & ADMINISTRATIVE	<u>\$ 1,314,200.00</u>

TOTAL OPERATING EXPENSES**\$ 3,418,000.00****BUDGET REQUEST**

OPERATING BUDGET REQUEST	<u>\$ 3,418,000.00</u>
CAPITAL IMPROVEMENTS REQUEST	<u>\$ 827,500.00</u>

TOTAL BUDGET REQUEST**\$ 4,245,500.00**

REVENUE ESTIMATE	<u>\$ 3,879,500.00</u>
FUNDS ON HAND	<u>\$ 9,019,209.00</u>

FUNDS AVAILABLE**\$ 12,898,709.00**

BUDGET REQUEST	<u>\$ 4,245,500.00</u>
CONTINGENCY	<u>\$ 3,653,209.00</u>
GENERAL RESERVE	<u>\$ 5,000,000.00</u>

TOTAL BUDGET**\$ 12,898,709.00**

2024-2025 CAPITAL IMPROVEMENT PROJECTS

1) GENERAL & ADMINISTRATIVE

A) (2) 3/4 ton trucks

ESTIMATED COST

\$ 150,000.00

FUND SOURCE

RESERVE FUNDS

2) WATER SYSTEM IMPROVEMENTS

A) Portable Generator (Well 21A/22)

\$ 85,000.00

RESERVE FUNDS

B) Well 22 electrical system update

\$ 100,000.00

RESERVE FUNDS

C) Tank 3 electrical system update and Generator

\$ 300,000.00

RESERVE FUNDS

D) Hypochlorite generator (21A)

\$ 165,000.00

RESERVE FUNDS

E) HCl skid replacement (Well 9 WTP)

\$ 20,000.00

RESERVE FUNDS

F) Soil Tamper/Rammer (Compactor)

\$ 7,500.00

RESERVE FUNDS

TOTAL CAPITAL IMPROVEMENTS ESTIMATE

\$ 827,500.00

4.5% Cost of Living Adjustment for District Employees



**Mojave Public Utility District
2025-2026 Approved Budget**

OPERATING REVENUE

WATER SALES	\$ 2,100,000.00
WATER SURCHARGE	\$ 100,000.00
WATER PERMITS	\$ 2,000.00
NEW ACCOUNT CHARGES	\$ 3,000.00
TURN ON CHARGES	\$ 2,000.00
DELINQUENT CHARGES	\$ 12,000.00
SEWER FEES	\$ 580,000.00
RETURNED CHECK CHARGES	\$ 500.00
DOMESTIC DUMP FEES	\$ 370,000.00

TOTAL OPERATING REVENUE **\$ 3,169,500.00**

OTHER REVENUE

COUNTY DEPOSIT - INTEREST	\$ 150,000.00
CHECKING ACCOUNT INTEREST	\$ 500.00
SALE OF SURPLUS PROPERTY	\$ 10,000.00
REFUNDS	\$ 3,000.00
REIMBURSEMENTS	\$ 5,000.00
UB MISCELLANEOUS	\$ 25,000.00
PLAN CHECK & INSPECTION FEES	\$ 3,000.00
SOLAR LEASE INCOME	\$ 95,343.74

TOTAL OTHER REVENUE **\$ 291,843.74**

PROPERTY TAXES

SECURED	\$ 590,000.00
UNSECURED	\$ 60,000.00
PRIOR YEAR	\$ 2,000.00
OTHER COLLECTION	\$ 3,000.00
TAXES-SEWER ASSESSMENT DIST #1	\$ 1,000.00
INTEREST SEWER ASSESSMENT DIST #1	\$ 3,000.00

TOTAL TAXES **\$ 659,000.00**

TOTAL REVENUE **\$ 4,120,343.74**

**Mojave Public Utility District
2025-2026 Approved Budget**

OPERATING EXPENSES

WATER OPERATING EXPENSES

WATER PURCHASES-AVEK	\$ 250,000.00
MAINTENANCE WATER SYSTEM	\$ 55,000.00
VEHICLE MAINTENANCE	\$ 15,000.00
VEHICLE FUEL	\$ 30,000.00
PUMPING POWER	\$ 195,000.00
CHLORINATION	\$ 25,000.00
WATER METERS	\$ 15,000.00
LABORATORY TESTS	\$ 20,000.00
DEPRECIATION WATER	\$ 341,000.00
STATE HEALTH ANNUAL FEE	\$ 4,800.00
ARSENIC TREATMENT	\$ 150,000.00
PH ADJUSTMENT	\$ 50,000.00
SALARIES WATER	\$ 550,000.00

TOTAL WATER OPERATING EXPENSES **\$ 1,700,800.00**

SEWER COLLECTION EXPENSES

VEHICLE MAINTENANCE	\$ 5,000.00
VEHICLE FUEL	\$ 4,000.00
MAINTENANCE SEWER COLLECTION	\$ 20,000.00
DEPRECIATION SEWER COLLECTION	\$ 25,000.00
SSO PROGRAM FEE	\$ 4,500.00
SALARIES SEWER COLLECTION	\$ 90,000.00

TOTAL SEWER COLLECTION EXPENSES **\$ 148,500.00**

TREATMENT PLANT EXPENSES

VEHICLE MAINTENANCE	\$ 3,000.00
VEHICLE FUEL	\$ 8,000.00
MAINTENANCE SEWER TREATMENT	\$ 40,000.00
LABORATORY TESTS	\$ 15,000.00
DEPRECIATION TREATMENT PLANT	\$ 21,000.00
POWER	\$ 1,100.00
ANNUAL WASTE DISCHARGE FEE	\$ 30,000.00
SLUDGE REMOVAL	\$ 60,000.00
SALARIES SEWER TREATMENT	\$ 95,000.00

TOTAL TREATMENT PLANT EXPENSES **\$ 273,100.00**

**Mojave Public Utility District
2025-2026 Approved Budget**

GENERAL & ADM. EXPENSES	\$ 20,000.00
CREDIT CARD FEES	\$ 20,000.00
MAINTENANCE GENERAL & ADMIN	\$ 15,000.00
COMMUNICATIONS	\$ 20,000.00
WORKMANS COMPENSATION	\$ 31,000.00
LIABILITY INSURANCE	\$ 20,000.00
PROPERTY INSURANCE	\$ 20,000.00
DUES, MEMBERSHIP, LICENSES, FEES	\$ 12,000.00
OFFICE EXPENSES	\$ 12,000.00
PRINTING	\$ 2,000.00
TRAVEL EXPENSES	\$ 12,000.00
POSTAGE	\$ 12,000.00
POWER	\$ 2,500.00
NATURAL GAS	\$ 35,000.00
ENGINEERING	\$ 35,000.00
LEGAL	\$ 28,000.00
AUDITING	\$ 55,000.00
DISTRICT PENSION CONTRIBUTION	\$ 4,500.00
DISTRICT PENSION ADMINISTRATION	\$ 255,000.00
MEDICAL INSURANCE	\$ 15,000.00
DIRECTORS FEES	\$ 65,000.00
DISTRICT PORTION FICA/MEDI	\$ 6,000.00
SEMINARS & TRAINING	\$ 95,000.00
DEPRECIATION GENERAL & ADMIN	\$ 20,000.00
MISCELLANEOUS	\$ 5,000.00
BAD DEBT EXPENSES-WATER & SEWER	\$ 10,000.00
UNIFORM SERVICE	\$ 3,500.00
CROSS CONNECTION INSPECTION	\$ 5,000.00
LIFE INSURANCE	\$ 4,500.00
VISION CARE INSURANCE	\$ 10,000.00
JANITORIAL SERVICE	\$ 7,000.00
COUNTY TAX COLLECTION FEE	\$ 200.00
RETURNED CHECK BANK CHARGES	\$ 13,500.00
DENTAL CARE INSURANCE	\$ 8,000.00
SAFETY & MEDICAL SUPPLIES	\$ 2,500.00
ELECTION EXPENSES	\$ 75,000.00
MAINTENANCE AGREEMENTS	\$ 1,000.00
DIRECTORS EXPENSE	\$ 75,000.00
OPEB GASB 45	\$ 270,000.00
SALARIES OFFICE STAFF	\$ 1,302,200.00
TOTAL GENERAL & ADM. EXPENSES	\$ 3,424,600.00
TOTAL EXPENSES	\$ 3,424,600.00

**Mojave Public Utility District
2025-2026 Approved Budget**

BUDGET SUMMARY

REVENUE

OPERATING	<u>\$ 3,169,500.00</u>
OTHER REVENUE	<u>\$ 291,843.74</u>
PROPERTY TAXES	<u>\$ 659,000.00</u>

TOTAL REVENUE	<u>\$ 4,120,343.74</u>
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OPERATING EXPENSES

WATER OPERATION	<u>\$ 1,700,800.00</u>
SEWER COLLECTION	<u>\$ 148,500.00</u>
SEWER TREATMENT	<u>\$ 273,100.00</u>
GENERAL & ADMINISTRATIVE	<u>\$ 1,302,200.00</u>

TOTAL OPERATING EXPENSES	<u>\$ 3,424,600.00</u>
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BUDGET REQUEST

OPERATING BUDGET REQUEST	<u>\$ 3,424,600.00</u>
CAPITAL IMPROVEMENTS REQUEST	<u>\$ 1,416,000.00</u>

TOTAL BUDGET REQUEST	<u>\$ 4,840,600.00</u>
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REVENUE ESTIMATE	<u>\$ 4,120,343.74</u>
FUNDS ON HAND	<u>\$ 11,492,570.77</u>

FUNDS AVAILABLE	<u>\$ 15,612,914.51</u>
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BUDGET REQUEST	<u>\$ 4,840,600.00</u>
CONTINGENCY	<u>\$ 5,772,314.51</u>
GENERAL RESERVE	<u>\$ 5,000,000.00</u>

TOTAL BUDGET	<u><u>\$ 15,612,914.51</u></u>
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**Mojave Public Utility District
2025-2026 Approved Budget**

CAPITAL IMPROVEMENT PLAN

1) GENERAL & ADMINISTRATIVE	ESTIMATED COST	FUND SOURCE
A) (2) 3/4 ton trucks	<u>\$ 150,000.00</u>	RESERVE FUNDS
2) WATER SYSTEM IMPROVEMENTS		
A) Portable Generator (Well 21A/22)	<u>\$ 160,000.00</u>	RESERVE FUNDS
B) Harmonic Filters for Well 21A and Well 22	<u>\$ 36,000.00</u>	RESERVE FUNDS
C) Tank 3 electrical system update and Generator	<u>\$ 450,000.00</u>	RESERVE FUNDS
D) Well 21A Chlorination Facility	<u>\$ 600,000.00</u>	RESERVE FUNDS
E) HCI skid replacement (Well 9 WTP)	<u>\$ 20,000.00</u>	RESERVE FUNDS
TOTAL CAPITAL IMPROVEMENTS ESTIMATE	<u><u>\$ 1,416,000.00</u></u>	
3.4% Cost of Living Adjustment for District Employees		

Proceeding No. 1874

MOJAVE PUBLIC UTILITY DISTRICT

Annexation No. 29

Report & Presentation Documents

- Report & Recommendation
- LAFCo Resolution (DRAFT)

Application Packet

- Application Form
- Plan for Providing Services
- Resolution of Application
- Environmental Documentation
- Exhibit A – Legal Description
- Exhibit B – Map

Supporting Documentation

- Report of Auditor
- Assessor's Landowners within
- Certificate of Filing

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

In the Matter of:

Proceeding No. 1874

MOJAVE PUBLIC UTILITY DISTRICT

REPORT AND RECOMMENDATION

ANNEXATION NO. 29

August 19, 2026

In the above-entitled matter, the staff report and the recommendation of the Executive Officer are respectfully submitted as follows:

PROPOSAL BACKGROUND AND ANALYSIS:

On February 19, 2026, an application was received from the Mojave Public Utility District (MPUD) for Annexation No. 29. The application was subsequently reviewed and processed in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and notices were provided to affected agencies as required by law.

This proposal consists of approximately 121.42 acres comprising six parcels located near the corner of Silver Queen Road and United Street in the Mojave area. The affected parcels are APNs 429-101-30, -31, -32, -33, -34, and -36. The project site is currently vacant and undeveloped. The applicant proposes to develop a high solids anaerobic digestion facility and associated composting operation for the processing of residential, commercial, and industrial organic material.

The territory is located within the adopted sphere of influence of the Mojave Public Utility District and is contiguous to the District's existing service area. The annexation has been requested to facilitate extension of District water service to the project site. Sewer service is not proposed as part of this application. The applicant has indicated the District has adequate capacity to provide the requested water service.

The proposal is 100 percent landowner consent and the application requests that notice, hearing, and protest proceedings be waived pursuant to Government Code Section 56662. The territory is uninhabited and contains no existing residential dwelling units.

STANDARD INDEMNITY AGREEMENT CONDITION:

The Applicant has signed an agreement to actively defend or indemnify and hold harmless the Kern County Local Agency Formation Commission or its agents, officers, and employees, from any liability or loss connected with approval of the proposal.

ENVIRONMENTAL IMPACT STATEMENT:

Kern County acted as Lead Agency for the project and prepared environmental documentation associated with the proposed development project. The application materials indicate that the County has processed the project pursuant to an Environmental Impact Report and provided LAFCo with the associated CEQA documentation.

TAXATION:

The Kern County Administrative Office reviewed the proposal and determined there is no transfer of service responsibility from another agency. Therefore, no exchange of property tax revenues is required pursuant to Resolution No. 2011-119 of the Kern County Board of Supervisors.

RECOMMENDATION:

It is recommended that the Commission review and consider the environmental document adopted by the Lead Agency.

It is further recommended that the Commission approve Mojave Public Utility District Annexation No. 29, waive notice, hearing, and protest proceedings pursuant to Government Code Section 56662, and subject the proposal to conditions recommended by the Executive Officer. (Resolution)

Respectfully Submitted

A handwritten signature in blue ink, appearing to read "Blair Knox", is written over the printed name.

Blair Knox, Executive Officer

The following are the considerations required by Gov. Code §56668:

a) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.

The proposal consists of approximately 121.42 acres of vacant industrially designated land located in the Mojave area. The territory is currently uninhabited and contains no residential dwelling units. The applicant proposes development of a high solids anaerobic digestion and composting facility. Surrounding land uses include industrial development, landfill operations, manufacturing facilities, railroad facilities, and vacant land. No unusual topographic features or natural boundaries have been identified. The proposed project may contribute to industrial development within the area.

ASSESSED VALUATION: Secured: \$152,000 Unsecured: \$2,383,393

b) THE NEED FOR ORGANIZED COMMUNITY SERVICES

Essential governmental services and controls now provided, or which may be provided in the future by local governmental agencies within subject territory include the following:

Type	Now Provided By	After Proposed Action Future Needs Provided By
Planning	County of Kern	Same
Parks and Recreation	County of Kern	Same
Library	County of Kern	Same
Police Protection	County of Kern	Same
Fire Protection	County of Kern	Same
Streets	County of Kern	Same
Flood Control	County of Kern	Same
Water	Private/No Service	Mojave Public Utility District
Sewer	None Proposed	Same

The annexation is intended to provide organized public water service to the project site. The District's Plan for Providing Services indicates water service will be available from the nearest District water main and the District has adequate capacity to provide continuous service.

c) THE EFFECT OF THE PROPOSED ACTION AND OF ALTERNATIVE ACTIONS ON ADJACENT AREAS, ON MUTUAL SOCIAL AND ECONOMIC INTERESTS AND ON THE LOCAL GOVERNMENTAL STRUCTURE OF THE COUNTY.

No adverse impacts on adjacent areas or local governmental structures have been identified. Approval of the annexation will allow the property to receive District water service. The alternative action would be denial of the annexation and continuation of the property's current status outside the District's service boundary.

d) THE CONFORMITY OF BOTH THE PROPOSAL AND ITS ANTICIPATED EFFECTS WITH BOTH THE ADOPTED COMMISSION POLICIES ON PROVIDING PLANNED, ORDERLY EFFICIENT PATTERNS OF URBAN DEVELOPMENT AND THE POLICIES AND PRIORITIES SET FORTH IN SECTION 56377.

The proposal is within the District's adopted Sphere of Influence and is consistent with Commission policies encouraging logical service extensions within established service areas.

e) THE EFFECT OF THE PROPOSAL ON MAINTAINING THE PHYSICAL AND ECONOMIC INTEGRITY OF AGRICULTURAL LANDS AS DEFINED BY SECTION 56016.

The affected property is not agricultural land, is not in agricultural production, is not under Williamson Act contract, and is not classified as Prime Agricultural Land. No impacts to agricultural resources have been identified.

f) THE DEFINITENESS AND CERTAINTY OF THE BOUNDARIES OF THE TERRITORY.

The annexation boundaries correspond to six ownership parcels identified in the Assessor's records. The boundaries are definite and capable of being described and mapped.

g) A REGIONAL TRANSPORTATION PLAN ADOPTED PURSUANT TO SECTION 65080 AND CONSISTENCY WITH CITY OR COUNTY GENERAL AND SPECIFIC PLANS.

The application states the proposal is consistent with the County General Plan, applicable zoning, and the Mojave Specific Plan. No conflicts with the Regional Transportation Plan have been identified.

h) THE SPHERE OF INFLUENCE OF ANY LOCAL AGENCY WHICH MAY BE APPLICABLE TO THE PROPOSAL BEING REVIEWED.

The proposal is located within the adopted Sphere of Influence of the Mojave Public Utility District. No Sphere of Influence amendment is required. The territory is also subject to the service and taxing jurisdictions identified by the County Assessor, including Mojave Unified School

District, East Kern Airport District, Antelope Valley-East Kern Water Agency, and other regional agencies.

i) COMMENTS OF ANY AFFECTED LOCAL AGENCY OR OTHER PUBLIC AGENCY.

Notice was provided to affected agencies. The County Assessor and County Administrative Office provided information that was incorporated into this report. The County Administrative Office determined that no property tax exchange is required. No objections were received from affected agencies.

j) THE ABILITY OF THE RECEIVING ENTITY TO PROVIDE THE SERVICES WHICH ARE THE SUBJECT OF THE APPLICATION TO THE AREA, INCLUDING THE SUFFICIENCY OF REVENUES FOR THOSE SERVICES FOLLOWING THE PROPOSED BOUNDARY CHANGE.

The applicant submitted a Plan for Providing Services indicating District water service will be extended to the territory. The District has indicated that it has capacity to serve the proposed development and that service will be funded through connection fees, usage fees, and normal District operations. There is no indication that Mojave Public Utility District lacks the ability to provide the requested service.

k) TIMELY AVAILABILITY OF WATER SUPPLIES ADEQUATE FOR PROJECTED NEEDS AS SPECIFIED IN GOV. CODE SECTION 65352.5.

The applicant states the annexation will connect to existing District water facilities and that the proposed connection will not exceed District capacity. No evidence has been presented indicating inadequate water supplies are available for the proposed service extension.

l) THE EXTENT TO WHICH THE PROPOSAL WILL AFFECT A CITY AND THE COUNTY IN ACHIEVING THEIR RESPECTIVE FAIR SHARE OF THE REGIONAL HOUSING NEEDS.

The project is not residential in nature and contains no dwelling units. The proposal will have no effect on regional housing allocations.

m) ANY INFORMATION OR COMMENTS FROM THE LANDOWNER OR OWNERS, VOTERS OR RESIDENTS OF THE AFFECTED TERRITORY.

The proposal was submitted by the applicant with 100 percent landowner consent. No residents reside within the affected territory and no opposition has been received.

n) ANY INFORMATION RELATING TO EXISTING LAND USE DESIGNATIONS.

The property is designated and zoned for industrial uses and the proposed annexation is consistent with those designations.

o) THE EXTENT TO WHICH THE PROPOSAL WILL PROMOTE ENVIRONMENTAL JUSTICE (FAIR TREATMENT OF PEOPLE OF ALL RACES, CULTURES, AND INCOMES WITH RESPECT TO THE LOCATION OF PUBLIC FACILITIES AND THE PROVISION OF PUBLIC SERVICES).

The annexation extends public water service to territory within the District's sphere of influence. No evidence has been presented indicating the proposal would result in unequal treatment regarding the provision of public services. The proposal is expected to have a neutral impact on environmental justice considerations.

**BEFORE THE LOCAL AGENCY FORMATION COMMISSION
COUNTY OF KERN, STATE OF CALIFORNIA**

In the Matter of:

Resolution No. 26-XX

**MOJAVE PUBLIC UTILITY
DISTRICT: ANNEXATION No. 29**

Proceeding No. 1874

Minute Book 73

I, Blair Knox, Executive Officer, of the LOCAL AGENCY FORMATION COMMISSION, COUNTY OF KERN, STATE OF CALIFORNIA, hereby certify that the following resolution, proposed by Commissioner XXXX, seconded by Commissioner XXXX, was duly adopted by the Commission at an official meeting thereof held on the **19th day of August 2026**, by the following vote:

AYE: XXXX

NAYE: XXXX

ABSTAIN: XXXX

ABSENT: XXXX

Blair Knox, Executive Officer

RESOLUTION MAKING DETERMINATION

Whereas, pursuant to the Government Code § 54963. et seq., meetings were held both at a physical location and by video conference to attend to any health and safety concerns of the panelist and/or participants;

Whereas, pursuant to Government code § 56658. a proposal for the annexation of territory to Mojave Public Utility District (“Applicant”), designated as Annexation No. 29 was initiated by

Resolution No. 26-XX

8/19/2026

Resolution of Application to the Local Agency Formation Commission of Kern County (“Commission”);

Whereas, pursuant to Government code § 56662, the Applicant qualifies for waiver of hearing, notice and protest hearing;

Whereas, pursuant to Government code § 56079.5 the proposed territory is uninhabited;

Whereas, pursuant to Government code § 56662 (3)(b). the application for annexation has 100% land owner consent;

Whereas, pursuant to Government code § 56658. (b) all affected public agencies were notified;

Whereas, pursuant to Government code § 56665. the Executive Officer prepared a Report and Recommendation considering all the factors in conformance with Government code § 56668;

Whereas, on said 19st day of August 2026, this Commission reviewed the Environmental Impact Report, adopted by the lead agency;

Whereas, the Commission is fully advised in the premises; now therefore, be it

Resolved that the Local Agency Formation Commission, County of Kern, State of California, on behalf of its members, finds and determines as follows:

1. *specific reference is hereby made to all the papers, documents, files and proceedings heretofore and now taken, had and filed in this matter with particular reference to Minute Item 8/19/26-XX, as appears upon the official minutes of the proceedings of this Commission;*

2. *all of the proceedings heretofore and now taken and had in this matter have been and now are in all respects as required by law;*

Resolution No. 26-XX

8/19/2026

3. *the facts set forth in the Executive Officer Report and Recommendation presented to the Commission are true;*
4. *the territory proposed to be annexed is uninhabited;*
5. *the application has 100% landowner consent, and the Commission waived the Protest Hearing;*
6. *the annexation will be in the best public interest;*
7. *the Environmental Impact Report was reviewed, and the mitigation measures as outlined in the Environmental Impact Report Mitigation and Monitoring Plan is adopted;*
8. *there is hereby assigned to the territory proposed to be annexed the following distinctive short form designation, to wit: Mojave Public Utility District Annexation No. 29;*
9. *the territory proposed for annexation, as approved by the Commission is all within the County of Kern, State of California, is particularly described and delineated in Exhibit "A", attached hereto and by reference made apart hereof;*
10. *pursuant to the authority granted by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, said territory set forth in the Application for Proceeding on Resolution, by Legislative body, filed herein on July 27, 2026, designated as "Mojave Public Utility District: Annexation No. 29 ", is hereby approved subject to the following conditions:*
 - a. *The Applicant has signed an agreement to actively defend or indemnify and hold harmless the Commission or its agents, officers, and employees, from any liability or loss connected with the approval of this proceeding.*

Resolution No. 26-XX

8/19/2026

11. *the Commission authorizes and directs the Executive Officer to file and record any and all documentation required by law in regard to this proceeding.*

DRAFT

KERN LOCAL AGENCY FORMATION COMMISSION

Application for Annexations, Detachments and Reorganizations

(Attach additional sheets as necessary)



Application Type: check all that apply

- ☒ Annexation
 ☐ Consolidation
 ☐ Detachment
 ☐ Dissolution
 ☐ Formation
☐ Incorporation
☐ Merger
☐ Name Change
☐ Reorganization
☐ Subsidiary District

1.	<u>Type of Application:</u> ☒ Local Agency ☐ Land Owner ☐ Registered Voter ☐ Other <i>Annexation to Service District</i>
2.	<u>Name of Application:</u> (The name should match the title on the map and legal description) List all boundary changes that are part of the application: <i>Mojave Public Utility District Annexation No. 29</i>
3.	<u>Nature of proposal:</u> (Why is this proposal being filed?) <i>Annexation into Service District</i>
4.	<u>Describe the acreage and general location:</u> (description will be used on notices and publications) A. Number of proposed areas (acres of each area) & (total acreage): <i>Six Parcels approx 20 acres each, for a total 121.42 acres</i> B. Describe the general location; (include streets, direction, postal address if available, and Accessor Parcel Number/s) <i>Corner of Silver Queen Road and United Street APN's: 429-101-30, -31, -32, -33, -34, and -36</i> C. Describe the current physical land use of the area <u>surrounding</u> the proposal: E.G. vacant, residential, commercial, industrial, agriculture, etc. <i>A chemical manufacturing plant (PPG Aerospace) and metals refinery (Commodity Resource and Environmental) directly to the west, the Mojave Rosamond-Kern County Landfill to the east, and undeveloped land to the north and south. The Union Pacific Railroad runs in a north-south direction just west of the project site</i>
5.	<u>Land Use - Present and Future:</u> A. Describe the <u>current</u> physical land use of the proposed area? E.G. vacant, residential, agriculture, etc. <i>Vacant undeveloped land</i> B. Describe any <u>planned development</u> that would result from or be facilitated by this proposed boundary change. <i>The site will be developed for the operation of a high solids anaerobic digestion ("HSAD") facility with aerated static pile composting for the management and processing of residential, commercial, and industrial organic food and green material .</i> C. Describe the current physical land use of the area <u>surrounding</u> the proposal: E.G. vacant, residential, commercial, industrial, agriculture, etc. <i>A chemical manufacturing plant (PPG Aerospace) and metals refinery (Commodity Resource and Environmental) directly to the west, the Mojave Rosamond-Kern County Landfill to the east, and undeveloped land to the north and south. The Union Pacific Railroad runs in a north-south direction just west of the project site</i>
6.	<u>Zoning - Present and Future:</u> A. List the existing County/City zoning land use designation/s. <i>Zoning: M-3 PD (Heavy Industrial/ Precise Development Combining); Specific Plan Designation</i>

7.3 (Heavy Industrial)/

B. List and attach adopted pre-zoning. (CITIES ONLY - mark attachment 6B)

7. Conformity with County and City General Plans:

A. List the existing County General Plan designation/s for the proposal area.
Same as what is listed in 6A, above. The project is consistent with both the zone district and Mojave Specific Plan map code.

B. List the City general plan designation for the area (CITIES ONLY).

C. Do the proposed uses conform with the above listed plans? ☒ YES ☐ NO
 If "NO"; please explain:

8. Criteria for Determination without Notice and Hearing (Gov. Code § 56662)

A. Is the affected area uninhabited territory? ☒ YES ☐ NO
 "Uninhabited territory" means territory within which there reside fewer than 12 registered voters. Gov. Code §56079.5
 Provide any notations indicating possible voters. (LAFCo will verify registered voters with most current election data)
There are very few residences in the area. There are several homes approx 1,600 ft south of the project site. Those properties are not a part of the annexation request.

B.- PETITION

Is the petition signed by all of the owners of land within the affected territory?
 OR ☐ YES ☐ NO

C.- RESOLUTION Do all (100%) of the Land Owner/s consent to the reorganization?

☒ YES ☐ NO
 If "YES"; attach letter/s of consent for each land owner (include land owner name, Assessor Parcel Number/s) or any additional documents that would be satisfactory to the commission, that all the owners of land within the affected territory have given their written consent to the proposal. Label the attachment/s 8C-1, 8C-2, etc.

D. Is the affected area uninhabited territory? ☒ YES ☐ NO
 "Uninhabited territory" means territory within which there reside fewer than 12 registered voters. Gov. Code §56079.5
 Provide any notations indicating possible voters. (LAFCo will verify registered voters with most current election data)
see 8A above.

9. Conformity with Spheres of influence:

Is the proposal area within the sphere of influence of the annexing agency?

☒ YES ☐ NO
 If "NO"; include a proposal to amend the agency's sphere of influence.

Provide the following:

- (1) agency resolution/petition
- (2) sphere of influence amendment application
- (3) sphere of influence amendment map.

10. Impact on Agriculture:

	A. Is the affected property "Agricultural Lands" as defined in Gov. Code §56016?
	1) Is the affected property currently producing a commercial agricultural commodity? ☐ YES ☒ NO
	2) Is the affected property fallow under a crop rotational program? ☐ YES ☒ NO
	3) Is the affected property enrolled in an agricultural subsidy or set-aside program? ☐ YES ☒ NO
	B. Is the affected property "Prime Agricultural Lands" as defined in Gov. Code §56064? ☐ YES ☒ NO If "YES" to any of A or B above; provide an explanation as to the reasoning for possible removal of the property from agriculture status.
	C. Is any portion of the property within a Land Conservation Act contract? (Williamson Act) ☐ YES ☒ NO 1) If "YES"; provide the contract number and the date the contract was executed. Contract No. Contract Date: 2) If "YES"; has a notice of non-renewal been filed? ☐ YES ☐ NO Non-renewal filing Date: N/A
11.	<u>Impact on Open Space:</u> Is the affected property Open Space land as defined in Gov. Code §65560(h)(1-6)? ☐ YES ☒ NO If "YES"; please provide an explanation as to the reasoning for possible removal of the property from open space status.
12.	<u>Relationship to Regional Housing Goals and Policies: (CITIES ONLY)</u> Will this proposal result in or facilitate a credit/debit towards the City's most recent Regional Housing Need Allocation (RHNA) number provided by Kern Council of Governments? ☐ YES ☐ NO If "YES"; has County Planning been notified and agree with the allocation modification? ☐ YES ☐ NO If "YES"; please provide documentation from County Planning regarding any RHNA allocation modification agreement.
13.	<u>Population:</u> B. Provide the population of residents within the affected area: 0
	C. List the number of existing dwelling units within the proposal area: 0
	D. Describe the type of existing dwelling units within the proposal area i.e. house, apartment, etc: <i>This is not a residential project. No residences /dwelling units will be constructed</i>
14.	<u>Dependability of Water Supply for Projected Needs & Existing Water Plans:</u> A. Will the proposal result in or facilitate an increase in water usage? ☒ YES ☐ NO If "YES"; please provide the projected amount of increase and identify any resources that would be a factor in the support of the proposal i.e. Master Water Plans, Expansion Plans, etc.

The proposed site has no water access. The proposed connection will not exceed capacity.

* If necessitated: attach a statement from the retail water purveyor that describes the timely availability of potable water supplies that will be adequate for the projected needs.

B. Is the proposal area within the boundaries of an Adjudicated Basin as per California Department of Water Resources (DWR) Bulletin 118? ☐ YES ☒ NO
If "YES"; please provide the name of the Adjudicated Basin?

C. Is the proposal area within the boundaries of an identified Critically Overdraft Basin as per California Department of Water Resources (DWR) Bulletin 118? ☐ YES ☒ NO
If "YES"; please provide the name of the Basin?

D. Is the proposal area within the boundaries of a Groundwater Sustainability Area (GSA)? ☐ YES ☒ NO
If "YES"; please provide the name of the Groundwater Sustainability Area (GSA)?

E. Is the proposal area within the boundaries of a Groundwater Sustainability Plan (GSP)? ☐ YES ☒ NO
If "YES"; please provide the name of the Groundwater Sustainability Plan (GSP)?

15. Environmental Impact of the Proposal

- A. What type of environmental document has been prepared?
- ☐ Notice of Exemption (NOE)
- ☐ Negative Declaration (ND) - Include all Studies and Reports
- ☐ Mitigated Negative Declaration (MND) - Include all Studies and Reports
- ☒ Environmental Impact Report (EIR) - Include Full Report

If necessitated: attach the lead agency's resolution listing significant impacts anticipated from the project, mitigation measures adopted to reduce or avoid significant impacts and, if adopted, a "Statement of Overriding Considerations."
Include a copy of receipt for Fish and Game payment.

- B. Who is the "lead agency" for this proposal?

Agency: Kern County

Contact Name: Craig Murphy

Title: Director- Planning and Natural Resources Dept.

Address: 2700 M St Suite 100

City: Bakersfield

State: CA

Zip Code: 93301

email: murphyc@kerncounty.com

Phone Number:

6618622600

- C. Was LAFCo notified/involved with the CEQA process prior to an environmental document as identified ?

☒ YES ☐ NO

Kern County provided LAFCo a copy of the addendum to the certified EIR prepared for the

The Lead Agency's decision whether to prepare an ND, MND, or an EIR is binding on all Responsible and Trustee Agencies, except in unusual circumstances (PRC Section 21080.1(a); State CEQA Guidelines Section 15050(c)). Therefore, a Lead Agency is required to consult with and involve all Responsible and Trustee Agencies throughout the CEQA process. First, the Lead Agency must consult with Responsible and Trustee Agencies prior to determining whether a negative declaration or an EIR is required for a project (PRC Section 21080.3(a); State CEQA Guidelines Section 15063(g)). If a Lead Agency determines an EIR is required for a project, the Lead Agency must send a Notice of Preparation to all Responsible and Trustee Agencies, who will then specify to the Lead Agency "the scope and content of the environmental information that is germane to the statutory responsibilities" of that agency in connection with the proposed project and which must be included in the EIR (PRC Section 21080.4; State CEQA Guidelines Section 15082(b)).

16. Property Tax/Bonded Indebtedness

- A. ☒ There will be no exchange of property tax
☐ Master property tax exchange agreement should apply. (CITIES ONLY- Provide Letter)
☐ Other agreement is to be negotiated.
- B. Will the proposal area assume any existing bonded indebtedness upon annexation?
☐ YES ☒ NO
 If "YES"; how will the indebtedness be repaid? (e.g. property taxes, special tax, assessments, service fees):
- C. Are their plans to establish any new special taxes, fees, or assessment districts in order to pay for new or extended service(s) to the proposal area?
☐ YES ☒ NO
 If "YES"; describe which services and status of new funding source(s):

17. Plan for Services

- A. Description of services to be extended to the affected area.
 (Please use Plan for Services form provided in the application packet) List the services that are to be provided by your agency and provide in detail any services's that your agency is authorized to provide but will be provided by another agency.
-
- B. Indicate any improvements or upgrading of infrastructure regarding roads, sewers, water, facilities or other conditions that will be a result of the proposal.
Service mains for water. no sewer service requested.
-
- C. What effects, if any, would annexation of this territory have on the existing level of city/district services (i.e. need for additional emergency service personnel or construction of new facilities, etc.)?
None - District has the capacity to serve the propose water needs
-
- D. How will these services be financed? Include both capital improvements, maintenance and operation?
Part of ongoing operations and maintenace.
-
- E. Are any services currently being provided in the affected area that the planned (proposed) services will now be providing i.e. overlapping services?
☐ YES ☒ NO
 If "YES"; has the current providing agency/s been contacted and an agreement been reached regarding service delivery between all agencies involved?
☐ YES ☐ NO

If "YES"; please provide a "letter of overlapping agreement" or a "resolution for detachment" of the affected area or a "resolution of dissolution" of a special district, from the current service provider/s board, commission or council.

- F. If detachment, indicate any services which will no longer be available to the affected area and who will take over provision of these services.

18. Services Provided by other Public Agencies

- A. Are there any Cities or Special Districts whose services will require that they be annexed, detached or dissolved due to your agency providing services?
(include County Service Areas) ☐ YES ☒ NO

If "YES"; list public agency/ies name, type of service/s in question and specify if annexation, detachment or dissolution is required for each public agency:

- B. If "YES" to 9-A; has the public agency/ies been informed of the proposal? ☐ YES ☐ NO

19. Boundaries

- A. Why are these particular boundaries being used?
Part of the proposed development.

- B. Does the proposed boundary create an island, peninsula or curricula? please provide letter of justification?

☐ YES ☒ NO

If "YES"; please provide a letter of justification.

- C. Is the affected area adjacent to a Disadvantaged Unincorporated Community?

☒ YES ☐ NO

If "YES" and a annexation greater than ten (10) acres is proposed, please answer the following questions:

- 1) Has an application to annex the DUC been filed in the past five (5) years?

☐ YES ☒ NO

If "YES"; provide date of application:

- 2) Is there written evidence that a majority of registered voters within the affected territory are opposed to annexation?

☐ YES ☒ NO

If "YES"; attach documentation.

20. Final Comments

- A. Describe any conditions that should be included in LAFCo's resolution of approval.
Please include the following: "Upon LAFCO approval of the annexation, the subject lands shall be subject to all Mojave Public Utility District Ordinances, Resolutions, Rules and Regulations, and levied assessments, fees, and charges."

- B. Provide any other comments or justifications regarding the proposal.
None

21. Notices and Staff Reports

List up to three persons to receive copies of the LAFCo notice of hearing and staff report.

A. Name: Damian Rickman email: damian.mpud@att.net
Title: General Manager Phone: (661) 284-4161

B. Name: email:
Title: Phone:

C. Name: email:
Title: Phone:

22. Contact Person

Who should be contacted if there are questions about this application?

A. Name: Damian Rickman email: damian.mpud@att.net
Title: General Manager Phone: (661) 824-4161

Signature Field: Damian Rickman Digitally signed by Damian Rickman
Date: 2026.02.19 10:21:01 -08'00'

SAVE FORM AS PDF OR PRINT TO PDF AND EMAIL TO:

deo@kernlafco.org or eo@kernlafco.org

LAFCo Internal Use Only

- | | |
|--|--|
| ☐ Municipal Service Review on File | ☐ Master Tax Agreement on File |
| ☐ Municipal Service Review is Current | ☐ Master Tax Agreement is Current |
| ☐ Municipal Service Review Requires Updating | ☐ Sphere of Influence Requires Amendment |

PLAN FOR PROVIDING SERVICES

<u>SERVICE</u> Only provide information on services authorized for applying district.	<u>CURRENT PROVIDER</u> Agency Which Presently Provides Services	<u>BEGIN DATE</u>		<u>FINANCED</u> Indicate How Services Provided by City/District will be Financed (i.e., general tax rate or special assessment)
		City/District Will Provide Services Upon Annexation	Future Date (Specify)	
Fire Protection	County of Kern			
Sewage	N/A	✓	Future	Connection & Usage Fees
Water	N/A	✓	June 2026	Connection & Usage Fees
Other	County of Kern			
Other	County of Kern			
Other	County of Kern			
Other	County of Kern			
Other	County of Kern			
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Other	County of Kern			
Other	County of Kern			
Other	County of Kern			

Please provide the following information, when applicable, only for services which will be provided by the applicant City/District.

<u>SERVICE</u>	<u>LOCATION</u> Indicate location from which service will be provided (i.e., nearest fire station, library, etc.)	<u>SERVICE LEVEL CAPACITY</u> Indicate frequency and availability of service (i.e. street sweeping, emergency services response time, recreation programs, etc.)
Water	Nearest water main	Continuous
Sewer	Nearest sewer main	Continuous

RESOLUTION NO. 372**A RESOLUTION OF APPLICATION PROPOSING PROCEEDINGS FOR ANNEXATION OF
TERRITORY TO THE MOJAVE PUBLIC UTILITY DISTRICT
AS ANNEXATION NO. 29**

WHEREAS, The Mojave Public Utility District desires to propose a change of organization, to wit, the annexation to the Mojave Public Utility District of the hereinafter described territory, pursuant to Section 56654 of the Government Code of the State of California; and

WHEREAS, the proposed annexation territory is within and consistent with the Mojave Public Utility District's Sphere of Influence Boundary; and

WHEREAS, the property owner(s) have agreed to annex; and

WHEREAS, The Mojave Public Utility District has agreed to serve the property upon annexation; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Mojave Public Utility District that it finds and determines as follows;

1. That the Mojave Public Utility District hereby proposes the annexation to the Mojave Public Utility District the territory described in EXHIBIT A and shown on map marked EXHIBIT B attached hereto and made a part of this resolution as though fully set forth herein.
2. That a plan for providing services within the affected territory of the proposed annexation in accordance with the provisions of Section 56653 of the Government Code, is Marked as EXHIBIT C, attached hereto and made a part hereof as though fully set forth herein.
3. That this proposal for change of organization, to wit, annexation, is made pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, and it is requested that proceedings be authorized for annexation in accordance therewith.
4. That the reasons for the proposed change of organization that the owners desire water service and the Mojave Public Utility District desires to provide the requested service.
5. That the laws and regulations relating to the preparation and adoption of the environmental documents as set forth In the California Environmental Quality Act will be followed and all documents related its completion shall be submitted to Local Agency Formation Commission (LAFCO) by the District's representative.
6. That the District requests that conducting authority proceedings be waived entirely pursuant to Government Code Section 56663 for the annexation of land described in EXHIBIT A.
7. That the territory proposed for annexation as described herein has been determined to have one hundred percent (100%) consent to annexation.

8. Parcels proposed for annexation as described herein are within the Mojave Public Utility District's Sphere of Influence Boundary.
9. Upon LAFCO approval of the annexation, the subject lands shall be subject to all Mojave Public Utility District Ordinances, Resolutions, Rules and Regulations, and levied assessments, fees, and charges.
10. That the person to be furnished with copies of the Executive Officer's report and who is to be given mailed Notice of Hearing, if any, is;

Damian Rickman
General Manager
Mojave Public Utility District
15844 K St.
Mojave, CA 93501

11. That the appropriate Mojave Public Utility District official shall file this resolution, with exhibits, with the Executive Officer of the Local Agency Formation Commission of Kern County at 5300 Lennox Avenue, Suite 303, Bakersfield, California 93309.

I HEREBY CERTIFY, that the foregoing Resolution was passed and adopted by the Board of Directors of the Mojave Public Utility District at a regular meeting thereof held February 12, 2026, by the following;

Ayes: Harold Smith, David Adams, Dor Hansen, Paul Holzer, and Victor Yaw

Noes: None

Absent: None



Damian Rickman, General Manager
Mojave Public Utility District

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

In the matter of:

Resolution No. 2023-163

**CONDITIONAL USE PERMIT
NO. 69, MAP NO. 213; APPROVE
(TRUE NORTH RENEWABLE ENERGY, LLC
BY QK INC.)**

I, KATHLEEN KRAUSE, Clerk of the Board of Supervisors of the County of Kern, State of California, certify that the following resolution, on motion of Supervisor Couch, seconded by Supervisor Perez, was duly passed and adopted by the Board of Supervisors of the County of Kern at a regular meeting on the 27th day of June, 2023, by the following vote:

AYES: Peters, Scrivner, Flores, Couch, Perez

NOES: None

ABSENT: None



KATHLEEN KRAUSE
Clerk of the Board of Supervisors
County of Kern, State of California



Deputy Clerk

RESOLUTION

Section 1. WHEREAS:

(a) Pursuant to the California Government Code, Title 7, sections 65000, et seq. (Planning and Zoning Law), the Kern County Board of Supervisors adopted the Official Land Use and Zoning Ordinance for the County of Kern (Ordinance Code sections 19.02.010, et seq.) (Zoning Ordinance); and

(b) The Zoning Ordinance establishes various classes of zones, prescribes land uses and regulations for the various zones, and adopts zoning maps for the purpose of dividing the County into zones and showing the zone boundaries; and

(c) The Zoning Ordinance regulates the use of buildings, structures, and land, as between agriculture, industry, business, residence, and other purposes, and other uses more specifically set forth in Government Code section 65850; and

(d) True North Renewable Energy, LLC by QK Inc., filed an application pertaining to a parcel of real property which is located on the southeast corner of Silver Queen Road and United Street east of State Route (SR) 14, for which official Zoning Maps were adopted under Ordinance Code sections 7297.228 for which precise land use and zoning regulations are in effect; and

(e) The real properties are described as follows:

Parcels 1, 2, 3, 4, 5, and 7 of Parcel Map No. 8747, filed for record June 27, 1989 in Book 38 of Parcel Maps, at Pages 129 and 130, in the Kern County Recorder's Office, also being portions of the Northwest Quarter of Section 3, Township 10 North, Range 12 West, San Bernardino Meridian, in the unincorporated area of the County of Kern, State of California.

Containing 121.42 acres, more or less; and

(f) Application was made pursuant to Ordinance Code section 19.104 and requests a Conditional Use Permit (CUP) as provided in section 19.40.030.H, insofar as the requirements are applicable to the parcel of real property, and more particularly to allow for the construction and operation of an organics renewable energy facility with composting and anaerobic digestion processes, on approximately 117 acres in the M-3 PD (Heavy Industrial – Precise Development Combining) District pursuant to Section 19.40.030.H of the Kern County Zoning Ordinance; and

(g) An Addendum Environmental Impact Report (EIR) relating to this project was prepared by the Planning and Natural Resources Department was found to be complete and adequate in scope for consideration, along with a report recommending approval of the CUP, subject to conditions (Exhibit "Conditions of Approval"); and

(h) The Kern County Planning Commission, which considered this matter on April 27, 2023, prepared a report recommending that this Board approve the proposed CUP, subject to conditions, and approve the proposed CEQA action as recommended by the Planning and Natural Resources Department; and

(i) A copy of the report and the recommendations of the Planning Commission, have been on file in the Office of the Clerk of this Board, available for examination during regular business hours by any interested person, at all times since the date of giving notice in this matter; and

(j) The Planning and Natural Resources Department furnished to this Board, and this Board has incorporated in the record of this matter, a document setting forth the

significant environmental effects identified in the Addendum EIR, with proposed findings for consideration by this Board in relation to the significant effects for the purpose of Public Resources Code section 21081 and State CEQA Guidelines section 15091 and setting forth evidence in support of the proposed findings. A member of the Planning and Natural Resources Department appeared before this Board and gave additional testimony in support of the proposed findings; and

(k) The Clerk of this Board caused notice to be given of a public hearing in this matter in accordance with law, as evidenced by the affidavit of publication and the affidavit of mailing on file with the Clerk of this Board; and

(l) During the hearing, this Board considered the adequacy and scope of the EIR and reviewed and considered the information contained with respect to the merits of the matters under consideration; and

(m) The public hearing was timely conducted and before making any findings on the EIR or any considerations of the proposal on its merits, this Board called for any objections or comments on the EIR and the proposed zone change amendments. All persons desiring to be heard were heard, and this Board considered all of the testimony presented during the public hearing and the recommendations, and the public hearing was concluded.

Section 2. IT IS RESOLVED by the Board of Supervisors of the County of Kern, State of California, as follows:

1. This Board finds that the recited facts are true and that it has the jurisdiction to consider, approve, and adopt this Resolution.

2. This Board incorporates and makes all the findings recommended by staff, whether verbally or in their written reports.

3. This Board finds and determines that the applicable provisions of the California Environmental Quality Act of 1970, the State CEQA Guidelines and the Kern County Guidelines have been observed in conjunction with the hearing and the considerations of this matter and all of the previous proceedings.

4. This Board finds and determines that this project is recommended for approval despite the existence of certain significant environmental effects identified in said Addendum Environmental Impact Report, and Board makes and adopts the findings with respect to each thereof set forth in Exhibit A, appended hereto and made a part hereof by reference, pursuant to Section 15091 of the State CEQA Guidelines (Title 14, Administrative Code) and Section 21081 of the Public Resources Code and declares that it considered the evidence described in connection with each such finding in Exhibit A and that such evidence is substantial and supports such finding.

This Board acknowledges that approval of this project will produce certain environmental impacts which cannot be mitigated and, in accordance with Section 15093 of

the State CEQA Guidelines (Title 14, Administrative Code) hereby adopts a Statement of Overriding Considerations set forth in Exhibit B, appended hereto, and made a part hereof, which summarizes the reasons why this project, despite certain environmental impacts, has been approved.

Said Addendum Environmental Impact Report is complete and adequate in scope and has been completed in compliance with the California Environmental Quality Act and with the State CEQA Guidelines and the Kern County Guidelines for implementation thereof.

5. This Board finds and determines that the effect upon the environment of such project and the activities and improvements which may be carried out thereunder will not interfere with maintenance of a high-quality environment now or in the future. Mitigation measures set forth in Exhibit C, appended hereto, have been incorporated from the Addendum Environmental Impact Report as conditions of approval.

6. This Board finds and determines that the proposed use is consistent with the purpose of the applicable district or districts.

7. This Board finds and determines the proposed use meets the minimum requirements of this title applicable to the use and complies with all other applicable laws, ordinances, and regulations of the County of Kern and the State of California.

8. This Board finds and determines that the proposed project is a compatible use and consistent with the goals and policies listed in the Mojave Specific Plan. Approval of this request would promote development that is consistent with existing and potential land uses of the surrounding area and will allow a reasonable use of this property.

9. This Board finds and determines the proposed use will not be materially detrimental to the health, safety, and welfare of the public or to property and residents in the vicinity.

10. This Board finds and determines that the approval of the proposed project is consistent with continuing the Board of Supervisors' adopted alternative energy goal by facilitating the construction of a renewable energy project.

11. This Board finds and determines that the proposed use is listed as a use subject to a conditional use permit in the applicable zoning district or districts or a use determined to be similar to a listed conditional use in accordance with the procedures set out in Section 19.08.030.

12. This Board finds and determines that in accordance with State law and the California Tribal Consultation Guidelines, the appropriate Native American tribes were consulted with respect to the project's potential impacts on Native American places, features, and objects and provided an opportunity for review and consultation.

13. This Board finds and determines that the fee required by Fish and Game Code Section 711.4 has been previously paid for the processing of the (Negative Declaration/Environmental Impact Report) for this project, and under Section 711.4(g), we find that the project is not tiered or phased as set forth in Sections 15385 and 15165, respectively, of the State CEQA Guidelines, and separate environmental documents or review by the Department of Fish and Game is not required, and further, based on the public interpretation of these statutes by the Department of Fish and Game staff, find this approval and related Notice of Determination exempt from the payment of the otherwise applicable fee.

14. After careful consideration of all facts and evidence as presented at the hearing, this Board approves the requested CUP, with development to be in substantial conformity with the plan as presented, subject to the conditions in Exhibit "Conditions of Approval" (attached). Noncompliance with the adopted conditions of approval may cause permit revocation proceedings in accordance with Section 193020.020.

15. The Planning and Natural Resources Department shall cause a Notice of Determination to be filed with the County Clerk.

16. The Clerk of this Board shall transmit copies of this Resolution to the following:

Planning and Natural Resources
Public Works
Roads
Fire Chief
Environmental Health Services
County Counsel

True North Renewable Energy, LLC
2390 East Camelback Road, Suite 203
Phoenix AZ 85016

Jaymie Brauer – QK Inc.
5080 California Avenue, Suite 220
Bakersfield, CA 93309

LIUNA (Danny Zaragoza)
4399 Santa Anita Avenue, Suite 204
El Monte, CA 91731

#26T1810-PWH

COPIES FURNISHED:
<i>See above</i>
<i>1/22/2024 OK</i>

STATEMENT OF OVERRIDING CONSIDERATIONS

State CEQA Guidelines Section 15091

FOR

**ADDENDUM TO THE ENVIRONMENTAL IMPACT REPORT
FOR THE MOJAVE SPECIFIC PLAN**

**Organics Renewable Energy Facility (PLN21-01380)
True North Renewable Energy, LLC**

**Specific Plan Amendment No. 27, Map 213
Conditional Use Permit No 69, Map 213**



**Final Environmental Impact Report
(SCH# 2002011089)**

**Lead Agency: Kern County Planning and
Natural Resources Department**

EXHIBIT B

The California Environmental Quality Act (CEQA) requires a public agency to balance the benefits of a proposed project against its significant unavoidable adverse impacts in determining whether to approve the project. Development pursuant to the Mojave Specific Plan and the proposed project will result in environmental effects which, although mitigated to the extent feasible by the implementation of mitigation measures required for the project, will remain unavoidable adverse impacts, as discussed in the Final Environmental Impact Report (Final EIR) and CEQA Findings of Fact. These impacts are summarized below and constitute those impacts for which this Statement of Overriding Considerations is made.

1. Air Quality (Cumulative) – Significant cumulative impacts from stationary and mobile sources.
2. Traffic and Transportation – Significant cumulative impact on Sierra Highway between the SR 14 cutoff and the SR 58 cutoff, and south of the SR 58 cutoff to Purdy Avenue.

Findings

This Board finds and determines in approving the proposed modified project that it has considered the identified means of lessening or avoiding the project's significant effects and that to the extent any significant direct or indirect environmental effects, including cumulative project impacts, remain unavoidable or not mitigated to below a level of significance after mitigation, such impacts are at an acceptable level in light of the social, legal, economic, environmental, technological and other project benefits discussed below, and such benefits override, outweigh, and make "acceptable" any such remaining environmental impacts of the project (CEQA Guidelines Section 15092(b)).

This Board finds and determines in approving the proposed modified project, that the adverse environmental effects are considered acceptable, as the benefits of the project outweigh the unavoidable adverse environmental effects (CEQA Guidelines Section 15093(a)).

This Board finds and determines that the proposed modified project is consistent with the policies, programs, and goals of the Mojave Specific Plan. In complying with these policies, programs, and goals of the Specific Plan in which the project is located, the project will accommodate future anticipated growth while maintaining a safe and healthful environment. The proposed modified project benefits and/or facts in support of the above findings are presented below.

Facts

The proposed modified project will provide benefits to the County of Kern as follows. Each benefit set forth below constitutes an overriding consideration warranting approval of the project, independent of the other benefits, and the Board determines that the adverse environmental impacts of the project are "acceptable" if any one of these benefits will be realized.

1. Economic Benefits of the Project

The proposed modified project will result in direct economic benefits to Kern County. The proposed project will create up to 300 temporary jobs during construction. Once operational, the proposed project will provide up to 25 permanent positions. The proposed modified project is estimated to provide an additional \$20-25 million in property tax revenue over the life of the Project. This revenue will be used to provide essential services to County residents such as educational, infrastructure, fire and law enforcement services. The proposed modified project

EXHIBIT B

itself will not generate a significant need for County services. The proposed modified project will provide further economic benefit to the County and its residents by increased spending in the community as a result of construction and development related work. The proposed modified project will pay \$0.75 per ton of materials imported from outside of the County. Based on the maximum allowed capacity of 300,000 tons per year the project is estimated to contribute \$225,000 per year to the East Kern communities of Mojave, Boron, Rosamond, and Old Town Tehachapi through the Renewable Energy Neighborhood Enhancement Wind and Solar Business Investment Zone (RENEWBIZ) Grant Program. The RENEWBIZ Grant Program is intended to assist qualified organizations with projects designed to redevelop or improve commercial or industrial districts within East Kern County, by supporting projects that solve public facility problems or construct new facilities, demonstrate long-term positive impacts, and/or encourage business development and sustainability. Examples of projects that could be funded through RENEWBIZ grants include signs, building façade improvements, fencing, land acquisition, and infrastructure improvements.

2. Reduce Greenhouse Gas Emissions

The proposed modified project would provide organics processing infrastructure and organic materials diversion from regional landfills within the County, as well as outside the County material. Organics constitute the largest component of municipal solid waste and when deposited into a landfill, result in the emission of methane, a source of greenhouse gas emissions. The project proponent is focused on eliminating these current practices with efficient and effective solutions, using naturally occurring bacteria to produce biogas, renewable fuel, and natural fertilizers that can be sold locally to enrich or amend soils.

The proposed modified project would also generate renewable energy through the HSAD process and may incorporate on-site solar and battery storage, as an accessory use for the project. Renewable energy generated through the HSAD process would be in the form of renewable natural gas, which could be directly injected into the pipeline system, or used to generate electricity for direct consumption of the project. The proposed modified project will offset the need for additional electricity generated from fossil fuels and will assist the State in meeting its air quality and greenhouse gas reduction goals. In 2002 Senate Bill (SB) 1078 established the California Renewables Portfolio Standard (RPS) program, which requires an annual increase in renewable generation by the utilities equivalent to at least one percent of sales, with an aggregate goal of 20 percent by 2017. The RPS was updated in subsequent legislation such that 60 percent of electric retail sales should be provided by renewable energy by 2030. Likewise, Assembly Bill (AB) 32 contains the goal of reducing greenhouse gas emissions to 1990 levels by 2020. This timeline was updated in 2016 under SB 32, which requires that statewide greenhouse gas emissions are reduced to at least 40 percent below the statewide greenhouse gas emissions limit by 2030.

The HSAD and the aerated static pile composter would result in net reductions of 78,300 and 6,750 metric tons of CO_{2e} per year, respectively, for a total of 85,050 MTCO_{2e} per year. This more than offsets the project's estimated emissions of 30,457 MTCO_{2e} per year.

EXHIBIT C

Exhibit C
Mitigation Measures
Included in the
Mojave Specific Plan
Final EIR
(SCH# 2002011089)

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
Significant Unavoidable Environmental Impacts (Lead Agency must issue "Statement of Overriding Considerations" under Section 15093 and 15126(b) of the State CEQA Guidelines if the agency determines these effects are significant and approves the project.)		
Transportation/Circulation – Project Specific and Cumulative		
Although a majority of the roadway segments within the Mojave Specific Plan area will operate at a LOS D or better, implementation of the Specific Plan will result in projected levels of service below LOS D along the following segments: - Sierra Highway between SR-14 on the north and business SR-58 on the south: projected at LOS F - Sierra Highway between business SR-58 and Purdy Avenue: projected LOS E Regional ambient growth will contribute increased traffic volumes to roadways within the project area.	1. New development projects will have conditions of approval applied requiring construction of roadway improvements, dedications, and/or payment of in-lieu fees to provide circulation system improvements consistent with the Specific Plan Circulation Element. 2. The County will establish an assessment district, charge impact development fees, use grant monies, and/or utilize other appropriate funding mechanisms to finance circulation improvements of broad benefit within the Specific Plan area. 3. No development or building permit will be approved unless the County finds that adequate circulation system capacity exists or can be made to exist to accommodate the demands of the use/development proposed. 4. A traffic analysis shall be submitted with any submittal of a site plan review, land division application, zone change that implements the plan, and/or conditional use permit. The traffic analysis shall provide a trip generation for all vehicular traffic, the necessary improvements to the existing	Significant

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
	circulation system and the project's pro-rata share of signalization, and improvements on Kern County and the State Department of Transportation network. The traffic analysis shall be reviewed and approved by the Kern County Roads Department and the State Department of Transportation. Recommendations, as approved by the Roads Department, shall become conditions of approval. This requirement may be waived by the Roads Department, in conjunction with the State Department of Transportation. Certain land uses to be determined at the time of a Master Precise Development (Master PD) Plan for Mojave Airport are exempted from this requirement. 5. Amendments to the Plan shall require preparation of a traffic study, including site-specific and regional current traffic counts for review and approval by the Roads Department and the State Department of Transportation. Recommendations for regional improvements and development contribution to maintain adopted Levels of Service shall be included. The projected levels of service will result despite full implementation of circulation improvements identified in the Specific Plan. No further mitigation is available to reduce or avoid these impacts. Constraints imposed by railroad right-of-way on the west and existing commercial businesses on the east prevent further widening of Sierra Highway through Mojave.	

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
Air Quality – Long-term		
Emissions for all measured air pollutants are expected to increase over time. While the Specific Plan Area itself has not exceeded ozone or PM10 standards, the Mojave Desert Air Basin portion of Kern County is classified as a non-attainment area for ozone.	1. Air quality studies will be required for industrial zone changes and conditional use permit projects which may emit affected pollutants, or toxic air contaminants. Prior to the approval of any industrial zone changes and/or conditional use permits, a level of impact determination shall be made, at which time the appropriate air quality analysis will be conducted. 2. The following measures shall be incorporated into all development projects, as applicable, that implement the plan. Verification of these measures shall occur during project review and building inspection: a) Solar or low-emission water heaters shall be utilized in all residential and commercial projects to reduce natural gas consumption and emissions. All restaurants with charbroilers shall have PM10/ROG emission control systems. b) Review for commercial and industrial development involving heavy duty truck usage shall review and verify the parking lot circulation for reduced vehicle queuing. This review will include consideration of entrance/exit driveways, pavement of parking areas, and ease of turning movements, as well as whether a proposed warehousing or industrial use contains parking spaces for heavy duty trucks to layover overnight.	Significant

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
	c) The applicant for development of commercial and industrial development involving heavy duty truck usage shall limit engine idling times to no more than 10 minutes at the project site by posting signs instructing drivers to turn off engines as they park at loading/unloading docks. d) Development, including industrial, shall provide sidewalks and on-site pedestrian facilities to encourage nonvehicular employee, customer, and resident trips. e) The Planning Department, through the development review process, shall review and verify the site circulation for reduced vehicle queuing at restaurant drive-through locations. This review will consider the use of separate windows for different functions and the provision of temporary parking for orders not immediately ready for pickup. 3. The Kern County Air Pollution Control District maintains Permit to Operate requirements that direct owners/operators of certain types of stationary equipment to obtain an Authority to Construct (ATC) from the District. As part of this process, the need for emission control equipment is assessed and the Kern County Air Pollution Control District determines whether a Human Health Risk Assessment must be prepared. Future uses subject to	

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
	the requirements for a health risk assessment are typically those using substances subject to the National Emission Standards for Hazardous Air Pollutants issued pursuant to Section 112 of the federal Clean Air Act (42 U.S. Code, 7401, et seq.) and Sections 44340 to 44383 of the California Health and Safety Code. Risks must be reduced such that facilities do not emit carcinogenic or toxic air contaminants that could indirectly or cumulatively exceed individual cancer risk thresholds established by the Kern County Air Pollution Control District. 4. During grading operations, the developer shall be responsible for the application of water to development sites at least twice daily to mitigate the impact of dust and PM-10 emissions. Spraying should be sufficient to ensure that soils remain damp, with the frequency of spraying dependent on weather conditions. Graded areas that are to be left undeveloped or unpaved for more than six weeks are to be sufficiently dust controlled through use of an applied surface agent, daily watering, or revegetated. 5. During grading operations, all activity should be restricted to periods of low wind, generally considered under 25 miles per hour, to reduce dust emissions. 6. Construction speed limits will be posted at 15 miles per hour. Preparation of roadway surfaces in a phased manner (where segments of the route are	

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
	graded in succession) will greatly minimize the amount of time the surfaces are left exposed, thereby reducing vehicle-related dust emissions.	
Significant Environmental Impacts That Can Be Avoided or Mitigated (Section 15126[a] of the State CEQA Guidelines)		
Biological Resources		
Implementation of the Specific Plan has the potential to impact the desert tortoise and the Mojave ground squirrel, both of which are agency-listed sensitive wildlife species, and other natural habitats in and around Mojave.	1. For development projects that are located outside the identified urbanized nonsensitive area (Figure 4-2 in the Specific Plan, Figure 9 in EIR) for biological resources, a biological survey shall be conducted. Alternatively, a project applicant may demonstrate urbanized nonsensitive status through the identification of applicable studies. A qualified biologist shall be consulted to conduct protocol surveys and evaluations of rare, threatened, or endangered species. Sensitive species may also be considered during surveys. If rare, threatened, or endangered species are found during the surveys, the biologist will consult with the California Department of Fish and Game, the U.S. Fish and Wildlife Service, or other agencies and jurisdictions with authority to implement and enforce requirements of the California or U.S. Endangered Species Acts, prior to ground disturbance. Determination of significant impact from the biologist shall include recommendations of mitigation measures to preserve or protect habitat and to otherwise ensure protection of identified species. Copies of all surveys, evaluations, and	Less than significant

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
	biological reports, issued as a result of said consultation shall be submitted to the Planning Department prior to ground disturbance for issuance of grading or building permits. 2. All development within the area identified as the urbanized nonsensitive area for biological resources shall have the following measures applied to discretionary approvals and implementation of the plan (amendments to the plan, zone changes, conditional use permits, land division, and site plan review): a) Unleashed dogs shall not be allowed on the project site during construction. b) All trash is to be contained on site in covered containers. The work site is to be cleared daily of garbage and debris related to food. c) Vegetation should not be removed ahead of issuance of a grading permit or development. d) When appropriate, on-site vegetation, including Joshua trees, should be incorporated into project design rather than removed. e) Construction personnel shall receive education on proper protocol, as formulated by the U.S. Fish and Wildlife Service, if a desert tortoise is discovered on site.	

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
Hazards and Hazardous Materials		
Two waste burn dump sites located within the Specific Plan area may contain hazardous materials and/or contaminated soils.	1. The State Water Resources Control Board and the Local Enforcement Agency (Environmental Health Services) shall be consulted when discretionary development has been proposed on a vacant burn dump site.	Less than significant
Cultural Resources		
Development projects have the potential to impact cultural resources and unknown archaeological or paleontological resources or human remains within the Specific Plan area.	1. Prior to discretionary and ministerial development of any individual project within the Specific Plan area, a complete records and literature search and/or a Phase 1 Assessment shall be conducted to identify the presence of any specific cultural resources and/or Native American sacred lands at the project site. Recommendations shall be incorporated into project approval. Information contained in previous archaeological studies conducted within the Project Area may be used to satisfy these requirements.	Less than significant
Utilities – Groundwater		
Development and population growth have the potential to impact groundwater resources within the Mojave area.	1. All development projects within the Specific Plan area should incorporate water conservation measures including water reclamation, recycling, and xeriscape landscaping and other methods into all development plans to meet the provisions of the Mojave Specific Plan goals and policies, and to ensure an adequate water supply in the future.	Less than significant

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
	2. The drilling of private wells shall be discouraged within the Mojave Specific Plan area. If a project is proposed which includes a private water system with five or more connections, a water supply assessment must be prepared. 3. Discretionary projects that implement the plan (zone changes, land division, and conditional use permit) subject to CEQA, to which California Water Code Section 10910 applies, shall demonstrate through a water supply assessment that a long-term water supply for a 20-year time frame is available. Written acknowledgment that water will be provided by a community or public water system with an adopted urban water management plan that includes consideration of the project's projected water consumption and supply shall constitute compliance with this requirement. 4. General Plan Amendments subject to CEQA and not otherwise subject to California Water Code Section 10910 shall demonstrate through a water supply assessment that a long-term water supply for a 20-year time frame is available. The water assessment shall include, but not be limited to the following: a) Source and quantity of historical water use on the site. b) Estimated water consumption of the proposed development.	

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
	c) Estimated shortage, if any, in meeting the projected need. d) Recommendations for additional sources of water to address demand shortage. Such measures may include, but not be limited to, development of future sources of additional surface water and groundwater, including water transfers, conjunctive use, recycled water, conservation, additional storage of surface water and groundwater, and desalination. Written acknowledgment that water will be provided by a community or public water system with an adopted urban water management plan that includes consideration of the amendment's projected water consumption and supply shall constitute compliance with this requirement. 5. All proposals for projects that include new lakes and golf courses shall demonstrate the method and supply of water without relying solely on local groundwater. Alternative verified sources may include conjunctive use, recycled water, surface water, and desalination.	

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
Utilities – Sewage Collection and Treatment Facilities		
Development and population growth have the potential to impact sewage collection and treatment facilities beyond that which is planned for in the Mojave Public Utilities District Master Sewer Plan.	6. Urban development pursuant to the Mojave Specific Plan will be required to obtain a “will serve” letter from the Mojave Public Utilities District stating that the District has the capacity to serve the wastewater generated from the projected growth associated with the new development or provide evidence of connection to a centralized sewage system. Approval to use a septic system shall be at the discretion of the Kern County Environmental Health Services Department.	Less than significant
Impacts Considered but Found to be Less than Significant		
Land Use and Planning – Airport Compatibility		
New development that will take place within the immediate vicinity of the Mojave Airport is limited to light industrial and service industrial uses, which generally are viewed as compatible with airport operations and activities. All land uses within the approach zones around the airport will be required to comply with provisions of the Airport Land Use Compatibility Plan that limit uses and occupancies, height of buildings, trees, and other structures.	No mitigation is required.	Less than significant

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
Air Quality – Short-term		
Short-term, construction-related impacts will be temporary in nature and can be reduced to a less-than-significant level through compliance with existing, State, and KCAPCD regulations for reducing construction-related emissions, and through implementation of air quality policies specified in the Conservation Element.	No mitigation is required.	Less than significant
Hydrology/Drainage and Flooding		
The Kern County Engineering Department has initiated an extensive program to construct concrete curbs, gutters, and storm drains within Central Mojave. As new construction is proposed in the Specific Plan area, drainage plans will be created. The County will continue to provide and repair storm drains and gutters within existing developments with insufficient facilities.	No mitigation is required.	Less than significant
The County will identify flood hazard and shallow groundwater areas for future development. New construction located within the flood hazard zones will be required to conform to the Kern County Flood Hazard Protection Ordinance. Prior to approval of any subdivision map or PD Plan, the County will determine if any	No mitigation is required.	Less than significant

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
additional protective measures are carried out by the applicant.		
Hydrology/Water Quality		
New development will increase erosion during construction and will create new impervious surfaces. "Dirty" runoff could be directed into surface creeks and other drainage areas. However, County practices and standards require the control and cleaning of runoff to meet requirements of the Lahontan Regional Water Quality Control Board. Also, the County will require connections to a public sewage system or private centralized system for all urban development. Compliance with County and other government agency regulations will avoid impact.	No mitigation is required.	Less than significant
Noise		
Implementation of Specific Plan goals, policies, and implementation programs and compliance with Airport Land Use Compatibility Plan standards will minimize noise impacts from traffic, railways, and airport-related sources.	No mitigation is required.	Less than significant
Light and Glare		
The Kern County Zoning Ordinance, Chapter 19.80 establishes development	No mitigation is required.	Less than significant

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
standards related to light and glare. New development projects within the Specific Plan area will be subject to the Zoning Ordinance.		
Population and Housing		
The Specific Plan area has a population of approximately 3,323 persons. This population is projected by KernCOG to increase to over 14,000 persons by the year 2020, regardless of Specific Plan. The Specific Plan provides an integrated land use policy to accommodate the projected future population and housing consistent with KernCOG growth projections. No significant increase in population beyond projected and planned levels will result from Specific Plan implementation.	No mitigation is required.	Less than significant
Mineral Resources		
Land use policy set forth in the Land Use and Conservation Elements of the Mojave Specific Plan works to protect valuable mineral resources. A goal within the Conservation Element states that mineral and petroleum areas are designated to preserve known extractive resources for potential future use and to alert surrounding property owners of the possible mining activities.	No mitigation is required.	Less than significant

Potentially Significant Impact	Mitigation Measures	Level of Impact After Mitigation
Public Services		
Demand for police and fire protection in addition to schools will increase as the population within Mojave rises. However, implementation of the goals, policies, and implementation programs associated with public services will minimize adverse impacts.	No mitigation is required.	Less than significant
Geology and Soils		
The Specific Plan contains objectives and policies to protect structures and minimize impacts from potential damage caused by earthquakes, potential slope failure, and other soil-related issues.	No mitigation is required.	Less than significant
Utilities – Solid Waste		
Demand for landfill space will increase as the population in Mojave increase. Adequate landfill space within Kern County will accommodate increase waste stream flows.	No mitigation is required.	Less than significant

EXHIBIT "A"
MOJAVE PUBLIC UTILITY DISTRICT
ANNEXATION NO. 29

Consisting of Parcels 1 through 5 and Parcel 7 of Parcel Map No. 8747 recorded June 27, 1989 in Book 38 of Parcel Maps at Pages 129 and 130 in the Office of the Kern County Recorder, also being portions of the Northwest quarter of Section 3, Township 10 North, Range 12 West, more particularly described as follows:

BEGINNING at the Northwest corner of said Section 3, said point being on the east line of Mojave Public Utility District Annexation No. 12 per Board of Supervisors Resolution No. 86 recorded January 3, 1962 in Book 3448, Page 807, O.R.;

Course 1: Thence North 88°21'05" East, along the north line of said Northwest quarter of said Section 3 and said Parcels 1 and 5, a distance of 2,011.12 feet to the Northeast corner of said Parcel 5;

Course 2: Thence South 00°02'56" West along the east line of said Parcel 5, a distance of 1,317.07 feet to the Northeast corner of said Parcel 7;

Course 3: Thence South 00°03'21" West along the east line of said Parcel 7, a distance of 1,317.12 feet to the Southeast corner of said Parcel 7 and the south line of said Northwest quarter;

Course 4: Thence South 88°35'23" West along the south line of said Northwest quarter and said Parcels 4 and 7, a distance of 2,012.31 feet to the West quarter corner of said Northwest quarter and the east line of said Annexation No. 12 and the Southwest corner of said Parcel 4;

Course 5: Thence North 00°05'00" East along the west line of said Northwest quarter and Parcels 1 through 4 and the east line of said Annexation No. 12, a distance of 2,625.86 feet to the **POINT OF BEGINNING**.

Containing 121.42 acres, more or less



2/5/2026

R. Brandon Walker, P.L.S. 8832



CHECKED BY

KERN COUNTY SURVEYOR'S OFFICE

5/6/26

Approved by:

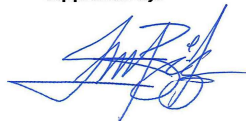
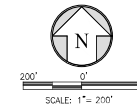


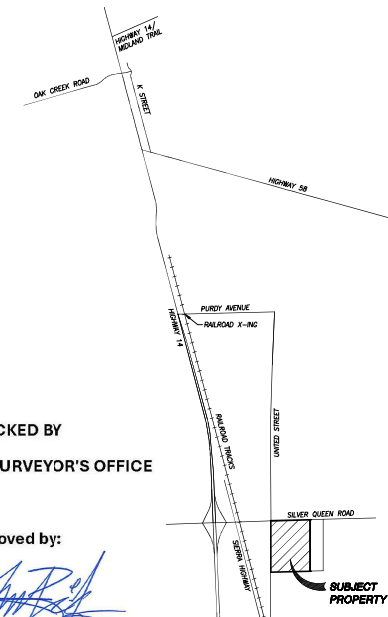
EXHIBIT "B"
MAP OF
MOJAVE PUBLIC UTILITY DISTRICT
ANNEXATION NO. 29
A PORTION OF THE NORTHWEST QUARTER OF
SECTION 3, T.10N., R.12W., S.B.M.,
COUNTY OF KERN, STATE OF CALIFORNIA
121.42 ACRES

LEGEND

- | | |
|----------|--|
| | PROPOSED MOJAVE PUBLIC UTILITY DISTRICT ANNEXATION BOUNDARY |
| | EXISTING MOJAVE PUBLIC UTILITY DISTRICT ANNEXATION BOUNDARY |
| | SECTION LINE |
| | EXISTING PROPERTY LINE OR RIGHT OF WAY |
| | MOJAVE PUBLIC UTILITY DISTRICT ANNEXATION DESIGNATION NUMBER |
| | NUMBERED COURSE PER LEGAL DESCRIPTION |
| APN | ASSESSOR'S PARCEL NUMBER |
| K.C.R. | KERN COUNTY RECORDS |
| P.M.B. | PARCEL MAP BOOK |
| P.G. | PAGE |
| S.B.M. | SAN BERNARDINO MERIDIAN |
| A.V.E.K. | ANTELOPE VALLEY-EAST WATER AGENCY |



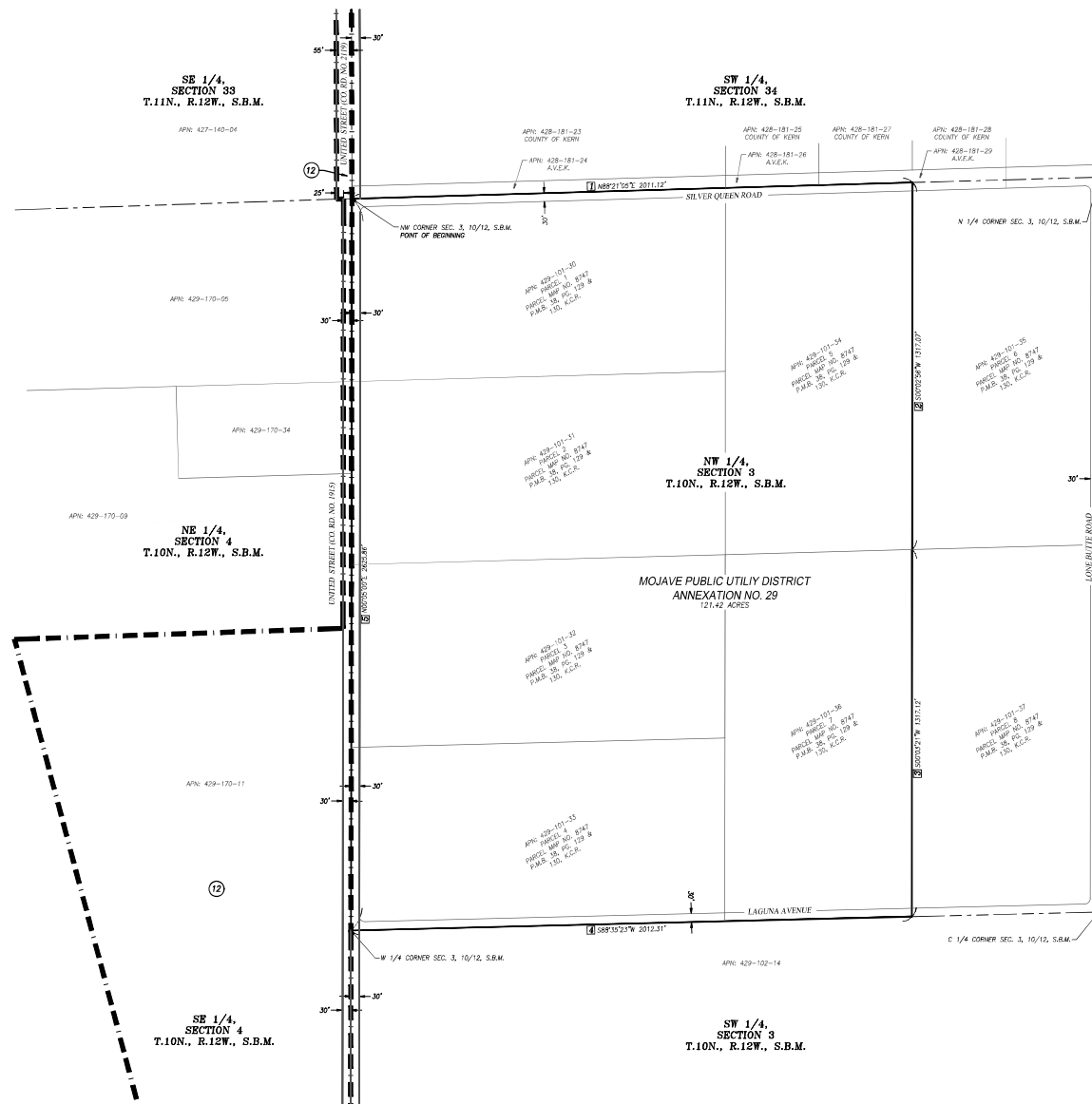
NE 1/4,
SECTION 3
T.10N., R.12W., S.B.M.



CHECKED BY
 KERN COUNTY SURVEYOR'S OFFICE

5/5/26

Approved by:



REVISIONS	DATE	BY	DESCRIPTION



APPROVED BY:	
DATE:	5/5/26
TITLE:	MOJAVE PUBLIC UTILITY DISTRICT ANNEXATION NO. 29



MOJAVE PUBLIC UTILITY DISTRICT	ANNEXATION NO. 29
SECTION 3, T.10N., R.12W., S.B.M.	MOJAVE, KERN COUNTY, CA
PROJECT NO.: 240089	DRAWN BY: FLY/TC
CHECKED BY: FLY/BW	SCALE: AS SHOWN
SHEET NO.: 1	OF 1



Administrative
Office

Nancy Anderson
COUNTY ADMINISTRATIVE OFFICER



June 25, 2026

Blair Knox
Executive Officer
Kern County Local Agency Formation Commission
5300 Lennox Ave, Suite 303
Bakersfield, CA 93309

**JURISDICTIONAL CHANGE FOR MOJAVE PUBLIC UTILITY DISTRICT,
ANNEXATION NO. 29, LAFCO PROCEEDING NO. 1874**

A jurisdictional change for the Mojave Public Utility District has been filed with the Local Agency Formation Commission and is assigned LAFCo Proceeding No. 1874. It has been determined that there will be no transfer of service responsibilities with any other local agencies currently serving the area involved and accordingly that there should be no exchange of property tax revenues.

Therefore, please find attached Resolution No. 2011-119 adopted by the Kern County Board of Supervisors on May 10, 2011. If you have any questions, please feel free to contact me at (661) 868-3159.

Sincerely,

A handwritten signature in black ink, appearing to read "TB", with a stylized flourish at the end.

Thomas Brown
Chief Legislative & Intergovernmental Affairs Officer
Kern County Administrative Office

cc: Auditor-Controller-County Clerk

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF KERN, STATE OF CALIFORNIA**

In the matter of:

Resolution No. 2011-119

EXCHANGE OF PROPERTY TAX REVENUES
UPON LOCAL AGENCY JURISDICTIONAL CHANGE
FOR SPECIAL DISTRICTS WITHOUT TRANSFER OF
SERVICE RESPONSIBILITIES

I, KATHLEEN KRAUSE, Clerk of the Board of Supervisors of the County of Kern, State of California, do hereby certify that the following resolution, proposed by Supervisor Watson, seconded by Supervisor McQuiston, was duly passed and adopted by said Board of Supervisors at an official meeting hereof this 10th day of May, 2011, by the following vote, to wit

AYES: McQuiston, Scrivner, Maggard, Watson, Goh

NOES: None

ABSENT: None



KATHLEEN KRAUSE
Clerk of the Board of Supervisors
County of Kern, State of California

Karen L. Winn
Deputy Clerk

RESOLUTION

Section 1. WHEREAS:

(a) Pursuant to Revenue and Taxation Code Section 99, the Kern County Local Agency Formation Commission is required to submit a Notice of Filing of LAFCO Proceeding for local agency jurisdictional changes for special districts and the Kern County Auditor-Controller-County Clerk, is required to notify the governing bodies of the local agencies involved in the area of the proposed annexation by letter, and

Resolution No. 2011-119

(b) The aforesaid Section 99 provides that in the event a jurisdictional change would affect the service area or service responsibility of one or more special districts, the board of supervisors of the county or counties in which the districts are located shall negotiate any exchange of property tax revenues on their behalf; and

(c) The County Administrative Officer, representing the Board of Supervisors, has examined the Notice of Filings and the Kern County Auditor-Controller's letter regarding the jurisdictional changes for the special districts and has found that there will be no transfer of service responsibilities with any other local agencies currently serving the area involved and accordingly that there should be no exchange of property tax revenues;

Section 2. NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Supervisors of the County of Kern, State of California, as follows:

1. When a determination is made by the County Administrative Officer on behalf of the Kern County Board of Supervisors that that there will be no transfer of service responsibilities with any other local agencies currently serving the area involved and accordingly that there should be no exchange of property tax revenues; then

2. The County Administrative Officer on behalf of the Board of Supervisors is directed to inform the Kern County Local Agency Formation Commission and the Kern County Auditor-Controller of the aforesaid determination by transmittal to them of a copy of this resolution.

POLANXSPECIALDISTRICTSres.docx

COPIES FURNISHED:
<i>See above</i>
<i>5/12/2011</i> <i>ku</i>



Auditor
Controller

Aimee X. Espinoza
AUDITOR-CONTROLLER-COUNTY CLERK



June 10, 2026

Kern County Administrative Office
1115 Truxtun Ave., 5th Floor
Bakersfield, CA 93301

Re: Mojave Public Utility District Annex No. 29 / Proceeding No. 1874

In accordance with Section 99 of the Revenue and Taxation Code, a jurisdictional change is being processed that affects the above-mentioned service area. To our knowledge, there is no exchange of property tax revenue from this annexation.

If you have any questions, please feel free to contact me at (661) 868-3515.

Sincerely,

Aimee X. Espinoza

Auditor-Controller-County Clerk

By

A handwritten signature in blue ink, appearing to read "Corina Camarillo", written over a horizontal line.

Corina Camarillo

Property Tax Division

GROUND  BOUNDLESS

PROCEEDING No. 1874 Date: May 27, 2026

In the matter of: Mojave Public Utility District
Annexation No. 29

Total Assessed Value for Annexation
Before Exemptions: \$2,535,393

Breakdown of Value per TRA:

<u>TRA</u>	<u>Secured AV</u>	<u>Unsecured AV</u>	<u>Subv Exmpt AV</u>	<u>NonSubv Exmpt AV</u>
094-009	\$152,000	\$2,383,393	\$0	\$0



ASSESSOR
RECORDER

Laura Avila
Kern County Assessor-Recorder

Memorandum

TO: Aimee X. Espinoza
Auditor-Controller-County Clerk
Attention: Janelle Austin

FROM: Laura Avila, Kern County Assessor-Recorder
by: Yesenia Sifuentes, GIS Tech II

SUBJECT: Jurisdictional Changes
RE: Mojave Public Utility District
Annexation No. 29

Date: May 27, 2026

Here is a copy of our report to LAFCO RE: Proceeding No. 1874 together with a report to you showing the breakdown of both Secured & Unsecured AV per TRA . Also included & itemized, are any Exemption Values, if applicable.

Values are Gross, unless noted.

If you require any additional information, please let us know.

REPORT OF KERN COUNTY ASSESSOR

Jon Lifquist, Assessor-Recorder



**Kern Local Agency
Formation Commission**
5300 Lennox Ave. Suite 303
Bakersfield, CA 93309
661-716-1076
www.co.kern.ca.us/lafco/

Proceeding No. 1874
In the Matter of: Mojave Public Utility District
Annexation No. 29

Date: 5/27/2026
By: Yesenia Sifuentes
GIS Tech II

-
1. The number of assessment parcels within subject territory is: 6
 2. Subject territory is within the following Tax Rate Area(s): 094-009
 3. Assessed valuation: (**Attach Sheet** Breakdown) Secured: \$ 152,000 Unsecured: \$ 2,383,393
 4. Do the subject territory boundaries correspond with lines of ownership in the last equalized assessment roll? ☒ YES ☐ NO
 - a. List APN of non-corresponding parcels:
 5. Do the subject territory boundaries correspond with lines of ownership in the current assessment roll being prepared? ☒ YES ☐ NO
 - a. List APN of non-corresponding parcels:
 6. Do the subject territory boundaries correspond with Tax Rate Area boundaries? ☒ YES ☐ NO
 - a. List APN of non-corresponding TRA's:
 7. Identify all incorporated cities who's city limit boundary is within three (3) miles of subject territory:
(If none, please enter word "NONE") NONE
 8. Please **ATTACH SHEET** identifying all local agencies within, or partially within, the boundaries of the subject territory. (Including cities, special districts, school districts and county service areas)
 9. Please **ATTACH SHEET** identifying the parcels within the subject territory:
Include: Assessee name, billing name, APN, ATN, TRA, roll type, assessed values and exemptions
 10. Please **ATTACH SHEET** identifying the surface owners within the subject territory:
Include: Assessee name, billing name, and billing address
 11. Please **ATTACH SHEET** identifying property owners outside the subject territory, within 300 feet:
Include: Assessee name, billing name, and billing address
 12. Additional requested information:
None
 13. Please provide comments or recommendations:
None

**Mojave Public Utility District
Annexation No. 29**

NAME & ADDRESS INSIDE SUBJECT TERRITORY

ASSE_NAME	IN_CARE_OF	ADDR_BILL2	ADDR_BILL3
GENERATE UPCYCLE KERN LLC		SAN FRANCISCO CA 94111	

KERN

LOCAL AGENCY FORMATION COMMISSION

Certificate of Filing

In the Matter of:Mojave Public Utility District Annexation No.
29 and Municipal Service Review UpdateProceeding No. 1874 & 1875

I, Blair Knox, Executive Officer of the Local Agency Formation Commission of the County of Kern, hereby certify that:

A proposal referenced and described above has been submitted to me and it has been found that:

- the proposal was initiated by a Resolution of Application;
(G.C. §56650)
- the proposed territory has been found to be uninhabited;
(G.C. §56046)
- all application contents as prescribed by law are presented;
(G.C. §56652)
- all affected agencies have been notified; and
(G.C. §56658)

It has been established that the application contains the information and data requested and required by this Commission and has been **accepted** for filing on 27 July, 2026 (G.C. §56651)

Date of Hearing: Wednesday, 19 August, 2026

Time of Hearing: 5:15 PM

Place of Hearing: Kern Council of Governments (KernCOG)

1401 19th Street Suite #300

Bakersfield, CA 93301

This Certificate of Filing is issued pursuant to California Government Code §56658 (f). All time requirements for processing and consideration of this application specified by state law and the rules and regulations of this Commission shall become effective on the date of issuance of this certificate.

Blair Knox

Digitally signed by Blair Knox

Date: 2026.07.27 10:48:22 -07'00'

Blair Knox, Executive Officer



Kern County Local Agency Formation Commission
Monthly Expenses
Month: June Year: 2026
Submitted to Accounts Payable: July 12, 2026

26-06

Date Invoiced	Date Submitted to AP	Invoice #	Name	Address	Description/ Purpose	Amount Owed	Expense Code
6/20/2026	7/12/2026	LAFCo	Crown Point Investments, Inc. c/o M.D. Atkinson Company, Inc.	1401 19th. St., Suite 400 Bakersfield, CA 93301	Lease Payment/Operating Expense	\$ 3,799.53	7650
6/2/2026	7/12/2026	808	1-Twenty One Security	3004 Boulder Lane, Bakersfield, CA 93309	Security Services	\$ 100.00	7500
6/2/2026	7/12/2026	8396	Rival Technology, Inc.	1508 18th St., Ste. 222, Bakersfield, CA 93301	IT Services	\$ 978.43	7500
6/5/2026	7/12/2026	H49903	SDRMA	PO Box 15677 Sacramento CA 95852	Insurance Premium-Medical & Ancillary	\$ 3,324.55	6510
6/30/2026	7/12/2026	6334661	Shinault Baker & Company	P. O. Box 580 Bakersfield CA 93302	Payroll/Accounts Payable Svcs & Audit Support Svcs	\$ 945.33	7500
6/28/2026	7/12/2026	286441	Brown Armstrong Accountancy Corporation	4200 Truxtune Ave Suite 300 Bakersfield, CA 93309	Work in progress audit 2026	\$ 1,300.00	7500
6/30/2026	7/12/2026	June	Thomas Schroeter	254 H St. Bakersfield, CA 93304	Legal Services	\$ 585.00	7500
6/30/2026	7/12/2026	377067	CivicPlus	PO Box 737311 Dallas, TX 75373-7311	Doc Access Subscriptions	\$ 3,000.06	7450
7/1/2026	7/12/2026	100000018342134	CALPERS	PO Box 942703 Sacramento, CA 94229-2703	Unfunded Accrued Liability, 27384	\$ 89,164.00	6430
7/1/2026	7/12/2026	100000018344614	CALPERS	PO Box 942703 Sacramento, CA 94229-2703	Unfunded Liability Additional Contribution	\$ 75,000.00	6430
6/11/2026	7/12/2026	1NFD-V4WV-GFV9	Amazon Capital Services	PO Box 035184 Seattle, WA 98124-5184	Office Expense / Chairs	\$ 277.64	7450
6/9/2026	7/12/2026	1KFP-9PP1-4PKV	Amazon Capital Services	PO Box 035184 Seattle, WA 98124-5184	Office Expense / Chairs	\$ 213.15	7450
6/5/2026	7/12/2026	79965	SDRMA	PO Box 15677 Sacramento CA 95852	Insurance Premium-Property/General Liability	\$ 9,421.49	6900
6/5/2026	7/12/2026	80408	SDRMA	PO Box 15677 Sacramento CA 95852	Insurance Premium-Workers Comp	\$ 2,454.65	6600
June			Kern County		Journal Vouchers	\$0.00	
6/23/2026			Credit Card Statement			4,174.22	
6/1/2026			June Payroll			31,249.51	
6/17/2026			Commission Meeting Stipends			\$881.20	
June			Travel Reimbursement			\$0.00	
June			HRA Reimbursement			\$8,809.19	
					MONTHLY TOTAL	\$ 235,677.95	

Account Number: [REDACTED]
 Unique ID: XXXX XXXX XXXX 8088
 LOCAL AGENCY FORMATION CO
 Statement Date: 06-22-2026



Corporate Account Summary

Previous Balance	\$3,511.75
Purchases and Other Charges	\$4,174.22
Cash Advances	\$0.00
Cash Advance Fees	\$0.00
Late Payment Charges	\$0.00
Credits	\$0.00 CR
Payments	\$3,511.75 PY

New Balance \$4,174.22

Disputed Amount \$0.00

Payment Information

Amount Due \$4,174.22

Payment due in accordance with your agreement with U.S. Bank.

QUESTIONS OR TO REPORT A LOST OR STOLEN CARD,
 CALL CUSTOMER SERVICE: 1-800-344-5696

To overnight or courier a payment, please send to:
 Corporate Payment Systems
 3180 Rider Trail S, Department 790428
 Earth City, MO 63045-1518

Corporate Account Activity

LOCAL AGENCY FORMATION CO
 Account Number: [REDACTED]
 Unique ID: XXXX XXXX XXXX 8088

Total Corporate Activity
 \$3,511.75 CR

Post Date	Tran Date	Reference Number	Transaction Description	Amount
05-27	05-27	74798266147000000000226	PAYMENT - 42460445556666600000 A	3,511.75 PY

New Activity

BLAIR KNOX	Purchases	\$4,174.22	Total Activity	\$4,174.22
Account Number: [REDACTED]	Cash Advances	\$0.00		
Unique ID: XXXX XXXX XXXX 2937	Cash Advances Fees	\$0.00		
	Credits	\$0.00 CR		

Post Date	Tran Date	Reference Number	Transaction Description	Amount
05-29	05-28	24692166148408199435033	PRIMO BRANDS/WATERSERV 800-274-5282 CA	12.43
06-01	05-31	24692166151401330658609	SPECTRUM 855-707-7328 MO	324.35
06-04	06-04	24011346155100034119433	MICROSOFT#G162094259 MICROSOFT.COM WA	90.00
06-04	06-04	24692166155404915223894	ULINE *SHIP SUPPLIES 800-295-5510 WI	1,867.26
06-05	06-04	24036296155718880552429	WF *WAYFAIR4449570027 866-263-8325 MA	1,212.31
06-05	06-05	24692166156405889131863	SQ *CLEAN BRIGHT GOSQ.COM CA	155.85
06-08	06-06	24011346157100035232035	MICROSOFT#G162578647 MICROSOFT.COM WA	75.60

(transactions continued on next page)

✕ Payment may be made electronically or by check made payable to Corporate Payment Systems.

CORPORATE PAYMENT SYSTEMS
 P.O. BOX 6343
 FARGO, ND 58125-6343

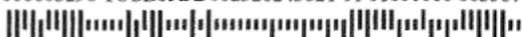
Account Number: [REDACTED]
 Unique ID: XXXX XXXX XXXX 8088
 Amount Due: \$4,174.22

Amount Enclosed \$ [REDACTED]

If paying by check, include coupon with payment to address below.

CORPORATE PAYMENT SYSTEMS
 P.O. BOX 790428
 ST. LOUIS, MO 63179-0428

000003296 TUSB05DD062326243821 01 01000000 003567 001



LOCAL AGENCY FORMATION CO
 BLAIR KNOX
 LOCAL AGENCY FORMATION COMM
 5300 LENNOX AVENUE SUITE 303
 BAKERSFIELD CA 93309-1662



000003296 00001 00001 DUSB05DD062326243821 00 L 000003567 STNDSOME

00

LOCAL AGENCY FORMATION CO

Account Number: [REDACTED]

Unique ID: XXXX XXXX XXXX 8088

Statement Date: 06-22-2026

New Activity cont

06-09	06-08	24692166159408964813451	VZWRLSS*APOCC VISW 800-922-0204 FL	114.77
06-15	06-12	24692166163402869813207	INTUIT *QBOOKS ONLINE CL.INTUIT.COM CA	161.00
06-15	06-14	24692166165404893719838	SQ *CLEAN BRIGHT GOSQ.COM CA	155.85
06-22	06-20	24011346171100032511946	MICROSOFT#G166120307 MICROSOFT.COM WA	4.80

Department:	00000	Total:	\$4,174.22
Division:	09402	Total:	\$4,174.22



Kern County Local Agency Formation Commission
Monthly Expenses
Month: July Year: 2026
Submitted to Accounts Payable: August 12, 2026

26-07

Date Invoiced	Date Submitted to AP	Invoice #	Name	Address	Description/ Purpose	Amount Owed	Expense Code
7/20/2026	8/4/2026	LAFCo	Crown Point Investments, Inc. c/o M.D. Atkinson Company, Inc.	1401 19th. St., Suite 400 Bakersfield, CA 93301	Lease Payment/Operating Expense	\$ 3,799.53	7650
7/1/2026	8/16/2026	8434	Rival Technology, Inc.	1508 18th St., Ste. 222, Bakersfield, CA 93301	IT Services	\$ 978.43	7500
7/5/2026	8/22/2026	H50062	SDRMA	PO Box 15677 Sacramento CA 95852	Insurance Premium-Medical & Ancillary	\$ 3,324.55	6510
7/31/2026	8/12/2026	6334746	Shinault Baker & Company	P. O. Box 580 Bakersfield CA 93302	Payroll/Accounts Payable Svcs & Audit Support Svcs	\$ 1,145.33	7500
7/28/2026	8/12/2026	July	Thomas Schroeter	254 H St. Bakersfield, CA 93304	Legal Services	\$ 162.00	7500
7/30/2026	8/10/2026	AR1442501	Office 1 Formally General Office Machine	3600 Pegasus Dr. Suite 6 Bakersfield, CA 93308	Contract Invoice	\$ 13.21	7450
7/31/2026	8/12/2026	109898	The Bakersfield Californian	4900 California Ave STE 100A Bakersfield Ca. 93309	Publication for Proceeding 1874 & CSA 87	\$ 463.68	7600
7/17/2026	8/10/2026	51356	P.A.S Associates	9530 Hageman Rd, Suite B Box 358 Bakersfield, CA 93312	Response to Blair's email re benefits question	\$ 58.75	7500
July			Kern County		Journal Vouchers	\$177.07	
7/22/2026			Credit Card Statement			\$4,174.22	
July			July Payroll			\$30,854.40	
July			Commission Meeting Stipends	DARK IN JULY		\$0.00	
July			Travel Reimbursement			\$0.00	
					MONTHLY TOTAL	\$ 45,151.17	

Account Number: [REDACTED]
 Unique ID: XXXX XXXX XXXX 8088
 LOCAL AGENCY FORMATION CO
 Statement Date: 07-22-2026



Corporate Account Summary

Previous Balance	\$4,174.22
Purchases and Other Charges	\$6,155.73
Cash Advances	\$0.00
Cash Advance Fees	\$0.00
Late Payment Charges	\$0.00
Credits	\$0.00 CR
Payments	\$4,174.22 PY

New Balance \$6,155.73

Disputed Amount \$0.00

Payment Information

Amount Due \$6,155.73

Payment due in accordance with your agreement with U.S. Bank.

QUESTIONS OR TO REPORT A LOST OR STOLEN CARD,
 CALL CUSTOMER SERVICE: 1-800-344-5696

To overnight or courier a payment, please send to:

Corporate Payment Systems
 3180 Rider Trail S, Department 790428
 Earth City, MO 63045-1518

Corporate Account Activity

LOCAL AGENCY FORMATION CO
 Account Number: [REDACTED]
 Unique ID: XXXX XXXX XXXX 8088

Total Corporate Activity
 \$4,174.22 CR

Post Date	Tran Date	Reference Number	Transaction Description	Amount
06-25	06-25	74798266176000000000105	PAYMENT - [REDACTED] A	4,174.22 PY

New Activity

PATTY MENCHACA	Purchases	\$1,575.00	Total Activity	\$1,575.00
Account Number: [REDACTED]	Cash Advances	\$0.00		
Unique ID: XXXX XXXX XXXX 2198	Cash Advances Fees	\$0.00		
	Credits	\$0.00 CR		

Post Date	Tran Date	Reference Number	Transaction Description	Amount
07-16	07-15	24071056196330114194211	ESRI 888-3774675 CA	1,575.00

(transactions continued on next page)

Payment may be made electronically or by check made payable to Corporate Payment Systems.

CORPORATE PAYMENT SYSTEMS
 P.O. BOX 6343
 FARGO, ND 58125-6343

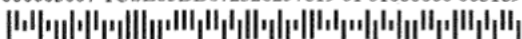
Account Number: [REDACTED]
 Unique ID: XXXX XXXX XXXX 8088
 Amount Due: \$6,155.73

Amount Enclosed \$ [REDACTED]

If paying by check, include coupon with payment to address below.

CORPORATE PAYMENT SYSTEMS
 P.O. BOX 790428
 ST. LOUIS, MO 63179-0428

000003007 TUSB05DD072326257819 01 01000000 003189 001



LOCAL AGENCY FORMATION CO
 BLAIR KNOX
 LOCAL AGENCY FORMATION COMM
 5300 LENNOX AVENUE SUITE 303
 BAKERSFIELD CA 93309-1662



00003007 03007 0001-0001 DUSB05DD072326257819 001 000003189 STNDSOME

00

LOCAL AGENCY FORMATION CO

Account Number: [REDACTED]

Unique ID: XXXX XXXX XXXX 8088

Statement Date: 07-22-2026

New Activity cont

Department: 00000 Total: \$1,575.00
 Division: 00000 Total: \$1,575.00

BLAIR KNOX	Purchases	\$4,580.73	Total Activity	\$4,580.73
Account Number: [REDACTED]	Cash Advances	\$0.00		
Unique ID: XXXX XXXX XXXX 2937	Cash Advances Fees	\$0.00		
	Credits	\$0.00 CR		

Post Date	Tran Date	Reference Number	Transaction Description	Amount
06-29	06-26	24692166177406407698081	PRIMO BRANDS/WATERSERV 800-274-5282 CA	93.34
07-01	06-30	24137466182600346200583	USPS.COM POSTAL STORE 800-782-6724 MO	2,030.75
07-01	06-30	24323006181329333001007	TASC 608-241-1900 WI	1,260.72
07-02	07-01	24692166182401761530171	SPECTRUM 855-707-7328 MO	323.10
07-02	07-02	24692166183402360263171	SQ *CLEAN BRIGHT GOSQ.COM CA	155.85
07-06	07-06	24011346187100034832904	MICROSOFT#G168806144 MICROSOFT.COM WA	75.60
07-06	07-04	24204296185000003129066	MICROSOFT-G168445266 701-2817490 WA	100.80
07-06	07-05	24323036187331428076747	M&S SECURITY SERVICES IN AR.MS@MSSECUR CA	135.00
07-09	07-08	24692166189405329800581	VZWRLSS*APOCC VISW 800-922-0204 FL	114.77
07-13	07-12	24692166193409396285787	INTUIT *QBOOKS ONLINE CL.INTUIT.COM CA	161.00
07-20	07-20	24011346201100037301487	MICROSOFT#G172498413 MICROSOFT.COM WA	4.80
07-22	07-21	24116416202714703830290	TICKETS*KERN EDCS HUMANITIX.COM CO	125.00

Department: 00000 Total: \$4,580.73
 Division: 09402 Total: \$4,580.73



**Kern Local Agency
Formation Commission**
5300 Lennox Ave. Suite 303
Bakersfield, CA 93309
661-716-1076
<https://www.kernlafco.org/>

Memo

To: LAFCo Commissioners
From: Blair Knox, Executive Officer
Date: June 25, 2026
Subject: Disposal of Archived Documents

Per Kern LAFCo's Maintenance and Destruction of Commission Records Policy, staff may dispose of documents, with Legal Counsel and Commission approval. The following is a list of documents now ready for disposal, pending your authorization.

RECOMMENDATION: Approve as listed.

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

In the Matter of:	Resolution No. 26-XX
Authorizing the Destruction of Certain Commission Records	Minute Book 73

I, Blair Knox, Executive Officer, of the LOCAL AGENCY FORMATION COMMISSION, COUNTY OF KERN, STATE OF CALIFORNIA, hereby certify that the following resolution, proposed by Commissioner XXXX, seconded by Commissioner XXXX, was duly adopted by the Commission at an official meeting thereof held on the 19th day of August 2026, by the following vote:

Aye: XXXX
Naye: XXXX
Abstain: XXXX
Absent: XXXX

Blair Knox, Executive Officer

RESOLUTION MAKING DETERMINATION

Whereas, on August 19, 2026, the Local Agency Formation Commission presented to the Commission a list of old and unnecessary records concerning various matters of Commission business;

Whereas, it is in the best interest of the Commission to destroy those records in order to utilize the space required for their storage.

Whereas, the Commission is fully advised in the premises; now therefore, let it be
Resolved that the Local Agency Formation Commission, County of Kern, State of California, on behalf of its members, authorizes:

- 1. The destruction of certain document described in Exhibit "A" attached hereto and incorporated herein by this reference.*
- 2. The Executive Officer of this Commission is authorized and directed to provide copies of this resolution in the manner provided by law.*

CITY ATTORNEY APPROVAL:

I, THOMAS F. SCHROETER, Attorney for the Local Agency Formation Commission of Kern County, do hereby consent to the destruction of the records hereinabove referred to:

THOMAS F. SCHROETER, Attorney

EXHIBIT A

List of documents that have been scanned and are ready to be disposed of:

The following documents are no longer required to be held by LAFCo.

CALPERS:

Summary Report Member and Employer Contributions 2007-2015 *

Surplus Asset Account 1991-1995

Retirement Correspondence 1988-2016

Payroll:

Auditor Reports and Backup 2007-2015*

Employee Withholding Allowance Certificates File 1970-1975

Administrative:

County Reports on Sick Leave and Vacation Balances 1990-2015

Social Security File 1976

PAS Misc. File 2010

Statement of Fact by Public Agencies 1996-2016

Commissioner:

Statement Of Economic Interest (Form 700) 2013-2015

***Any files containing social security or bank account numbers will be shredded.**

KERN COUNTY LOCAL AGENCY FORMATION COMMISSION

Policy and Procedures for Maintenance and Destruction of Commission Records

According to Gov. Code § 14740, California's Records Management Program is designed to "apply efficient and economical management methods to the creation, utilization, maintenance, retention, preservation, and disposal of State records." Effective records management ensures that records are kept only as long as they have some administrative, fiscal, or legal value. When records no longer fulfill the value for which they were created, they should be destroyed unless they also have some historic or research significance.

Although the Records Management Program does not apply to local government, the intent and purpose of the program equally applies to local government agencies as to State agencies. Pursuant to Gov. Code § 12236, the Legislature of the State of California encourages local government agencies to establish guidelines for retention and destruction of its records. The Archives division of the Secretary of State has adopted its "Local Government Records Management Guidelines" to assist local agencies in adopting policies for the retention and destruction of its records.

Except for electronic mail communication which may be the subject of a separate retention policy, the Commission's documents and records shall be retained for a period of seven (7) years (the "Retention Period"). The Retention Period shall commence upon the date of creation of the document or when final action is taken on the matter by the Commission or upon final completion of litigation or when reasonably determined by the Executive Officer, whichever occurs last.

Unless otherwise provided by law, with the approval of the Commission by resolution and the written consent of the Commission attorney, the Executive Officer or his or her designee may destroy any Commission records, documents, instruments, books or papers, without making a copy thereof upon expiration of the Retention Period for the document. A sample Resolution is attached as Exhibit "A". This does not authorize the destruction of the following:

- (a) records affecting the title to real property or liens thereon;
- (b) court records;
- (c) records required to be kept by statute;
- (d) records less than seven (7) years old; and
- (e) the Minutes, ordinances, or resolutions of the Commission.

The manner of destruction or disposition of the record shall be by shredding or by other means in those cases when the Executive Officer, in the reasonable exercise of his or her discretion, deems alternative methods of destruction appropriate.



**Kern Local Agency
Formation Commission**
5300 Lennox Ave. Suite 303
Bakersfield, CA 93309
661-716-1076
www.kernlafco.org

To: Kern LAFCo Commission

From: Blair Knox, Executive Officer

Date: August 19, 2026

Subject: Approval of Updated SDRMA Health Benefits Program Memorandum of Understanding

Recommendation

Approve the attached Resolution authorizing execution of the Special District Risk Management Authority (SDRMA) Health Benefits Program Memorandum of Understanding (MOU). [\[SDRMA Heal...s MOU 2026 | PDF\]](#)

Background

Kern LAFCo participates in the SDRMA Health Benefits Program for employee medical, dental, vision, and related benefits. SDRMA serves as the program administrator for the Public Risk Innovation, Solutions, and Management (PRISM) Health and Employee Benefits Small Group Program. Benefit coverage, premiums, assessments, and program terms are governed by the PRISM Health Committee and Employee Benefits Committee, while SDRMA administers the program on behalf of participating agencies. [\[SDRMA Heal...s MOU 2026 | PDF\]](#)

The Commission periodically executes participation documents required to maintain enrollment in the program. SDRMA has requested participating agencies approve an updated MOU and resolution to reflect current program administration and operating practices. [\[SDRMA Heal...s MOU 2026 | PDF\]](#)

Summary of Changes

The attached document includes a redline version identifying changes from the prior agreement. The revisions are primarily administrative and clarifying in nature and do not substantially alter the Commission's participation in the health benefits program. Key changes include:

- Updating references throughout the document to reflect the current PRISM Health and Employee Benefits Program terminology. [\[SDRMA Heal...s MOU 2026 | PDF\]](#)
- Adding and clarifying definitions, including "Coverage Documents" and "Program Participation Agreement," to better describe the documents governing employee benefit coverage and participation requirements. [\[SDRMA Heal...s MOU 2026 | PDF\]](#)
- Revising premium payment provisions to provide additional detail regarding billing procedures, delinquent payments, late payment penalties, and SDRMA's authority to terminate participation for nonpayment. [\[SDRMA Heal...s MOU 2026 | PDF\]](#)
- Reorganizing and simplifying provisions related to program funding. The prior MOU contained extensive discussion regarding funding mechanisms, pooling, reserves, and reinsurance. The revised MOU replaces that language with a more concise explanation that premiums, assessments, reserves, and any dividends or premium credits are determined through the PRISM program governance structure. [\[SDRMA Heal...s MOU 2026 | PDF\]](#)
- Clarifying withdrawal procedures, including notice requirements and the three-year waiting period applicable to agencies seeking to re-enter the program after withdrawal. [\[SDRMA Heal...s MOU 2026 | PDF\]](#)
- Removing obsolete administrative provisions and streamlining agreement language without changing the Commission's benefits or participation status. [\[SDRMA Heal...s MOU 2026 | PDF\]](#)

Discussion

Staff has reviewed the proposed MOU and does not believe the revisions materially change the benefits provided to Kern LAFCo employees. The document updates administrative procedures, clarifies responsibilities of participating agencies, and aligns the agreement with current SDRMA and PRISM program practices. The Commission's health benefits will continue to be provided through the SDRMA/PRISM program under the coverage options selected by Kern LAFCo. [\[SDRMA Heal...s MOU 2026 | PDF\]](#)

Fiscal Impact

There is no direct fiscal impact associated with approval of the updated MOU. Participation in the SDRMA Health Benefits Program will continue under the annual rates and benefit plans separately approved through the program's normal renewal process. [\[SDRMA Heal...s MOU 2026 | PDF\]](#)

RESOLUTION NO. _____

**A RESOLUTION OF THE OF THE (GOVERNING BODY) OF KERN LOCAL AGENCY
FORMATION COMMISSION APPROVING THE FORM OF AND AUTHORIZING THE
EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING
PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S
HEALTH BENEFITS PROGRAM**

WHEREAS, Kern Local Agency Formation Commission, a public agency duly organized and existing under and by virtue of the laws of the State of California Kern Local Agency Formation Commission, has determined that it is in the best interest and to the advantage of the Kern Local Agency Formation Commission to participate in the Health Benefits Program offered by Special District Risk Management Authority (the "Authority"); and

WHEREAS, the Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing risk financing, risk management programs and other coverage protection programs; and

WHEREAS, participation in Authority programs requires the Kern Local Agency Formation Commission to execute and enter into a Memorandum of Understanding which states the purpose and participation requirements for the Health Benefits Program; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Kern Local Agency Formation Commission is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE ENTITY AS FOLLOWS:

Section 1. Findings. The Kern Local Agency Formation Commission Governing Body hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the Kern Local Agency Formation Commission.

Section 2. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the Kern Local Agency Formation Commission and the Authority, in the form presented at this meeting and on file with the Kern Local Agency Formation Commission, is hereby approved. The Kern Local Agency Formation Commission Governing Body and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the Kern Local Agency Formation Commission, to execute and deliver to the Authority the Memorandum of Understanding.

Section 3. Program Participation. The Kern Local Agency Formation Commission Governing Body approves participating in the Special District Risk Management Authority’s Health Benefits Program.

Section 4. Severability. If any provision of this resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution which can be given effect without the invalid provision or application, and to this end the provisions of this resolution are severable.

Section 5. Other Actions. The Authorized Officers of the Kern Local Agency Formation Commission are each hereby authorized and directed to execute and deliver any and all documents which are necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 6. August 19th, 2026. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 19th day of August 2026 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

Blair Knox

Executive Officer



MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (HEREAFTER “MEMORANDUM”) IS ENTERED INTO BY AND BETWEEN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (HEREAFTER “SDRMA”) AND THE PARTICIPATING PUBLIC ENTITY (HEREAFTER “ENTITY”) WHO IS SIGNATORY TO THIS MEMORANDUM.

WHEREAS, on August 1, 2006, SDRMA in its capacity as a member of Public Risk Innovation, Solutions and Management (PRISM) and having executed the Joint Powers Agreement (JPA) governing PRISM, was appointed administrator for the purpose of enrolling small public entities into the (PRISM) Health and/or Employee Benefits Small Group Program (hereinafter "Program"); and

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by the PRISM Health Committee and/or PRISM Employee Benefits Committee for the Program (the "Committee") and not SDRMA; and

WHEREAS, ENTITY desires to enroll and participate in the Program, acknowledging that SDRMA acts solely in an administrative capacity and does not establish Program terms.

NOW THEREFORE, SDRMA and ENTITY agree as follows:

1. **DEFINITIONS.** For purposes of this MEMORANDUM, unless the context otherwise requires, the following terms when capitalized have the respective meanings set out below and are applicable to the singular as well as to the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.
 - a. “Committee” means the PRISM Health Committee and/or PRISM Employee Benefits Committee for the Program.
 - b. “Coverage Documents” means, except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the Program and will be provided by SDRMA to each ENTITY. Documents will be made available through the online SDRMA Portal and be accessible to approved users of the ENTITY.
 - c. “Program Participation Agreement” means the agreement issued by PRISM/AUS Underwriting to the Entity that details the final terms of acceptance and any special exceptions or terms that have been made a part of the underwriting approval and is required to be completed and executed in order to constitute full acceptance as a member of the PRISM Small Group Program.



- d. "Program" or "PRISM" means the Public Risk Innovation, Solutions and Management (PRISM) Health and/or Employee Benefits Small Group Program.
- e. "Program Documents" means the following: SDRMA Program Administrative Guidelines, SDRMA Resolution, Program Underwriting application and any required underwriting documents, Program approval, Program Underwriting & Eligibility Rules and Program Participation Agreement.
2. PURPOSE. ENTITY is signatory to this MEMORANDUM for the sole purpose of enrolling in the Program.
 3. ENTRY INTO PROGRAM. ENTITY shall apply for participation in the Program by executing and all forms prescribed by SDRMA. SDRMA shall submit the completed forms to the Program's Underwriter who has the authority to accept or reject Entity's application in its sole discretion based on the Program's governing documents and in accordance with the Program's eligibility guidelines.
 4. MAINTENANCE OF EFFORT. Program provides health benefits to all active employees, retired employees, dependents of an active or retired employee and public officials of the ENTITY who satisfy requirements for participation. ENTITY public officials may participate in the Program only if they are currently being covered and their own ENTITY's enabling act, plans and policies allow it. ENTITY must contribute at least the minimum percentage required by the eligibility requirements
 5. PREMIUMS. ENTITY agrees and acknowledges that premiums and rates for the Program are set by the Committee and that SDRMA's Administrative Fee is set by SDRMA For each billing cycle. ENTITY will remit the total monthly amount billed by SDRMA for each category of participants and the census of covered employees, public officials, dependents and retirees. PREMIUMs are based on a full month, and there are no partial months or prorated PREMIUMs. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.

Late Payment Penalties. ENTITY shall pay all PREMIUM invoices as billed to SDRMA, regardless of any changes to eligibility or adjustments to PREMIUMS that may occur during the billing month and not reflected in the PREMIUM invoice. SDRMA shall issue PREMIUM invoices to ENTITY prior to the coverage month in which they are due. PREMIUM invoices are due by the due date stated on the invoice and considered delinquent thirty (30) calendar days from the due date. In addition to the outstanding balance due for any unpaid invoice, ENTITY shall be liable to SDRMA for a late payment penalty of 1% of the outstanding balance of any unpaid portion of such invoice effective (30) calendar days after the invoice due date. SDRMA reserves the right to terminate the



MEMORANDUM and ENTITY'S Participation Agreement, including immediate cessation of all services under the Program, any time after it provides written notice to ENTITY of its failure to pay the amount due of any invoice.

6. **BENEFITS.** Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the Program and as agreed upon between the ENTITY and its recognized employee organizations as applicable. Not all plan offerings will be available to ENTITY, and plans requested by ENTITY must be submitted to Program underwriter for approval.

7. **ASSESSMENTS AND DIVIDENDS.** The Program annual premium, as approved by the Committee will be established at a level which is anticipated to provide adequate overall funding. The Program will directly manage surpluses and deficits. Premiums are targeted to fund expected claims (including incurred-but-not-reported (IBNR) and run-out), reinsurance (if any), Program/administrative expenses, and any reserve or margin adopted by the Committee.

If Program funds are insufficient (including funding IBNR), the Committee may impose premium assessments on all applicable participating Entities, consistent with the JPA, including ENTITY signing this MEMORANDUM. Entities that have withdrawn from the Program are liable for assessments attributable to plan year(s) in which they participated.

After appropriate reserves and obligations are funded and any Committee-approved margin is achieved, the Committee may declare a dividend or premium credit, using a formula recommended by the Program Underwriters and actuary.

8. **WITHDRAWAL.** ENTITY may withdraw from this MEMORANDUM and terminate its Program Participation Agreement for a subsequent calendar year subject to the following condition: ENTITY shall notify SDRMA in writing of its intent to withdraw from this MEMORANDUM and terminate its Program Participation Agreement at least 120 days prior to January 1st of the subsequent calendar year in which it shall be effective. No withdrawal shall become effective until December 31 of the year that notice of termination is received. ENTITY may rescind its notice of intent to withdraw and terminate no later than October 1st. Once ENTITY withdraws from the Program, there is a 3-year waiting period to come back into the Program, and the ENTITY will be subject to underwriting approval.

9. **ARBITRATION OF DISPUTES.** To the extent permitted by law, all controversies between the ENTITY and SDRMA that may arise out of or relate to any of the services provided by SDRMA under the MEMORANDUM, or the construction, performance or breach of this or any other agreement between the ENTITY and SDRMA, whether entered into prior to, on or subsequent to the date hereof, shall be settled by binding arbitration in the City of



Sacramento, California, under the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon any award rendered by the arbitrator(s) shall be final and may be entered into any court having jurisdiction.

10. GOVERNING LAW. This MEMORANDUM shall be governed in accordance with the laws of the State of California.
11. VENUE. Venue for any dispute or enforcement shall be in the City of Sacramento, California.
12. ATTORNEY FEES. The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.
13. COMPLETE AGREEMENT. This MEMORANDUM together with the related Program Documents constitutes the full and complete agreement of the ENTITY.
14. SEVERABILITY. Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
15. AMENDMENT OF MEMORANDUM; WAIVER. This MEMORANDUM may not be modified, nor shall any provision hereof be waived or amended, except in a writing duly signed by authorized representatives of SDRMA and ENTITY. The failure of either Party to enforce at any time any provision of the MEMORANDUM shall not be construed to be a waiver of such provision, nor in any way to affect the validity of the MEMORANDUM or the right of either party thereafter to enforce each and every such provision. If ENTITY fails or refuses to execute an amendment to this MEMORANDUM by the deadline included in written notice of SDRMA'S execution of said amendment, SDRMA reserves the right to terminate this MEMORANDUM and ENTITY'S Program Participation Agreement effective as of the next annual renewal date.
16. EFFECTIVE DATE. This MEMORANDUM shall become effective on the later of the first date of coverage for the ENTITY or the last date of signing of this MEMORANDUM by the Chief Executive Officer or Board President of SDRMA and the authorized person for the ENTITY.
17. EXECUTION IN COUNTERPARTS. This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.



Dated: _____

By: _____

Special District Risk
Management Authority

Dated: _____

By: _____

"ENTITY Name"

Kern Local Agency Formation Commission



Financial Training for Commissioners and Alternates

SB 827 Compliance Training

Financial Principles and Oversight for LAFCo Decision-Making

Prepared by:

Blair Knox, Executive Officer
Kern Local Agency Formation Commission

Date:

June 2026

Purpose

This training document is provided to Commissioners and Alternate Commissioners of the Kern Local Agency Formation Commission in fulfillment of the financial training requirements established by SB 827.

The purpose of this training is to provide a practical understanding of public agency finance, with a focus on evaluating financial sustainability, recognizing warning indicators, and applying informed judgment in LAFCo decision-making.

Training Duration

Estimated total completion time: 2.2 to 3.0 hours

Commissioners may complete this training at their own pace.

Certification Statement

By completing this training, Commissioners will meet the financial training requirements set forth by SB 827 and will be better equipped to evaluate financial conditions, support sound governance, and promote long-term service reliability within the Commission's jurisdiction.

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INTRODUCTION

Purpose of This Training and Expected Outcomes

This training has been developed to satisfy the requirements of Senate Bill 827, which mandates that local agency officials complete periodic instruction in fiscal and financial management. The law requires that members of legislative bodies—including Local Agency Formation Commission Commissioners—receive training in areas such as budgeting, financial administration, revenue systems, long-term fiscal planning, and the management of public resources.

While the statutory requirement itself is straightforward, it reflects a broader concern at the state level regarding fiscal oversight in local government. The Legislature has determined that consistent baseline training in public finance is necessary to promote accountability and reduce the risk of financial mismanagement. As with many statewide mandates, this requirement may feel somewhat prescriptive in its approach. However, the underlying objective is directly relevant to the Commission's responsibilities.

LAFCo decisions routinely affect how public services are funded, delivered, and sustained. Whether the matter involves an annexation, an incorporation, or a municipal service review, each action has financial implications that extend beyond the immediate decision. Revenue is allocated, costs are assumed, and long-term obligations are either addressed or deferred. For that reason, a working understanding of public finance is not ancillary to the Commission's role, it is central to it.

If this feels like a lot, that's because it is. LAFCo regulates complexity for a living.

This training is designed to provide that foundation in a manner that is accessible to all Commissioners, regardless of prior experience. The material begins with fundamental concepts and builds gradually toward more complex ideas. Technical terminology is introduced only after the underlying concepts are explained in plain language.

By the conclusion of this training, Commissioners should be able to:

- understand how public agencies generate and use financial resources
- recognize the difference between short-term balance and long-term sustainability
- identify common patterns that lead to fiscal stress or service decline
- interpreting financial information with greater confidence
- apply a consistent framework when evaluating proposals before the Commission

The goal is not to develop technical expertise in accounting or finance. Rather, it is to strengthen the ability to interpret financial conditions in a practical, decision-making context. A Commissioner does not need to produce financial analyses but must be able to recognize when the information presented warrants closer scrutiny.

The sections that follow are organized to support that progression. Each section builds on the previous one, moving from basic concepts to applied evaluation. Taken together, they are intended to provide a coherent framework for understanding the financial dimension of LAFCo decisions and for fulfilling the Commission's responsibilities under both the Cortese-Knox-Hertzberg Act and the requirements of SB 827.

This document is intended to make the complex understandable. If it occasionally succeeds, it is doing its job.

SECTION 1

Understanding the Financial Side of LAFCo Decisions

(Estimated Time: 10–15 minutes)

1.1 Why Financial Understanding Matters

When someone first joins a Local Agency Formation Commission, the work can appear straightforward. Items come forward describing boundary changes, service areas, or agency conditions. Reports typically explain what is being proposed, who is involved, and how services will be provided. At a glance, the Commission's role may seem focused on whether those proposals make sense from a geographic or organizational perspective.

Over time, however, it becomes clear that something more fundamental is being evaluated. Every decision before the Commission ultimately asks a single underlying question: whether the system being proposed, or the agency being reviewed, will be able to continue providing services reliably over time.

That question is financial.

Public services, whether water delivery, fire protection, infrastructure maintenance, or administrative operations, depend on resources. Resources include staffing and systems, but they also depend on funding in a practical and unavoidable way. Without sufficient and properly managed financial resources, even well-run agencies begin to decline.

This decline is rarely immediate. It tends to occur gradually, often in ways that are not obvious at first. A system may appear to function well while underlying pressures begin to form. Costs may increase slightly each year. Maintenance may be postponed. Revenues may remain stable but not keep pace with growing demand. Each change may appear manageable on its own. Taken together, they establish a trajectory.

1.2 Looking Beyond the Present Condition

One of the most important adjustments a Commissioner can make is shifting from viewing financial information as a snapshot to viewing it as a trajectory. A single budget year does not determine whether an agency is financially healthy. It indicates where the agency is at a particular moment in time.

Financial health is reflected in how an agency's position changes over time.

Two agencies may appear similar today. They may report comparable revenues, provide similar services, and show no immediate signs of difficulty. However, if one agency is steadily strengthening its position, maintaining infrastructure, planning for future costs, and building

reserves, while the other is gradually depleting resources or deferring obligations, those systems are not equally stable, even if they appear similar in the present.

The Commission's responsibility is not to confirm current conditions. It is to understand where those conditions are leading.

1.3 Evaluating Proposals Over Time

This perspective is especially important when evaluating proposals brought before the Commission. Proposals are typically presented in their strongest form. They rely on assumptions about growth, revenue performance, service demand, and operating costs. These assumptions may be reasonable, and they may prove accurate in the near term.

However, public service systems do not operate under static conditions. Economic activity changes. Costs increase. Infrastructure ages. Demand shifts. Over time, these factors affect the viability of even well-structured proposals.

The key question is not whether a proposal works under expected conditions. The key question is whether it will continue to function when those conditions change.

A proposal that appears balanced today may become difficult to sustain if revenues slow or costs rise. What appears stable may, under less favorable circumstances, become fragile. In most cases, the issue is not that the original analysis was incorrect, but that it did not fully consider how conditions evolve over time.

Understanding this dynamic allows Commissioners to evaluate proposals more effectively. The task is not to predict the future with precision, but to assess whether the system can remain stable under changing conditions.

1.4 Foundation for the Training That Follows

Financial understanding in the LAFCo context does not require technical expertise. Commissioners are not expected to perform detailed financial analyses. Instead, the objective is to recognize patterns that indicate whether a system is stable, improving, or becoming increasingly constrained.

These patterns are consistent across different types of agencies. Systems that remain stable over time tend to share similar characteristics, and systems that experience difficulty often follow predictable paths.

The purpose of this training is to make those patterns detectable.

The sections that follow build progressively on this foundation. You will see how financial imbalance develops, why it is not always immediately apparent, and how early indicators can be identified before they result in service disruption or structural failure.

Understanding that financial condition reflects direction, not just current position, is the starting point for effective Commission decision-making.

SECTION 2

Understanding Structural Balance

(Estimated reading time: 12–15 minutes)

2.1 Beginning with a Simple Idea

When people hear that a public agency has a “balanced budget,” it is usually taken as a sign that the agency is financially sound. The phrase suggests that revenues and expenditures are aligned and that the organization is operating responsibly.

In practice, the idea of a balanced budget can be misleading.

A budget reflects what happens within a single year. It shows how much money is expected to come in and how much is expected to be spent during that same period. As long as those two numbers match, the budget is considered balanced.

The difficulty is that public services do not operate within a single year. They operate continuously. Roads do not last one year. Water systems do not last one year. Employees do not work for one year. Financial obligations, once created, extend into the future.

Because of that reality, a budget that appears balanced today may not represent a system that is sustainable over time.

2.2 Moving from “Balance” to “Sustainability”

To understand this more clearly, it helps to separate two ideas that are often treated as the same:

- whether a budget balances this year
- whether the system will remain balanced over time

An agency can satisfy the first condition and still fail the second.

Imagine an agency that receives \$5 million in revenue each year but spends \$5.3 million providing services. In order to present a balanced budget, it transfers \$300,000 from its reserves to make up the difference.

On paper, the budget balances. The report will show \$5.3 million in revenue and \$5.3 million in expenditures. Nothing about the underlying system has changed. The agency is still spending more than it takes in. The only difference is that the shortfall is being covered by drawing down existing funds.

If that pattern continues, the reserves will eventually be depleted. At that point, the imbalance can no longer be hidden, and the agency must either reduce services, increase revenue, or face financial distress.

This is the difference between a system that is balanced and a system that is sustainable.

2.3 Introducing Structural Balance

To describe this difference more precisely, the term “structural balance” is used.

An agency is structurally balanced when its regular, ongoing revenues are sufficient to support its regular, ongoing costs—not just this year, but year after year.

The word “structural” is important. It refers to how the system is built.

A structurally balanced system does not depend on temporary solutions. It does not rely on one-time funding to support ongoing obligations. It does not postpone costs indefinitely. Instead, it aligns the way it operates with the resources it has available.

When structural balance is present, the system can continue operating even as conditions change. When it is absent, the system may continue for a time, but it is moving toward a point where adjustments become unavoidable.

2.4 How Structural Imbalance Develops

Structural imbalance does not usually begin with a single, significant decision. It often develops gradually, through a series of smaller choices.

An agency may decide to expand services because current revenue appears strong. That expansion may require hiring additional staff or increasing operational costs. At the time, the decision appears reasonable.

Later, revenues may slow or remain flat, while the new costs continue. To avoid reducing services or increasing rates, the agency may use reserves to cover the difference. Again, this may appear reasonable in the short term.

At some point, maintenance that is not immediately necessary may be postponed. Equipment may continue to be used beyond its ideal replacement cycle. Infrastructure improvements may be delayed.

Each of these actions can be justified individually. Together, they create a pattern. Costs remain elevated. Revenues are no longer keeping pace. Obligations are pushed into the future.

The system is no longer structurally balanced, even though no single decision created the problem.

2.5 Why Structural Imbalance Is Hard to See

One reason structural imbalance is so common is that it is not immediately visible.

In the early stages, the agency continues to function normally. Services are provided. Employees are paid. Customers are not aware of any issue. Financial reports may even describe the situation in neutral or positive terms.

The problem becomes visible only after the underlying gap between revenues and costs grows large enough that it can no longer be covered by temporary measures.

At that point, the adjustment required is often much more significant than it would have been earlier.

This is why LAFCo's role is focusing on direction rather than condition. By the time a problem is obvious, the number of available solutions is limited. Earlier recognition allows for more gradual and manageable responses.

2.6 Identifying Capital Needs and the Full Cost of Service

One reason structural imbalance is difficult to recognize is that most agencies focus almost entirely on their operating budget. The operating budget reflects what happens in a single year. It shows how much is spent on staffing, services, and day-to-day operations, and whether those costs can be covered with the revenue available that year.

What is often missing is a clear understanding of capital needs. Capital costs include the repair, replacement, and expansion of infrastructure: items such as pipelines, roads, facilities, and equipment. These assets wear out over time whether or not the agency is actively budgeting for them.

In many agencies, there is no formal capital budget or capital plan. When that is the case, the financial picture can appear stable even while long-term obligations are accumulating. The operating budget may be balanced, and reserves may appear adequate, but the cost of maintaining or replacing infrastructure is not fully incorporated into the agency's financial structure.

As a result, the system appears to work, but only because a portion of the true cost has been deferred into the future.

When a capital budget is present, those long-term needs are made visible. The agency can see not only what it spends today, but what it will need to spend over time to maintain service

levels. When a capital budget is absent, those needs remain hidden until they can no longer be postponed.

This distinction is critical for the Commission. An agency without a clear capital plan may appear financially stable based on its operating budget, while in reality it is falling behind on the investments required to sustain service. Understanding whether those long-term obligations have been identified and incorporated into financial planning is an important part of evaluating structural balance.

2.7 A Closer Look at a Common Pattern

To see how this develops in a realistic setting, consider a small service provider in a rural area; McFarland Recreation and Parks District (RPD) for example

Initially, McFarland RPD operated with modest costs and stable revenues. Over time, demand for additional parks and services increased slightly, and the agency expanded to meet that demand. Staffing levels increased, and operational costs rose accordingly.

At the same time, infrastructure begins to age. Minor maintenance issues are addressed, but larger capital improvements are deferred to avoid increasing rates.

For several years, the agency continues operating without visible difficulty. Budgets are balanced through minor adjustments, including small transfers from reserves.

Gradually, however, the gap widens. Costs continue to rise. Deferred maintenance accumulates. The reserve balance declines. Funding runs out.

Eventually, major capital expenses become unavoidable. Among other expenses, McFarland RPD's swimming pool becomes inoperable and the air conditioning for the Recreation Center needs major repair. At that point, the agency must address multiple issues at once: replacing infrastructure, restoring reserves, and covering ongoing operational costs.

What began as a manageable situation becomes a significant financial challenge. In practical terms, the agency has become insolvent.

2.8 Applying This Concept to LAFCo Review

When reviewing a proposal or evaluating an agency, the concept of structural balance provides a way to look beyond the numbers presented for a single year.

Rather than asking whether the budget works as shown, the Commission should consider whether the underlying assumptions can hold over time.

This includes questions such as:

- Are revenues stable, or do they depend on conditions that may change?
- Are costs reflective of the full-service obligation, or have some been deferred?
- Are reserves being maintained, or gradually used to support operations?

These questions do not require specialized financial training. They require an understanding of how imbalance develops and how it is often concealed in early stages.

2.9 Returning to the Larger Idea

At its core, structural balance is about alignment.

When revenues and costs are aligned, an agency can operate continuously without depending on short-term fixes. When they are not aligned, the system must rely on temporary measures, and those measures eventually run out.

The task for LAFCo is not to identify perfection, but to identify whether alignment exists.

Where alignment is present, stability is likely. Where it is not, risk is present—even if it is not yet visible.

2.10 Achieving Structural Balance

Now that the idea of structural balance has been introduced, the next step is to understand the components that determine whether that balance can be achieved.

The most important of those components is revenue; how it is generated, how stable it is, and how it responds to change.

The next section will focus on that subject, beginning again at a basic level and building toward a more complete understanding.

SECTION 3

Understanding Revenue: Stability, Risk, and Assumptions

(Estimated time: 10–15 minutes)

3.1 Starting with a Common Assumption

When financial information is presented to the Commission, revenue is often treated as a fixed number. A staff report will show projected revenue for a given year, and that number becomes the basis for evaluating whether a proposal works.

For a new Commissioner, it is natural to read that number at face value. If the report shows that revenue exceeds costs, the conclusion seems straightforward. The system appears viable.

However, revenue is rarely fixed in the way it is presented. It is an estimate based on a set of assumptions about how the system will behave in the future. Those assumptions may be reasonable, but they are not guaranteed.

Understanding the difference between a reported number and the assumptions behind it is one of the most important steps in evaluating financial conditions.

3.2 Not All Revenue Behaves the Same Way

To make sense of revenue, it helps to recognize that different types of revenue behave differently over time.

Some sources are relatively stable. Property tax is a good example. It tends to grow slowly and predictably, and it is not easily disrupted in the short term. Agencies that rely primarily on stable revenue sources are generally better positioned to maintain consistency in their operations.

Other sources are more variable. Fees for service, for example, depend on demand. If fewer people are using a service, revenue declines. If demand increases, revenue may grow, but not always in a predictable way.

There are also sources of revenue that are highly sensitive to economic conditions. Development-related revenue is a common example. During periods of growth, revenue can appear strong and reliable. When growth slows, revenue can decline quickly.

These distinctions matter because they determine how resilient an agency is to change. A system that depends on stable revenue behaves differently than one that depends on conditions that may fluctuate.

3.3 Seeing the Full Cost of Service: Operating Budgets and Capital Needs

One way to understand the difference between stable and variable revenue is to look at how the Commission itself is funded.

A small portion of the LAFCo budget is supported by application fees. These fees are tied directly to activity. In years with a high number of proposals and proceedings, fee revenue increases. In years with fewer applications—such as those experienced during broader economic downturns, revenue can decline significantly. This variation is not due to any change in LAFCo operations. It reflects shifts in development activity and external economic conditions that influence whether agencies and applicants bring proposals forward.

Because of that variability, fee revenue alone would not provide a reliable foundation for the Commission's budget. If the Commission relied primarily on fees, it would experience the same fluctuations as the underlying activity. In years with high activity, the budget might appear strong. In years with reduced activity, available funding could drop sharply, potentially affecting the Commission's ability to carry out its responsibilities.

To address this, the majority of LAFCo funding is derived from an annual assessment shared among the County, the cities, and the independent special districts. This structure distributes the cost of Commission operations across the agencies it serves and, more importantly, provides stability from year to year. While fee revenue may move up or down, the assessment provides a predictable source of funding that allows for consistent operations and long-term planning.

This distinction illustrates a broader principle. Revenue tied to activity or growth is inherently uncertain, while revenue based on stable, ongoing sources provides a foundation for continuity. Agencies that rely heavily on unpredictable revenue are more exposed to changes beyond their control. Agencies that incorporate stable funding sources are better positioned to maintain services even when external conditions shift. It is imperative to note that many agencies have limited control over what funding sources are available and are unencumbered to address specific needs.

Understanding how these differences affect financial stability is an important part of evaluating any agency or proposal before the Commission.

3.4 The Problem with Projections

Most financial reports include projections of future revenue. These projections are necessary, but they introduce a layer of uncertainty that is not always obvious.

A projection is not a guarantee. It is an estimate based on assumptions such as:

- continued economic conditions
- expected growth
- stable demand for services

If those assumptions hold, the projection may be accurate. If they do not, the results will differ.

This is where many financial systems begin to show strain. A proposal may be built on projections that appear reasonable, but those projections may not reflect how conditions change over time.

For example, a projection that assumes steady growth over a ten-year period may look plausible when viewed from a single point in time. However, growth rarely occurs in a straight line. It tends to rise and fall with broader economic cycles.

The issue is not whether the projection is optimistic or pessimistic. The issue is that projections do not capture variability unless it is intentionally included in the calculation.

3.5 A More Realistic Way to Think About Revenue

Instead of asking whether a revenue projection is accurate, it is more useful to ask how sensitive it is to change.

A simple way to think about this is to consider what happens when conditions are no longer ideal.

If revenue declines slightly, does the system still function?

If growth slows, is the agency still able to maintain services?

These questions are often more revealing than the projection itself.

An agency that remains stable under less favorable conditions is more likely to be sustainable. An agency that depends on everything going as planned is more likely to experience difficulty when conditions shift.

3.6 A Common Real-World Pattern

In practice, many agencies experience a similar pattern when it comes to revenue.

During periods of economic strength, revenues increase. Development occurs, demand rises, and financial conditions improve. Agencies may take this as a sign that expansion is appropriate. Services are added, infrastructure is built, staffing increases, and operations grow.

For a period of time, the system works well. Revenues support costs, and the agency appears to be in a strong position.

The challenge arises when conditions change. Growth slows, development levels off, or economic activity declines. Revenue growth stops or reverses. At the same time, the costs associated with expanded services remain in place.

The system that appeared stable during the growth period becomes strained.

This pattern is not unusual. It occurs because decisions are often based on current conditions rather than how those conditions may change.

3.7 Connecting Revenue to Structural Balance

The concept of structural balance introduced earlier depends heavily on how revenue behaves.

If revenue is stable and predictable, it is easier to align it with costs. If revenue is variable or uncertain, maintaining that alignment becomes more difficult.

This is why the structure of revenue matters as much as the amount.

An agency with modest but stable revenue may be more sustainable than one with higher but uncertain revenue. Stability allows for planning. Uncertainty requires flexibility.

When flexibility is not present, variability in revenue can lead directly to structural imbalance.

3.8 Evaluating Revenue Sustainability

When reviewing a proposal, the Commission is often presented with financial information that assumes a particular path forward. Revenue projections are built into that path, and those projections support the conclusion that the proposal is viable.

If a proposal depends on a continued growth path, it is appropriate to consider what happens if growth slows. If it depends on a specific revenue source, it is appropriate to consider how stable that source is.

Commissioners should not evaluate revenues solely on whether revenue projections are increasing or decreasing, but on whether they are controllable, stable, and aligned with service obligations. Revenues derived from statutory apportionments, property taxes, or external funding sources may provide stability but offer limited flexibility. Conversely, fee-supported revenues may provide local control but are subject to political constraints and cost-of-service limitations. Understanding these distinctions is critical when evaluating

whether an agency's financial condition reflects structural limitations or management decisions.

The Commission's responsibility is to look beyond fixed numbers on a page.

This does not require challenging every assumption. It requires understanding how those assumptions affect the outcome.

These are not technical questions. They are practical ones that reflect how public systems operate over time.

3.9 Returning to the Larger Idea

Revenue is not simply the number at the top of a budget. It is a dynamic part of the system that responds to external conditions.

Understanding that dynamic is essential to evaluating whether a system is stable or vulnerable.

As you move forward, the concepts introduced here will connect with what you have already learned about structural balance. Together, they provide a clearer picture of how financial systems function over time.

3.10 Revenue is Only Half the Story

With an understanding of how revenue behaves, the next step is to examine the other side of the equation: costs.

While revenue can fluctuate, costs often follow a different pattern. Understanding that pattern is critical to understanding why imbalance develops and how it becomes difficult to correct.

The next section will focus on that relationship, beginning again with fundamental ideas and building toward a more complete understanding of cost structure in public agencies.

SECTION 4

Understanding Costs and Financial Condition

(Estimated time: 10–15 minutes)

4.1 Beginning with a Simple Observation

When people first begin reviewing financial information, there is often an assumption that revenues and costs behave in similar ways. If revenue increases, services can expand. If revenue decreases, it seems reasonable to assume that costs can be reduced.

In practice, that is rarely how public agencies operate. Revenue streams are generally stable...right up until they aren't.

Revenue can move up and down depending on economic conditions, development activity, and demand for services. Costs, once established, tend to remain in place. This creates an imbalance that is not immediately obvious but becomes increasingly important over time.

To understand this, it is helpful to start with how costs are actually created.

4.2 How Costs Become Part of the System

Most public service costs fall into two general categories: the people who provide the service, and the systems that support it.

Employees represent the most visible part of this structure. Staffing levels increase as services expand. Once those positions are filled, they become part of the ongoing operation of the agency. Salaries, benefits, and related obligations are not temporary. They continue from year to year.

Infrastructure operates in a similar way, although it is less visible in day-to-day discussions. Roads, water systems, facilities, and equipment must be maintained and eventually replaced. These are not optional costs. They are necessary to keep the system functioning.

When an agency expands its services, it does not simply increasing its activity for a single year. It is committed to a higher level of costs that will continue into the future.

4.3 Why Costs Do Not Adjust Easily

Once costs are built into a system, they are difficult to reduce for both practical and structural reasons.

Reducing staffing levels can affect service delivery. Infrastructure cannot simply be neglected without consequences. Contracts, regulatory requirements, and operational expectations all reinforce the continuation of those costs.

Even when an agency recognizes that revenues are no longer keeping pace, adjusting costs often requires significant changes. Services may need to be reduced. Rates may need to increase. Capital projects may need to be delayed or reprioritized.

These are not easy decisions, and they are rarely immediate. As a result, costs tend to remain in place even when conditions change.

4.4 A Common Pattern in Public Agencies

To see how this works in practice, consider what happens during a period of increasing revenue.

Let's say an agency experiences growth. More demand leads to more activity. In response, the agency expands its services. Additional staff are hired. Operations are scaled up. Service levels improve.

At that point, the system appears to be working well. Revenues support costs, and the expansion seems justified.

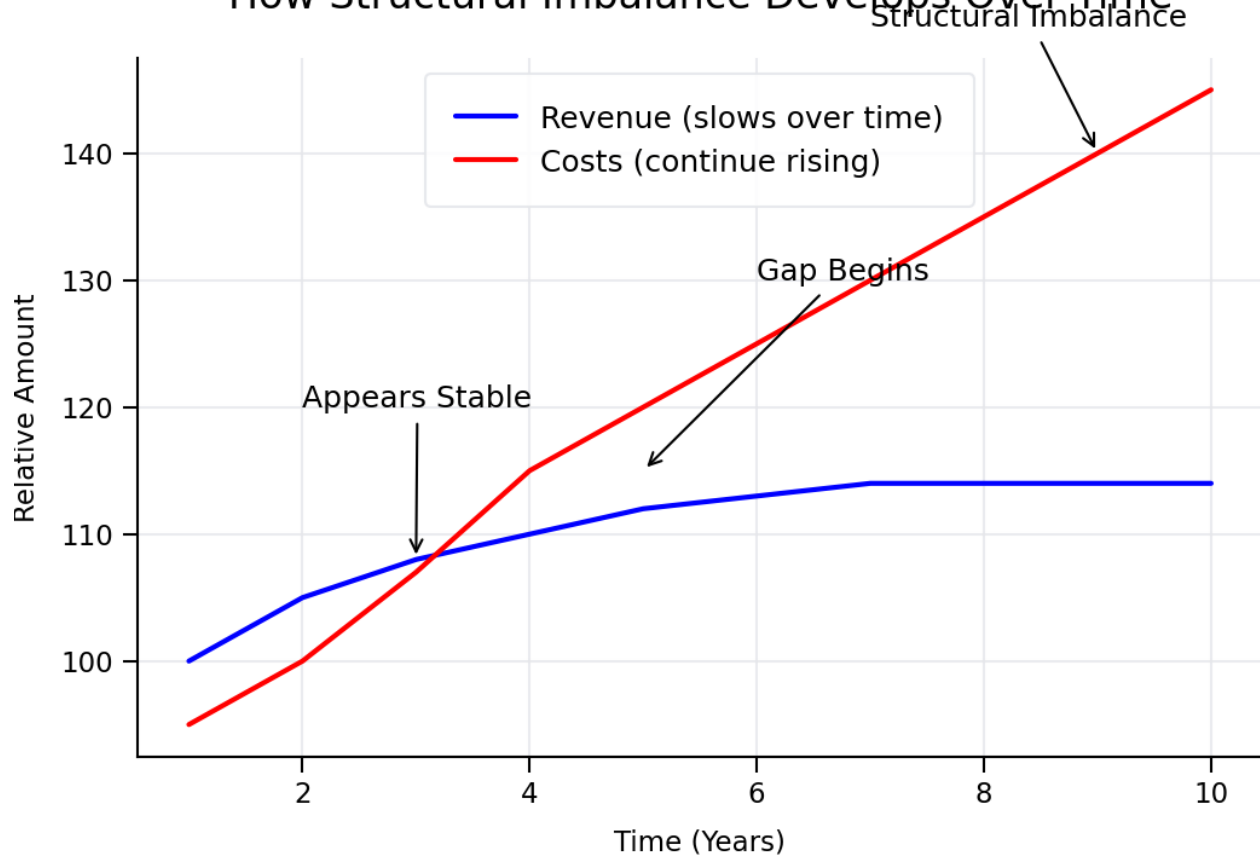
Now consider what happens if those conditions change.

Growth slows. Revenue levels off or begins to decline. However, the costs associated with the expanded services remain. The staffing is still in place. The operational commitments still exist.

The system that worked under one set of conditions now becomes difficult to sustain under another. This is not the result of a single mistake. It is the result of making long-term cost commitments based on short-term conditions.

This pattern is inherent to how public agencies expand and contract, not the result of poor decision-making in isolation.

How Structural Imbalance Develops Over Time



4.5 The Difference Between Temporary and Ongoing Costs

One way to understand this more clearly is to distinguish between temporary and ongoing costs.

Temporary costs are limited in duration. They are associated with specific projects or short-term needs. Once the project is complete, the cost ends.

Ongoing costs, by contrast, become part of the agency's baseline operations. They do not end without deliberate action. Staffing, routine operations, and maintenance fall into this category.

Problems arise when ongoing costs are supported by revenue that is not permanent. If a service expansion is funded by revenue that later declines, the agency must either find new revenue or reduce the service.

This is why the structure of costs matters as much as the structure of revenue.

4.6 Connecting Costs to Structural Balance

Earlier, structural balance was described as the alignment between ongoing revenues and ongoing costs.

Understanding cost behavior helps explain why that alignment can be difficult to maintain.

If revenue declines unexpectedly but costs remain fixed, a gap develops. That gap may be addressed in the short term through reserves or other adjustments, but it reflects a deeper imbalance.

Maintaining structural balance requires that costs be considered with the same level of attention as revenue. It is not enough to ask whether revenue is sufficient today. It is also necessary to consider whether the costs being committed can be sustained over time.

4.7 Evaluating Financial Condition as a System

Financial conditions cannot be understood by reviewing individual indicators in isolation and must instead be evaluated as an integrated system. Fund balance, reserve levels, revenue stability, and expenditure patterns each provide useful information, but none are sufficient on their own to assess long-term sustainability.

An agency with strong reserves may still face underlying financial risk if those reserves are being used to offset ongoing structural deficits or deferred infrastructure obligations. Conversely, an agency with limited reserves may be financially stable if it maintains consistent revenues, controlled expenditures, and a clear plan for capital needs.

Commissioners should look for alignment across indicators rather than relying on any single metric. When indicators point in different directions, that inconsistency is itself a finding that warrants further attention. The key question is whether current financial practices can be sustained over time without reliance on stopgap measures, deferrals, or external intervention.

Persistent reliance on short-term balancing measures such as using reserves to support ongoing operations, delaying capital investment, or depending on uncertain external funding should be viewed as a warning sign. These practices may temporarily stabilize financial reporting but often indicate a mismatch between revenues and service obligations.

4.8 A Practical Way to Evaluate Cost Risk

When reviewing financial information, the structure of costs is as important as the amount of those costs.

Some systems are more adaptable than others. Agencies that rely heavily on fixed costs, such as staffing and long-term obligations, have less flexibility to respond to change. Agencies with more variable cost structures may be able to adjust more easily.

This does not mean that one approach is better in all cases. It means that the level of risk is different.

A system with rigid costs requires stable revenue to remain balanced. A system with more flexibility can tolerate greater variation in revenue.

Understanding that relationship is an important part of evaluating financial sustainability.

4.9 Returning to the Larger Idea

At this point, the relationship between revenue and costs begins to come into focus.

Revenue can vary significantly.

Costs tend to be intolerant to change.

When those two forces move in different directions, imbalance develops.

The role of the Commission is to recognize when that imbalance may occur and to evaluate whether the system can withstand it.

This does not require predicting the future. It requires understanding how the system is structured and how it is likely to behave under changing conditions.

4.10 The Role of Cash Reserves

With an understanding of both revenue and cost behavior, the next step is to look more closely at one of the clearest indicators of financial condition: reserves.

Reserves reflect how the system has performed over time. They show whether revenue and costs have been aligned, and how the agency has managed the difference when they are not.

The next section will focus on how to interpret those signals and what they reveal about underlying financial health.

SECTION 5

Understanding Reserves and What They Reveal Over Time

(Estimated time: 12–15 minutes)

5.1 Starting with What Commissioners Usually See

When financial information is presented to the Commission, one of the most visible numbers is the fund balance or reserves. It is often summarized in a simple way. The report may show the total amount in reserves, or it may express that amount as a percentage of annual expenditures.

From an initial review, this number can seem reassuring. If an agency has a healthy reserve balance, it is often taken as a sign that the agency is financially sound.

That conclusion is not necessarily wrong, but it is incomplete. Reserves exist for uncertain times, which tend to arrive with impressive consistency.

Reserves do not just show where an agency stands at a single point in time. They reflect what has been happening over time. To understand what reserves are telling you, it is necessary to look beyond the number itself and consider how it is changing.

5.2 What Reserves Represent

At a basic level, reserves are the accumulation of past financial performance. When an agency collects more revenue than it spends, reserves increase. When it spends more than it collects, reserves decrease. Because of that, reserves function as a record of whether revenue and costs have been aligned over time.

If an agency has maintained structural balance, reserves tend to remain stable or grow gradually. If structural imbalance exists, reserves often begin to decline, sometimes slowly at first and then more rapidly.

This makes reserves one of the clearest indicators of underlying financial condition, even when other parts of the financial picture appear stable.

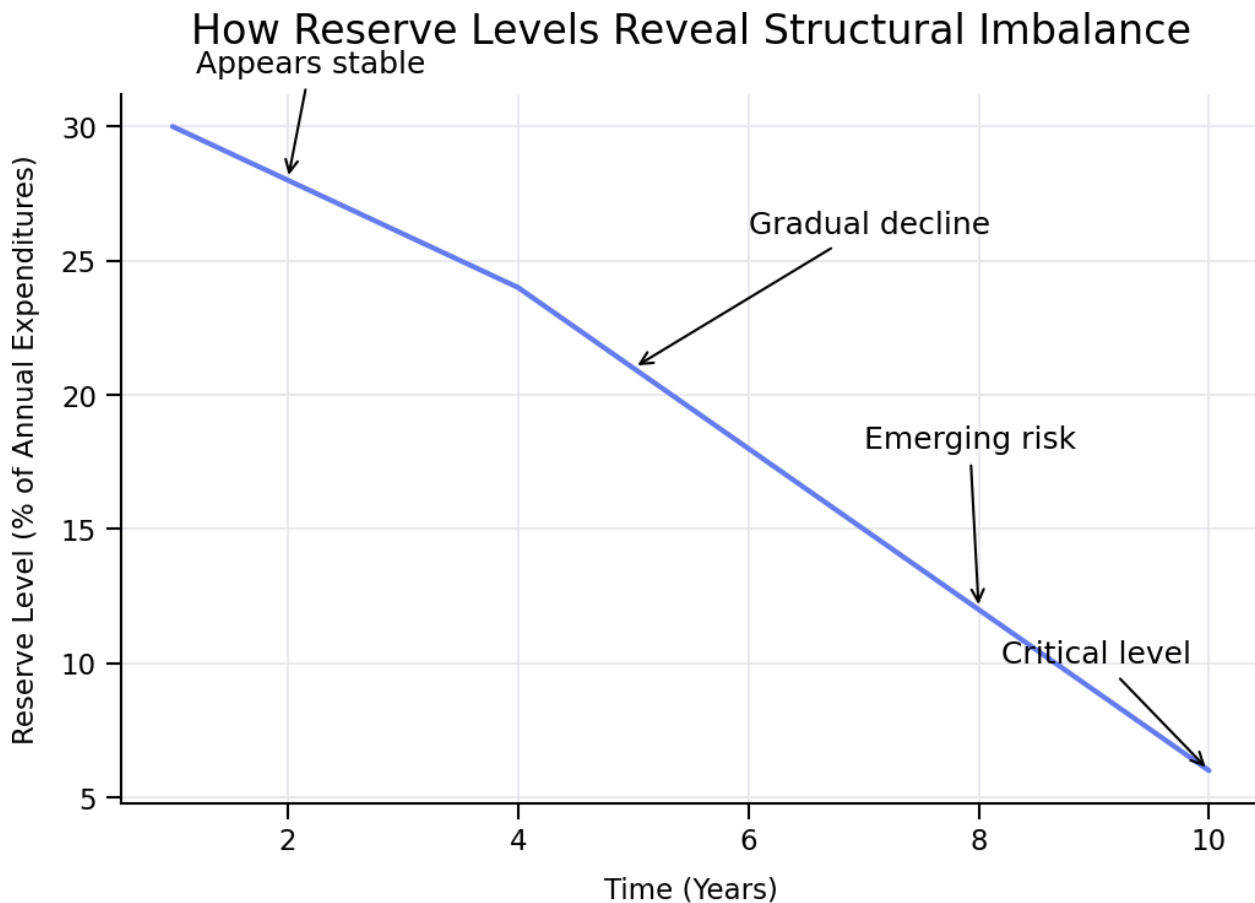
5.3 Why a Single Number Can Be Misleading

A common mistake is to focus on the level of reserves without considering the trend.

An agency may report that it has reserves equal to twenty percent of its annual expenditures. On its own, that number may appear adequate. However, if those reserves were 25 percent the previous year, and 30 percent three years ago, a pattern is emerging. The agency is drawing down its reserves each year to maintain its operations.

At the current level, there may still be enough available to manage short-term needs. But the direction of change indicates that costs and revenues are no longer aligned. This is why reserves should be understood as a trend-based indicator rather than a fixed condition.

A strong reserve balance, by itself, does not necessarily indicate financial stability. An agency may have accumulated reserves during prior periods of favorable conditions and still be operating with a current structural imbalance. In these cases, reserves function as a temporary buffer rather than evidence of long-term sustainability. An agency can also accumulate reserves over years for a specific project that will result in a reduction in reserves. Without examining the direction of change and asking questions, a single reserve figure can create a false sense of stability.



5.4 A Common Pattern of Decline

In many agencies, declining reserves follow a consistent and recognizable pattern.

In the early stages, the decline is small. A modest difference between revenue and costs is covered by a slight reduction in reserves. The change from one year to the next may not attract attention. It appears manageable.

Over time, however, the pattern continues. Each year, a similar adjustment is made. The reserve balance gradually declines. During this period, the agency may continue to operate normally. Services are not reduced, and there is no immediate pressure to make significant changes. From the outside, the situation appears stable.

The turning point comes when reserves reach a level where they no longer provide a sufficient buffer. At that point, the agency must respond more directly. Because the imbalance has been developing for several years, the adjustment required is often more significant than it would have been earlier.

What appeared to be a gradual and manageable situation becomes a more immediate concern.

5.5 Connecting Reserves to the Earlier Discussion

The pattern described above is the practical result of the relationship described in Section 4.

When revenue growth slows and costs continue to rise, a gap develops. That gap is not always visible in a single-year budget because it can be covered in the short term.

Reserves are where that gap shows up.

Each time an agency uses reserves to balance its budget, it compensates for the difference between its revenues and its costs. As long as that difference exists, the reserve balance will continue to decline.

In this way, reserves provide a clear signal of whether the system is structurally balanced. Stable reserves suggest alignment. Declining reserves indicate that imbalance is already present.

5.6 The Role of Reserves in Maintaining Stability

While declining reserves often indicate a problem, it is important to recognize that reserves also serve an essential purpose. Agencies maintain reserves so they can respond to unexpected events, such as:

- economic downturns
- emergency repairs
- fluctuations in demand

Using reserves for these purposes is appropriate. That is why they exist.

Concern arises when reserves are used not for unexpected events, but as a regular part of ongoing operations. When reserves are used in this way, they are no longer acting as a buffer. They are being used to support a system that is not self-sustaining.

The distinction is not whether reserves are used, but how they are used. When reserves are applied to temporary or unexpected events, they support stability. When they are used repeatedly to fund ongoing operations, they indicate that the system is not self-sustaining.

5.7 A Practical Way to Read Reserve Information

When reviewing reserve information, it is helpful to think in terms of patterns rather than isolated data points.

An agency with a stable reserve level over several years is demonstrating that its revenues and costs are generally aligned. An agency with a reserve balance that increases gradually shows that it has some capacity to absorb future changes.

An agency with declining reserves is showing that it is using stored resources to maintain its current level of service. The key question in that situation is how long that pattern can continue.

The answer depends on both the size of the reserves and the size of the gap between revenues and costs. Small imbalances may persist for longer periods, while larger imbalances lead more quickly to a point where action is required.

5.8 Applying This to Commission Review

When the Commission reviews an agency or a proposal, reserve information provides a way to evaluate how the financial system has been functioning over time.

A stable or improving reserve position supports the conclusion that the system is functioning within its means. A declining reserve position raises the question of whether the current structure can be sustained.

This does not mean that any decline is cause for immediate concern. It means that the trend should be understood and considered in context.

The Commission's role is not to manage the agency's finances, but to determine whether the structure in place supports long-term service delivery. Reserves provide one of the clearest indicators of whether that support exists.

5.9 Evaluating Reserve Signals in Context

Reserves should be evaluated in conjunction with revenue trends, cost structure, and capital planning rather than as a standalone measure of financial health. A stable or growing reserve balance supports, but does not confirm, long-term sustainability if underlying assumptions are not examined.

Commissioners should consider whether reserves are being maintained through structurally balanced operations or supported through one-time conditions, deferred costs, or favorable but temporary revenue patterns. The key question is not how much is in reserve at a given moment, but what the reserve trend indicates about the direction of the system.

When reserves, revenue stability, and cost structure align, the system is likely functioning within its means. When these indicators diverge, the difference between them becomes the most important signal for further evaluation.

5.10 Returning to the Larger Idea

At this point in the training, the connection between the different elements should be clearer.

- Revenue can vary based on conditions.
- Costs tend to persist once they are established.
- When the two move out of alignment, reserves reflect the difference.

Over time, the condition of those reserves reveals whether the system is stable or under stress.

Understanding how to interpret that signal is a key part of evaluating the financial health of any agency before the Commission.

5.11 Long-Term Obligations and Sustainability

The next step is to look beyond current operations and examine obligations that extend further into the future. Some of the most significant financial impacts on an agency do not appear clearly in annual budgets or even in reserve trends until they have developed over many years. The next section will focus on those longer-term obligations and how they affect financial sustainability over time.

Section 6. Long-Term Sustainability and Service Reliability

(Estimated Time: 30–45 minutes)

6.1 Purpose and Relationship to Commission Responsibilities

This section expands the financial discussion beyond the annual budget cycle and focuses on whether an agency can reliably provide services over time. For LAFCo, this perspective is central to nearly every action it takes. Annexations, consolidations, reorganizations, and Municipal Service Reviews all require an evaluation of not just current financial condition, but future viability.

A financially balanced agency today may still be on a trajectory toward service failure if it is not planning for infrastructure replacement, revenue volatility, or changing service demands. Commissioners should therefore view sustainability as a forward-looking assessment of risk, capacity, and governance.

Section 6 examines indicators of financial condition and how those indicators should be interpreted in the context of LAFCo decision-making:

Financial Condition Spectrum for Local Agencies

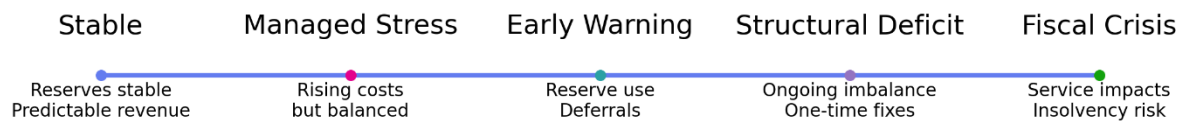


Exhibit 6.1.1 Financial Condition Spectrum for Local Agencies

Local agencies typically move along a continuum rather than shifting abruptly into crisis. Early indicators—such as reserve drawdowns or reliance on one-time solutions—often appear well before service impacts or insolvency risks become visible.

6.2 Core Elements of Financial Sustainability

Long-term sustainability is typically defined by the presence of three interrelated components:

First, revenues must be aligned with the full cost of providing service, including operations, maintenance, and capital replacement. Agencies that fund only current operations while deferring infrastructure costs are not financially sustainable.

Second, reserve levels must be adequate to absorb economic fluctuations, emergencies, and unexpected expenditures. Reserves serve as a buffer against instability and reduce reliance on reactive decision-making.

Third, agencies must demonstrate active planning, including capital improvement programs, rate studies, and financial forecasting. Sustainability is not achieved through static budgeting but through continuous evaluation and adjustment.

When any of these components are missing, the likelihood of service disruption increases, even if no immediate financial distress is visible. When these components are not aligned, the result is structural imbalance, which is addressed in more detail below.

6.3 Structural Imbalance and Its Implications

A key concept for Commissioners is structural imbalance. This occurs when recurring expenditures grow faster than recurring revenues. Unlike short-term deficits, which may be addressed through temporary measures, structural imbalance reflects a deeper misalignment between how services are funded and how costs are incurred.

In practice, agencies may temporarily mask this imbalance by deferring maintenance, delaying capital projects, or drawing down reserves. While these actions maintain short-term solvency, they weaken long-term stability. Over time, the cumulative effect results in larger financial corrections, often requiring significant rate increases, service reductions, or external intervention.

Exhibit 6.3.1 Structural vs. One-Time Budget Solutions

Structural Solutions	One-Time Solutions
Ongoing revenue alignment	Use of reserves
Cost containment	Asset sales
Service level adjustments	Deferred maintenance
Long-term sustainability	Interfund borrowing

A structurally balanced budget requires that ongoing expenditures be supported by ongoing revenues. Reliance on one-time resources—such as reserves or asset sales—to fund recurring costs is a primary indicator of underlying fiscal imbalance.

Commissioners should be cautious of agencies that rely on one-time revenues, interfund transfers, or irregular funding sources to support ongoing operations, as these are common indicators of structural imbalance.

6.4 Infrastructure and Deferred Maintenance

Infrastructure is the foundation of most public services, and its condition is directly tied to financial health. Assets such as water systems, roads, vehicles, and facilities deteriorate over time and require systematic replacement.

Deferred maintenance occurs when agencies postpone necessary repairs or replacement due to funding constraints. Although this may reduce short-term expenditures, it creates a growing liability that eventually results in asset failure. At that point, costs are significantly higher and often require emergency funding measures.

From a LAFCo perspective, agencies that cannot identify their major assets, estimate their useful life, or articulate a replacement funding strategy present a material risk to long-term service delivery. This issue is frequently identified during Municipal Service Reviews and is a common driver of discussions regarding consolidation or governance changes. From a Commission perspective, deferred maintenance should be treated not as a technical issue, but as a direct indicator of financial stress and potential service risk.

6.5 Retirement Obligations and Long-Term Liabilities

In addition to infrastructure, one of the most significant long-term obligations facing many public agencies is the cost of employee retirement benefits. These obligations typically include pension systems, such as CalPERS or KCERA, and may also include other post-employment benefits such as retiree healthcare.

Unlike annual operating costs, retirement obligations are incurred over time but are not always fully funded as they accrue. When an agency does not contribute at the level required to cover the full long-term cost of benefits being earned by employees, a gap develops between what has been promised and what has been set aside to pay for those promises. This gap is commonly referred to as an unfunded liability.

Several factors have contributed to the growth of these unfunded liabilities across many agencies. In some cases, contribution levels were intentionally reduced during periods of fiscal stress to balance annual budgets, with the expectation that funding would be restored later. In other cases, assumptions used by retirement systems, such as investment return rates or workforce trends, proved to be overly optimistic, leading to lower contributions in earlier years than were ultimately required.

Market performance also plays a role. Pension systems rely heavily on investment earnings to fund future benefits. During periods of strong market returns, funding levels improve. During downturns, losses can significantly increase unfunded liabilities, particularly if contribution rates were set based on more favorable assumptions.

Pension Liability Pressure on Agency Budgets



Pension costs can grow at a faster rate, regardless of local fiscal discipline, increasing total personnel costs even when staffing levels remain stable. These obligations are influenced by external factors and can create structural pressure on agency budgets over time.

From an agency perspective, these dynamics can create a situation where current budgets appear balanced while long-term obligations continue to grow. Required contributions to retirement systems often increase over time as these liabilities are recognized and amortized. This places additional pressure on future budgets, competing with operating costs, capital needs, and reserves.

For budgeting purposes, retirement costs are often described as “projected.” In practice, that tends to mean subject to revision.

From a Commission standpoint, retirement liabilities should be viewed in the same way as deferred infrastructure: as a long-term obligation that reflects whether the full cost of service is being recognized and funded. Agencies with significant unfunded liabilities may still provide services effectively in the short term, but their financial structure may be increasingly constrained over time as required contributions rise.

Commissioners do not need to evaluate the technical details of pension funding, but should consider whether an agency understands its long-term obligations and is consistently meeting required contribution levels. A pattern of underfunding or rapidly increasing retirement costs should be treated as a material factor in evaluating long-term financial sustainability.

6.6 Revenue Stability and Risk Exposure

This subsection builds on the revenue types introduced earlier and focuses on how those sources affect long-term stability. The issue is not what the revenues are, but how reliable, controllable, and sustainable they are over time.

A stable agency relies primarily on recurring and predictable revenues that keep pace with ongoing service obligations. Property tax allocations generally provide consistency but may not grow at a rate sufficient to cover rising costs or capital needs. User fees offer greater local control, but their adequacy depends on the agency's willingness and ability to adjust rates over time.

Any new or increased fees must comply with Proposition 218, requiring mailed notice and protest procedures, and potentially voter approval. This introduces an additional step in the process and creates inherent uncertainty, as approval ultimately depends on property owner or voter support.

Risk increases when agencies depend on revenues that are either volatile or nonrecurring. Grant funding, reimbursements, and one-time allocations can support capital projects, but when used to fund ongoing operations they create structural exposure. Similarly, revenue streams tied to fluctuating demand or economic conditions can introduce instability if not offset by reserves or rate flexibility.

From a Commission perspective, the evaluation should focus on alignment. Recurring costs should be supported by recurring revenues. Flexible revenue sources should be actively managed through regular rate review. One-time revenues should be clearly limited to one-time uses. When these alignments are not present, the agency's financial position may appear balanced in the short term but is unlikely to remain stable over time.

6.6.1 TOP SECRET: LES CLARK SUBSECTION ON PETROLEUM TAXES

Petroleum production has long served as a defining element of Kern County's fiscal structure. For decades, oil and gas properties provided a stable and dependable component of the local property tax base, combining high assessed values with long production lives. In many areas of the county, particularly those tied directly to oilfield activity, this revenue became integrated into the financial base supporting local services.

That foundation is now changing. Recent data indicates that assessed values associated with oil and gas properties declined approximately 12.3 percent in the most recent fiscal year and are down roughly 64 percent since 2014. While overall assessed value in the county has continued to increase modestly, largely due to residential and commercial growth, those gains do not replicate the fiscal role historically filled by petroleum assets.

Petroleum's assessed value was not only distinguishable by its magnitude but also its stability. Production declines were typically gradual, and fields often remained in operation for decades. This provided a reliable revenue stream that could offset fluctuations in other sectors. Underpinning this stability was an industry structure that allowed assets to transition from large operators to mid-sized and eventually smaller independent companies, extending the productive life of maturing fields.

That transition model is now weakening. The number of mid-sized operators willing to invest in California has declined, and smaller operators face increasing challenges related to capital, regulation, and long-term liability. As a result, assets that would historically have continued producing under new ownership may instead be idled or abandoned. This shift can accelerate the decline in assessed value beyond what would be expected from normal production trends.

The fiscal effects of this change are uneven. Agencies with historical exposure to oil production, particularly those located in or near oilfield areas, are more vulnerable to declining revenues. For these agencies, petroleum-related property tax has provided both magnitude and predictability. As oilfield revenue base contracts, agencies may face growing pressure to maintain service levels, especially where costs are fixed or increasing.

Although increases in residential and commercial development have helped offset these declines in aggregate terms, they do not provide a direct replacement. Residential development generally produces lower assessed value per acre while generating higher service demands, resulting in a different and often less favorable fiscal balance. As such, substitution of petroleum revenue through growth in other sectors is inherently limited.

Recent increases in residential property values—approaching 40 percent over the past decade in some segments—have partially masked the decline in petroleum-related

valuation. However, such rates of growth are unlikely to continue indefinitely. If residential appreciation moderates while oil-related values continue to decline, the combined effect may be a slowing of overall assessed value growth and more visible fiscal pressure at the local level.

The decline in petroleum-based assessed valuation reflects a broader structural shift rather than a temporary fluctuation. As the industry continues to consolidate and production trends downward, the fiscal contribution of oil and gas is likely to diminish further. Local agencies with historical reliance on this revenue source should anticipate a gradual but sustained change in their financial landscape, with impacts varying based on the degree of exposure to petroleum-related assets. *Mayday Mayday!*

6.7 Governance and Financial Policy Frameworks

Sustainable agencies are typically supported by clear financial policies adopted by their governing boards. These policies may include reserve targets, capital improvement planning requirements, debt management guidelines, and rate-setting procedures.

The presence of formal policies indicates that financial decisions are made within a structured framework rather than on an ad hoc basis. This consistency promotes stability and reduces the risk of reactive decision-making.

Conversely, agencies without defined financial policies often experience inconsistent budgeting practices, underfunded reserves, and delayed capital investment. For LAFCo, the absence of such policies is an important indicator when evaluating governance effectiveness.

6.8 Scale, Efficiency, and the Limits of Size

The evaluation of scale is one of the most practical and important responsibilities of the Commission, particularly in regions with wide variation in agency size and capacity. The size of an agency—both in terms of population served and organizational capacity—has a direct impact on its financial sustainability and service effectiveness. However, there is no single threshold at which an agency becomes “too small” or “too large.” Instead, scale becomes an issue when it begins to hinder an agency’s ability to deliver reliable, cost-effective services.

At the smaller end of the spectrum, agencies often face structural constraints. These may include a limited revenue base, minimal staffing, lack of technical expertise, and an inability to spread fixed administrative costs across a larger customer base. These conditions can make it difficult to implement best practices such as capital planning, reserve policies, and regular rate studies. In many cases, small agencies function adequately during stable

conditions but lack the capacity to adapt to infrastructure failure, regulatory changes, or growth pressures.

At the larger end, scale can introduce a different set of challenges. Large organizations, such as counties or multi-service providers, may benefit from economies of scale, but can also experience reduced efficiency due to complex governance structures, layered decision-making, and reduced service responsiveness. In these cases, the issue is not capacity, but alignment—whether the size and structure of the organization still support efficient and responsive service delivery.

For LAFCo, the evaluation of scale is not based on size alone, but on performance indicators tied to capacity and efficiency.

An agency may be considered functionally too small when it demonstrates:

- Inability to maintain infrastructure or fund replacement
- Reliance on external entities for core administrative or technical functions
- Lack of financial planning tools such as capital improvement programs or reserve policies
- Persistent vulnerability to minor financial or operational disruptions

Conversely, an agency may be considered functionally too large or inefficient when it demonstrates:

- Disproportionate administrative overhead relative to service delivery
- Slow or unresponsive service provision due to organizational complexity
- Misalignment between service areas and governance structure
- Limited transparency or accountability in financial decision-making

The Commission's role is not to impose ideal sizes, but to determine whether the current structure supports sustainable and efficient service delivery. This distinction is important. A small district is not inherently problematic, and a large agency is not inherently inefficient. The question is whether scale is helping or hindering performance.

Identifying When Change Is Warranted

LAFCo typically identifies scale-related issues through Municipal Service Reviews, sphere of influence updates, and proposal evaluations. Patterns tend to emerge over time rather than from a single data point. Indicators such as chronic deferred maintenance, unstable

finances, repeated service complaints, or inability to meet regulatory requirements often point to underlying structural limitations tied to scale.

In Kern County, where agency sizes vary significantly, this analysis is particularly important. Some small districts may lack the resources to independently sustain operations, while larger providers may not deliver services with the level of efficiency or responsiveness expected at a more local scale. In both cases, the issue is structural rather than temporary.

Moving from Diagnosis to Change

Recognizing a scale problem is only the first step. The more difficult task is translating that recognition into meaningful change. LAFCo does not directly manage agencies, so change must occur through a combination of policy, influence, and formal proceedings.

There are several pathways through which discussions about scale can lead to operational change:

First, Municipal Service Reviews create the analytical foundation. Clear, evidence-based findings regarding financial instability, infrastructure risk, or governance inefficiencies establish the basis for future action. Without this record, change is difficult to justify.

Second, the sphere of influence process signals long-term intent. By adjusting boundaries or expectations regarding service provision, LAFCo can guide future growth, discourage inefficient expansion, or encourage consolidation over time.

Third, LAFCo can facilitate conversations between agencies. Many structural changes—such as shared services agreements or consolidations—begin as informal discussions rather than formal proposals. LAFCo’s role as a neutral convener is often critical in these early stages.

Fourth, formal actions such as annexations, consolidations, or dissolutions may be initiated when conditions warrant. These actions typically require a combination of local support, financial feasibility, and, in some cases, demonstrated service failure or risk. Even then, change is often incremental rather than immediate.

Finally, financial reality itself is often the catalyst. Agencies facing rising costs, infrastructure failures, or regulatory pressure may become more willing to consider structural changes that were previously resisted. LAFCo’s role is to ensure that when those moments occur, there is a clear and defensible pathway toward a more sustainable service model.

Practical Takeaway for Commissioners

Commissioners should approach questions of scale with a focus on outcomes rather than size. The goal is not to ask whether an agency is small or large, but whether it is capable, resilient, and efficient.

Where an agency lacks capacity, the conversation should center on how to build it—through partnerships, shared services, or structural change. Where an agency is large but inefficient, the focus should shift to alignment, accountability, and service delivery structure.

In both cases, meaningful change rarely occurs quickly. It requires consistent findings, clear communication, and a willingness to align long-term structure with long-term service needs.

6.9 Evaluating Trends Over Time

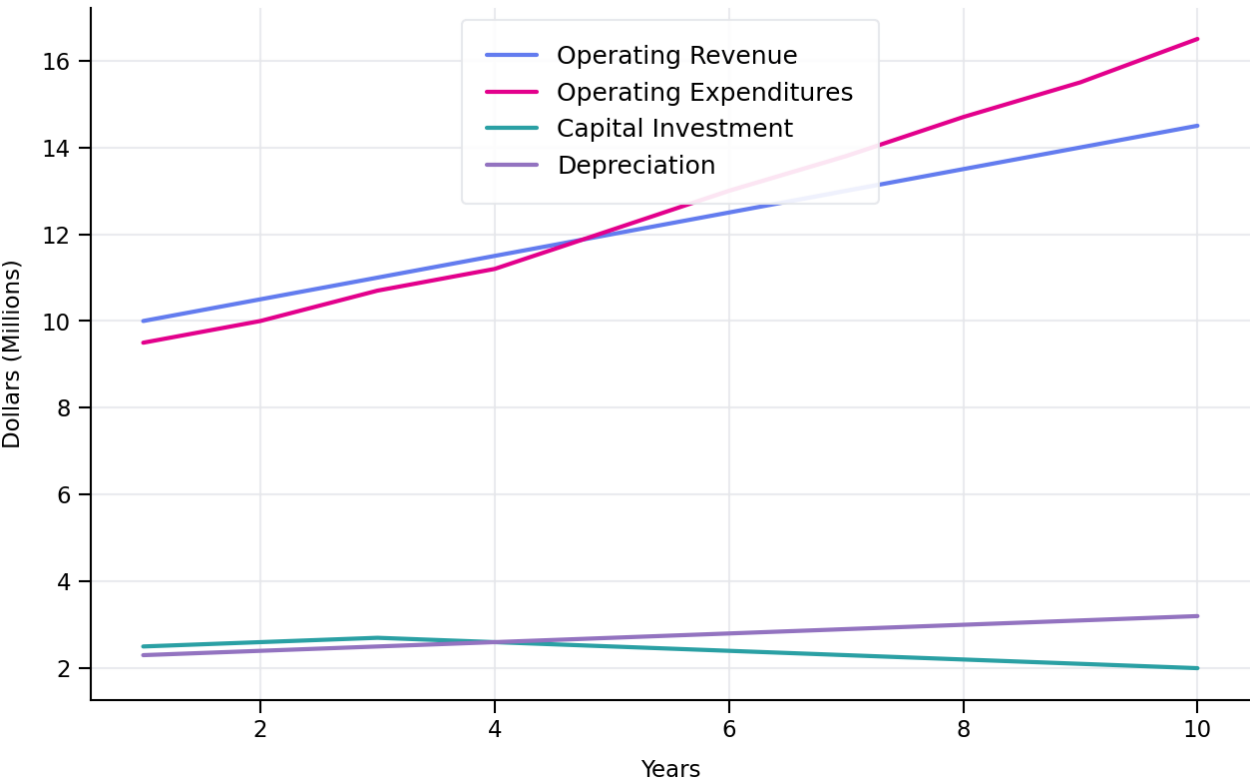
Trend analysis is one of the most reliable methods for distinguishing between temporary conditions and structural problems. A single fiscal year provides limited insight into an agency's financial condition, while patterns observed over a five- to ten-year period reveal whether that condition is improving or deteriorating.

When evaluating trends, Commissioners should consider how revenues compare to expenditures over time, whether reserve levels are stable relative to annual spending, and whether capital investment is keeping pace with estimated depreciation and infrastructure needs. It is also important to examine whether revenues are growing at a rate sufficient to support rising costs, and whether debt obligations are increasing in a way that may constrain future budgets.

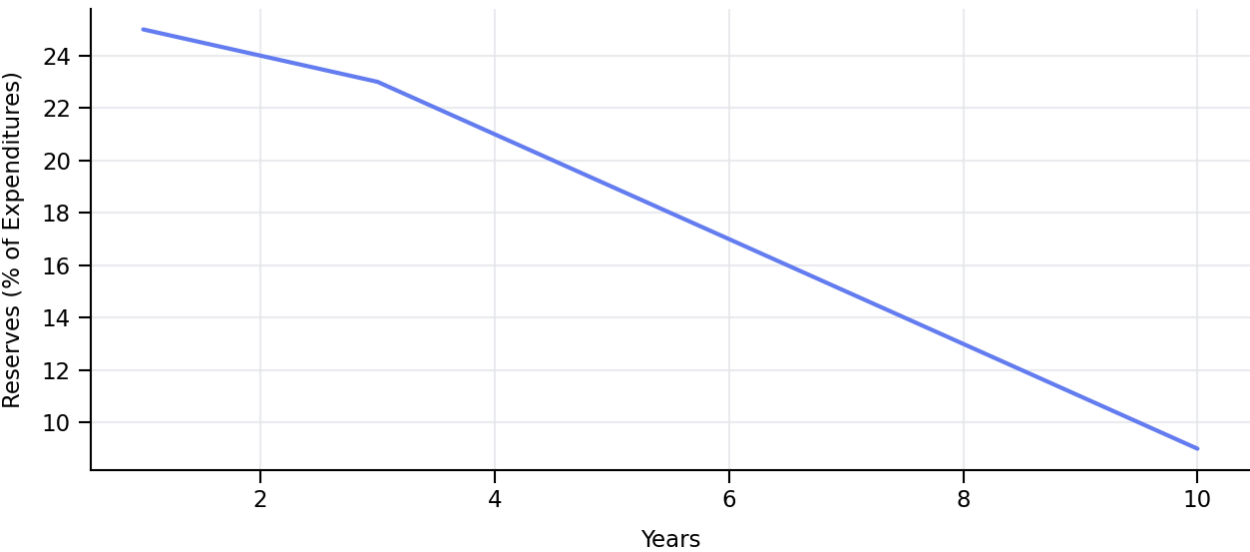
These indicators should be interpreted together rather than in isolation. Consistent alignment across these measures suggests a structurally stable system, while divergence between them may indicate emerging financial stress. The objective is not to identify a specific threshold, but to determine whether the overall trajectory reflects stability, improvement, or gradual decline.

6.10 Sustainability Trend Visualization

Exhibit 6-A: Sustainability Trend Visualization



Reserve Levels Over Time



In a financially stable agency, revenues track closely with or exceed expenditures, reserves remain within adopted policy ranges, and capital investment meets or exceeds depreciation. In a declining agency, expenditures outpace revenues, reserves trend downward, and capital investment consistently falls below depreciation.

These visuals reinforce the importance of trend analysis and provides Commissioners with a quick reference for identifying long-term financial patterns.

6.11 Application to LAFCo Actions

Long-term sustainability should be a primary consideration in nearly every Commission action. When considering annexations, Commissioners must evaluate whether the receiving agency can support expanded service demands over time. In Municipal Service Reviews, sustainability is a primary factor in determining whether service structures are appropriate.

In more complex situations, such as reorganizations or dissolutions, sustainability may become the determining issue. The Commission's role is not to respond to failure after it occurs, but to recognize when existing structures are unlikely to remain viable and to consider alternatives that better serve the public's interest.

6.12 Evaluating the Whole System

Financial sustainability is the foundation of reliable public service. A balanced budget alone does not ensure long-term viability. Commissioners should evaluate whether agencies are planning for the future, funding infrastructure appropriately, maintaining adequate reserves, and operating within a stable revenue framework.

By focusing on trends, risk exposure, and governance practices, Commissioners can better assess whether services will remain dependable over time and whether current organizational structures are appropriate for long-term success.

Commissioners should evaluate sustainability by asking whether the current service model can continue without relying on favorable conditions, deferred obligations, or external intervention. When revenues, costs, infrastructure planning, and governance practices align, long-term service reliability is likely. When those elements are misaligned, the risk is not immediate failure, but gradual decline that becomes more difficult to correct over time.

Section 7. Financial Red Flags and Early Warning Indicators

(Estimated Time: 25–35 minutes)

7.1 Purpose and Connection to Commission Oversight

This section provides Commissioners with practical tools to identify financial stress before it results in service failure. While earlier sections focused on how agencies should operate, this section emphasizes how to recognize when they are not.

LAFCo rarely encounters agencies at the moment of collapse. Instead, the Commission is presented with warning signs over time—during Municipal Service Reviews, budget submissions, annexation proposals, or informal discussions. The ability to recognize these early indicators allows the Commission to respond proactively rather than reactively.

The intent of this section is not to create a rigid checklist, but to develop pattern recognition. Most agencies experiencing financial distress exhibit similar warning signs, even if the specific circumstances differ.

7.2 Structural Warning Signs in Financial Statements

The most meaningful warning indicators usually appear through patterns in financial reporting rather than through a single unfavorable figure.

A consistent gap between revenues and expenditures is one of the clearest warning signs. If expenditures routinely exceed revenues, even by small amounts, the agency is likely relying on reserves or deferred obligations to maintain operations.

Declining fund balances or reserves over multiple years also indicate instability. While occasional use of reserves is appropriate, a steady downward trend suggests that the agency is using them to support ongoing operations rather than one-time needs.

Another indicator is irregular or inconsistent budgeting. Agencies that frequently amend their budgets, rely on last-minute adjustments, or present unaudited or incomplete financial information may lack internal financial controls.

Commissioners should also be cautious of budgets that appear artificially balanced. This often occurs when one-time revenues, interfund transfers, or deferred expenditures are used to offset ongoing costs.

7.3 Operational Indicators of Financial Stress

Financial problems rarely exist in isolation. They are often accompanied by operational symptoms that reflect constrained resources or diminished capacity.

Deferred maintenance is one of the most common indicators. When agencies delay routine repairs or capital replacement, it is often due to insufficient funding. Over time, this leads to visible deterioration of infrastructure and increased risk of failure.

Staffing limitations are another indicator. Agencies that rely heavily on part-time staff, contractors for core functions, or a single individual performing multiple critical roles may lack the capacity to sustain operations long-term.

Service-level reductions may also signal financial stress. These can include reduced maintenance cycles, slower response times, or elimination of nonessential services. While sometimes presented as efficiency measures, they often reflect underlying financial constraints. When these operational issues begin to appear repeatedly, they should be viewed not simply as management inconveniences, but as outward signs of deeper financial or organizational strain.

7.4 Revenue and Funding Red Flags

An agency's revenue structure can reveal significant risk when recurring obligations depend on unstable, limited, or nonrecurring funding sources. Heavy reliance on one-time funding for recurring operations is a primary red flag. Grants, special allocations, or temporary revenue enhancements may temporarily stabilize finances, but they do not provide a sustainable foundation.

Volatility in revenue streams is another concern. Agencies dependent on highly variable sources—such as development-related fees or usage-based charges—may experience instability during economic shifts.

Commissioners should also watch for reluctance or inability to adjust rates. Agencies that have not conducted a rate study or implemented adjustments over extended periods may face sudden and significant increases when correction becomes unavoidable. This often creates political resistance that further delays necessary action.

Another important indicator of long-term financial stress is the presence of significant unfunded retirement liabilities, or a pattern of underfunding required contributions to pension systems such as CalPERS or KCERA. While these obligations may not immediately affect service delivery, they can place increasing pressure on future budgets as contribution requirements rise. Agencies that do not consistently meet required funding levels, or that face rapidly increasing retirement costs, may experience reduced financial flexibility and increased risk over time.

7.5 Governance and Management Weaknesses

Financial instability is often rooted not only in numbers, but in governance and management practices. Even agencies with adequate revenue structures can experience deterioration when leadership is inconsistent, financial oversight is weak, or institutional knowledge is lost over time.

One of the most significant warning indicators is frequent turnover in executive management. Stability in positions such as City Manager, General Manager, or Finance Director is critical to maintaining continuity in budgeting, financial planning, and policy implementation. When an agency experiences repeated turnover, long-term planning efforts are often interrupted or abandoned, financial strategies shift direction, and accountability becomes diffused.

High turnover also creates operational gaps. Incoming management must spend time assessing conditions rather than advancing long-term solutions, while interim leadership may focus on short-term stabilization rather than structural correction. Over time, this cycle can prevent the agency from establishing or maintaining sound financial practices.

Frequent transitions can create momentum—just not always in a single direction.

The absence of key financial personnel is an equally serious concern. Agencies without a finance director or equivalent position often struggle to produce timely budgets, complete audits, or maintain accurate financial reporting. These deficiencies limit transparency and reduce the ability of governing boards and oversight bodies to make informed decisions.

A recent local example of how these conditions can combine is found in the City of California City. The city has experienced significant turnover in the City Manager position over a relatively short period, while also facing gaps in financial staffing and delays in completing budgets and audits. This combination of leadership instability and weakened financial infrastructure illustrates how management conditions can directly contribute to broader fiscal and operational challenges.

This example is not unique. Across jurisdictions, agencies that experience repeated leadership changes and lack consistent financial oversight often exhibit similar patterns: delayed financial reporting, reactive budgeting, and difficulty implementing corrective measures. Over time, these conditions can erode both financial stability and public confidence.

For Commissioners, the presence of these governance indicators should prompt closer review. While turnover or staffing gaps may be temporary in some cases, persistent patterns signal deeper organizational issues that can undermine long-term sustainability.

7.6 Scale-Related Warning Indicators

As discussed in Section 6, scale can influence financial performance. This section focuses on how scale-related issues present as warning signs.

For smaller agencies, red flags often include inability to maintain reserves, lack of capital planning, and reliance on external support for basic administrative or technical functions. These indicators suggest limited capacity rather than immediate failure, but they increase vulnerability.

For larger agencies, warning signs may include disproportionate administrative costs, slow implementation of projects, and difficulty aligning financial decisions with service delivery outcomes. These issues often reflect organizational complexity rather than resource scarcity.

In both cases, the Commission's task is to determine whether the current scale of the agency supports dependable and efficient service delivery, or whether it has become a source of structural vulnerability.

7.7 Interpreting Combinations of Indicators

No single warning indicator, standing alone, is usually sufficient to determine that an agency is in serious financial distress. However, when multiple indicators appear together, the level of concern increases significantly.

For example, an agency with declining reserves, deferred maintenance, and no capital plan presents a different level of risk than an agency with only one of those issues. Commissioners should evaluate the overall pattern rather than focusing on isolated concerns.

Context is also important. Some indicators may reflect temporary conditions, such as economic downturns or planned use of reserves. The role of the Commission is to distinguish between short-term conditions and long-term structural problems.

7.8 Response Options and Commission Tools

Once warning signs are identified, the Commission has several tools available to encourage or facilitate corrective action.

Municipal Service Reviews provide the primary mechanism for documenting deficiencies and making recommendations. Clear findings create a record that can support future actions.

Sphere of influence updates can guide long-term service expectations and discourage unsustainable expansion. They can also signal where consolidation or service transfer may be appropriate.

LAFCo may also act as a facilitator, encouraging agencies to explore shared services, partnerships, or governance changes. In many cases, early collaboration can prevent more disruptive actions later.

Where conditions warrant, formal actions such as consolidations, reorganizations, or dissolutions may be considered. These actions typically require substantial evidence and coordination but provide a pathway to long-term stability.

7.9 Practical Framework for Commissioners

In practice, Commissioners can evaluate an agency's condition by asking a focused set of questions. Are revenues consistently aligned with expenditures, or is the agency relying on reserves or one-time measures to close recurring gaps? Are reserves stable and used for appropriate purposes, or are they gradually being consumed to support ongoing operations? Is infrastructure being maintained and planned for, or are maintenance and capital needs being deferred? Does the agency demonstrate sufficient organizational capacity to manage its responsibilities, including budgeting, reporting, and long-term planning? Finally, are governance practices structured, consistent, and transparent? When multiple answers raise concern, further scrutiny is warranted.

7.10 Seeing the Warning Signs Before They Become Crises

Financial distress rarely occurs without warning. Most agencies exhibit clear indicators well before service failure becomes unavoidable. By recognizing these signs early, Commissioners can take a proactive role in guiding agencies toward corrective action.

Commissioners should view warning indicators as signals requiring judgment rather than as automatic conclusions. The presence of one concern may warrant monitoring, but recurring patterns across financial condition, service reliability, infrastructure planning, and governance are what most clearly indicate structural risk. The Commission's role is not to wait for failure, but to recognize when the accumulated evidence shows that existing conditions are unlikely to remain stable over time.

The objective is not to penalize agencies for weakness, but to identify when existing conditions are unsustainable and to support transitions that protect long-term service reliability.

Section 8. From Insight to Action: How LAFCo Drives Change

(Estimated Time: 15–20 minutes)

8.1 Purpose and Strategic Role

By this point in the training, Commissioners understand how to evaluate financial conditions (Section 6) and how to recognize warning signs (Section 7). The remaining question is: what does LAFCo actually do with that information?

Section 8 focuses on translating analysis into action. LAFCo is not a direct service provider and does not manage agencies. Its influence comes through planning, boundary authority, and the ability to shape long-term service structures. This section explains how those tools are used to move from identified problems to tangible outcomes.

In short, if Sections 6 and 7 answer “What is happening?” this section answers “What do we do about it?”

8.2 The Reality of Incremental Change

Unlike private sector restructuring or direct administrative control, LAFCo operates in an environment where change is typically gradual. Agencies retain local control, political considerations are ever-present, and statutory processes require time and evidence.

As a result, most meaningful change occurs incrementally. Rarely does a single action resolve underlying structural issues. Instead, LAFCo builds a record, signals direction, and creates opportunities for alignment over time.

For Commissioners, this requires patience and consistency. The goal is not immediate correction, but steady movement toward more sustainable service delivery models. For Commissioners, this means that decisions should be evaluated not only for their immediate impact, but for how they contribute to a longer sequence of actions over time.

8.3 Core Tools Available to LAFCo

LAFCo has a defined set of tools that, when used together, can influence agency behavior and structure. These tools are most effective when viewed as part of a coordinated approach rather than as isolated actions.

Municipal Service Reviews establish the analytical foundation. They document conditions, identify deficiencies, and provide recommendations. While MSRs do not compel action, they create the evidentiary record necessary for future decisions.

Sphere of Influence determinations act as policy guidance. They communicate the Commission’s expectations about service provision and future growth. A well-defined

sphere can discourage inefficient expansion and encourage consolidation where appropriate.

Boundary changes—annexations, detachments, consolidations, and dissolutions—are the Commission’s most direct mechanism for structural change. These actions alter who provides service and under what framework.

Finally, LAFCo serves as a convener. Informal discussions, facilitated conversations, and early coordination between agencies are often the starting point for more formal proposals.

None of these tools are particularly effective in isolation. Their strength comes from consistent, coordinated use over time.

8.4 Recognizing Windows of Opportunity

An important practical skill for Commissioners is recognizing when conditions are favorable for change.

Most agencies resist structural adjustments during stable periods. However, certain conditions make change more likely:

- Infrastructure failure or urgent capital needs
- Leadership transitions or vacancies
- Regulatory pressure or compliance challenges
- Financial stress that limits available options

These moments create what can best be described as “alignment windows,” where the cost of maintaining the status quo becomes greater than the cost of change.

LAFCo’s role is to be prepared for these moments with a clear record, defined options, and a defensible path forward.

8.5 Aligning Recommendations with Reality

Not all recommendations are equally feasible. Some agencies may be capable of implementing internal reforms such as rate adjustments, policy adoption, or staffing improvements. Others may lack the capacity to do so, regardless of intent.

Effective Commission action requires matching recommendations to the agency’s actual capability.

For example:

- A well-resourced agency may respond to a recommendation for enhanced capital planning or reserve policies
- A small or capacity-limited district may require shared services or administrative support
- In more constrained cases, consolidation or dissolution may be the only durable solution

The objective is to recommend actions that are not only technically correct, but realistically achievable. Recommendations that do not align with an agency's capacity are unlikely to be implemented, regardless of their technical merits.

8.6 From Recommendation to Implementation

A common challenge in LAFCo processes is the gap between recommendations and actual outcomes.

Implementation typically follows a progression:

First, the issue is clearly documented through an MSR or related analysis.

Second, expectations are communicated through formal determinations or Commission discussion.

Third, agencies are given time and opportunity to respond voluntarily.

Finally, if conditions persist, LAFCo may consider formal actions or stronger policy signals.

Progress is often uneven. Some agencies respond quickly, while others require repeated engagement. Commissioners should expect this variability and focus on maintaining consistency in expectations.

8.7 Managing Local Dynamics

Every LAFCo decision operates within a local political and organizational context. Agencies have governing boards, staff, and stakeholders who ultimately support or at least tolerate change.

This means that even well-supported technical conclusions may face resistance. Concerns about local control, identity, or cost can influence decision-making as much as financial data.

Commissioners should be aware of these dynamics without being driven by them. The Commission's responsibility is to focus on long-term service reliability and public interest, even when that requires navigating complex local considerations. Commissioners should

remain aware of these dynamics while maintaining a consistent focus on long-term service reliability and statutory responsibility.

8.8 Transitioning from Insight to Action

LAFCo's authority may be limited in scope, but when used effectively, its tools are highly influential. The Commission does not need to act quickly to be effective, it needs to act consistently, with a clear understanding of long-term objectives.

The transition from insight to action is where the Commission's role becomes most visible. By building a strong record, recognizing opportunities, and aligning recommendations with reality, LAFCo can guide service delivery toward more sustainable and efficient structures.

Section 9. Commissioner Judgment, Decision-Making, and the Public Interest

(Estimated Time: 10–15 minutes)

9.1 Purpose and Role of the Commissioner

This section brings the training to its practical conclusion by focusing on the role of the Commissioner as a decision-maker. Financial data, service evaluations, and policy tools all inform the process, but ultimately the Commission must exercise judgment.

LAFCo decisions are not purely technical. They require balancing statutory requirements, financial realities, local dynamics, and long-term public interest. This section is intended to help Commissioners understand how to apply the information from prior sections in a consistent, defensible, and effective manner. Commissioners are ultimately responsible for decisions that shape service delivery beyond the immediate circumstances of any individual proposal.

Where earlier sections focused on analysis, this section focuses on decisions.

9.2 The Standard: Long-Term Public Interest

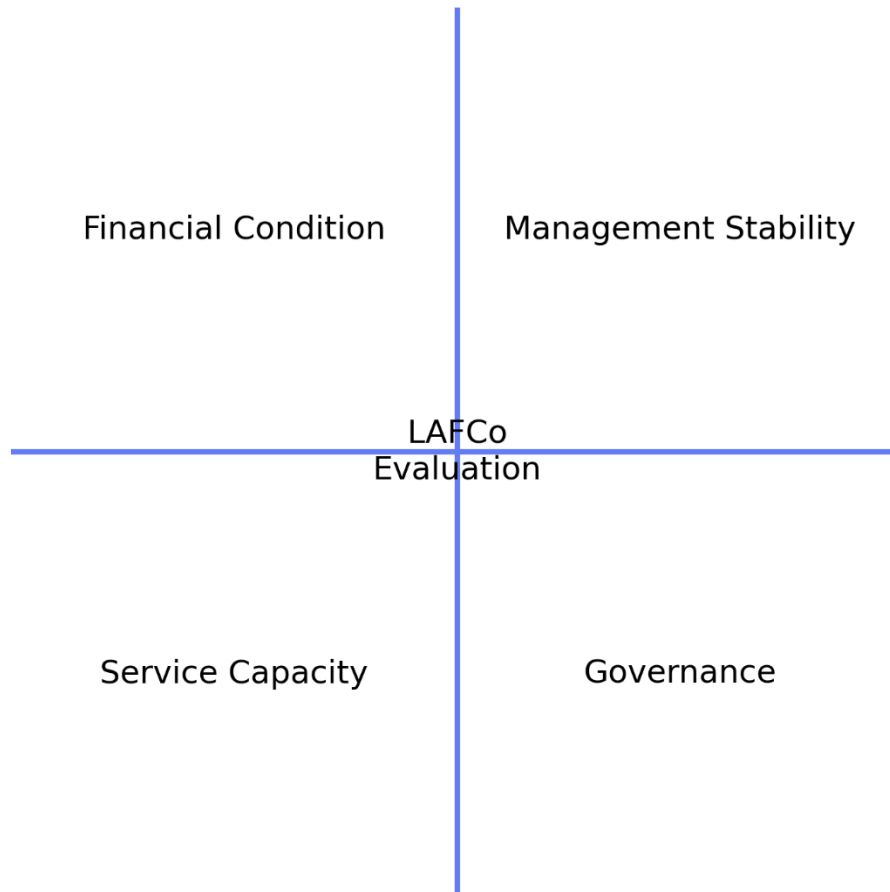
At the core of every LAFCo action is the concept of long-term public interest. While not always defined in precise terms, it provides the guiding principle for Commission decisions. In practice, this means prioritizing reliable and sustainable service delivery, efficient use of public resources, logical and orderly development of service boundaries, and accountability and transparency in governance. These objectives do not always align with short-term preferences or local pressures, and decisions that serve the long-term public interest may be uncomfortable in the moment, particularly when they involve structural change. In practical application, Commissioners should evaluate whether a proposal that appears acceptable in the short term will remain viable as conditions change over time.

9.3 Balancing Local Control and Regional Responsibility

A consistent tension in LAFCo decision-making is the balance between local control and regional oversight. Agencies value autonomy, and local governing boards are accountable to their constituents. At the same time, LAFCo has a statutory responsibility to ensure that services are delivered efficiently and sustainably across jurisdictions. Respect for local control does not require the Commission to defer to local preferences when those conditions undermine long-term service stability. The role of the Commission is not to override local decision-making unnecessarily, but to act when structural conditions—such as financial instability, service deficiencies, or inefficient governance—compromise the long-term reliability of service delivery.

Exhibit 9.3.1

LAFCo Evaluation Framework



LAFCo evaluations require consideration of multiple interrelated factors, including financial condition, management stability, service capacity, and governance. No single factor controls the outcome; risk emerges from how these elements interact.

9.4 Weighing Evidence and Avoiding Overreaction

Not every concern requires immediate or significant action. One of the most important skills for Commissioners is distinguishing between temporary challenges and structural problems.

Single-year deficits, leadership changes, or isolated service issues may reflect short-term conditions. In contrast, consistent patterns—such as recurring deficits, declining reserves, deferred maintenance, and governance instability—indicate deeper concerns.

Commissioners should avoid overreacting to isolated issues while also avoiding the opposite risk of inaction when clear patterns emerge. The goal is proportional response.

based on evidence and trends. At the same time, consistent patterns of concern should not be deferred indefinitely, as delay can limit available options and increase the scale of future corrective actions.

9.5 Consistency and Defensibility in Decisions

Consistency is one of the foundations of credible Commission decision-making. While every proposal presents unique facts, Commissioners should strive to apply the same analytical standards across similar situations. Consistency promotes fairness, strengthens public confidence, and helps ensure Commission actions remain defensible if challenged. Decisions do not need to produce identical outcomes, but similar circumstances should be evaluated through the same framework and supported by comparable reasoning.

9.6 Navigating Uncertainty

Commissioners may, at times, be required to make decisions without complete certainty. Financial projections may change, growth patterns may shift, and agency conditions may evolve over time. The objective in these situations is not to eliminate uncertainty, but to manage it effectively. This can be done by focusing on long-term trends rather than precise forecasts, identifying key risk factors and potential scenarios, favoring options that preserve flexibility and adaptability, and avoiding decisions that create long-term obligations without a clear and sustainable funding base. Sound decision-making acknowledges uncertainty while maintaining forward progress rather than becoming delayed by incomplete information.

9.7 The Importance of Institutional Perspective

Individual Commissioners bring different experiences and perspectives to the Commission. This diversity is valuable, but decisions must ultimately reflect the institution rather than any single viewpoint.

The Commission functions best when members engage in collective reasoning, test assumptions, and work toward shared understanding. Differences in perspective should improve decision quality rather than fragment it.

Maintaining an institutional perspective also means recognizing that LAFCo actions build over time. Each decision contributes to a broader framework that shapes future service delivery.

9.8 Practical Decision Framework

When approaching a LAFCo action, Commissioners can apply a structured sequence of evaluation. The first step is to clearly identify the underlying condition or issue being

presented. From there, the Commission should determine whether the issue reflects a temporary circumstance or a structural concern with long-term implications. The next step is to consider what is likely to occur if no action is taken, including potential impacts on service reliability and financial condition. Commissioners should then evaluate the options available within LAFCo authority and consider which approach best aligns with long-term public interest. This process promotes consistency and ensures that decisions are grounded in analysis rather than immediate reaction.

9.9 Common Pitfalls in Commission Decision-Making

Several recurring challenges can affect Commission decision-making. These include placing excessive weight on short-term concerns, relying on anecdotal information rather than documented trends, hesitating to act due to political sensitivity, and applying standards inconsistently across similar situations. Awareness of these tendencies allows Commissioners to recognize them in real time and maintain a disciplined approach to decision-making.

9.10 Decisions That Stand the Test of Time

The effectiveness of LAFCo ultimately depends on the quality of its decisions. Data, analysis, and policy tools provide the foundation, but judgment determines the outcome.

Commissioners are tasked with making decisions that may not produce immediate results, but that shape service delivery for years to come. By focusing on long-term public interest, applying consistent standards, and grounding decisions in evidence, the Commission can fulfill its role as a steady and credible steward of local government structure.

The strength of the Commission is reflected not in any single decision, but in the consistency and discipline applied across all decisions over time.

Section 10. Key Takeaways and Closing Perspective

(Estimated time: 2 Minutes)

10.1 Core Principles for Commissioners

The central lesson of this training is that financial condition is best understood as a pattern rather than a snapshot. Revenues, expenditures, reserves, infrastructure obligations, governance practices, and organizational capacity must be evaluated together and over time. Commissioners should focus less on isolated numbers and more on whether the overall system is sustainable.

10.2 The Commissioner's Role in Practice

At its core, this training is about asking better questions—which, as it turns out, is most of the work.

Commissioners are not auditors, accountants, or managers. Their role is to evaluate whether agencies are positioned to provide reliable service over time and to take action when they are not. This requires a consistent approach to questioning and evaluation. Commissioners should consider whether an agency is financially sustainable over the long term, whether current challenges reflect temporary conditions or deeper structural issues, and whether the agency has the capacity to resolve those issues independently. When concerns are identified, the Commission must determine what action, if any, is necessary to protect the public interest. The answers to these questions should guide decision-making more than reliance on any single financial metric or narrow piece of information.

10.3 Final Perspective

LAFCo's work is often gradual and, at times, underappreciated. However, its impact is significant. Decisions made by the Commission affect our communities by shaping how services are delivered, determining who provides them, and ensuring they remain reliable in the future.

In many cases, success is not immediately visible. It appears over time in the form of stable agencies, maintained infrastructure, and avoided crises.

The Commission's responsibility is to make decisions that will still make sense years from now, even if they are difficult in the moment.

Over time, it is this consistency in approach—grounded in evidence, guided by long-term perspective, and applied across decisions—that defines the effectiveness of the Commission.

Appendix A

State of California: Financial Legal Authorities

Proposition 13 (California Constitution, Article XIII A)

Summary Requirement

Limits ad valorem property taxes to 1 percent of assessed value, with restricted annual increases except upon change in ownership or new construction.

Practical Effect

Constrains revenue growth for local agencies and creates long-term dependence on fixed property tax allocations and alternative revenue sources.

LAFCo Relevance

Limits an agency's ability to organically grow revenue, requiring Commissioners to consider whether financial challenges are structural rather than managerial.

Proposition 218 (Articles XIII C and XIII D)

Summary Requirement

Imposes procedural and substantive requirements on property-related fees and assessments, including voter or property owner approval and proportionality requirements.

Practical Effect

Restricts the ability of agencies to raise rates or impose new charges, particularly for water, sewer, and other utility services.

LAFCo Relevance

Revenue constraints under Proposition 218 often contribute to structural imbalance, particularly for special districts reliant on service fees.

Debt Limitation (California Constitution, Article XVI, Section 18)

Summary Requirement

Prohibits local agencies from incurring indebtedness exceeding annual revenues without voter approval, subject to limited exceptions.

Practical Effect

Limits the ability to finance long-term obligations without voter support, often leading agencies to rely on short-term solutions or alternative financing structures.

LAFCo Relevance

Helps explain why some agencies defer costs or underinvest in infrastructure, contributing to long-term instability.

Balanced Budget Requirements (General Government Practice)**Summary Requirement**

Most local agencies are required to adopt balanced budgets, although definitions of “balance” may include the use of reserves or one-time revenues.

Practical Effect

Agencies may appear financially stable while relying on temporary measures to support ongoing operations.

LAFCo Relevance

Reinforces the distinction between a legally balanced budget and a structurally balanced budget, as discussed in Section 6.

Government Code Section 53891 (Reserve Policies)**Summary Requirement**

Requires local agencies to adopt and maintain a policy addressing the use and level of reserves.

Practical Effect

Promotes transparency but allows significant discretion in how reserves are defined, used, and replenished.

LAFCo Relevance

Reserve levels—and patterns of reserve use—are key indicators of financial condition and should be evaluated in context.

Pension Obligations (CalPERS and Related Statutory Framework)**Summary Requirement**

Participating agencies must make actuarially determined contributions to fund retirement benefits.

Practical Effect

Contribution rates are influenced by actuarial assumptions and market performance, and may increase independently of local fiscal conditions.

LAFCo Relevance

Represents a major structural cost driver that can create financial pressure even in otherwise well-managed agencies.

Joint Powers Authorities (Government Code Section 65000 et seq.)**Summary Requirement**

Allows multiple public agencies to jointly exercise powers through a separate legal entity.

Practical Effect

Can distribute service delivery and financial obligations across multiple agencies, sometimes reducing visibility into risk exposure.

LAFCo Relevance

Requires careful evaluation of service responsibility and financial accountability when JPAs are involved.

Appendix B

California Senate Bill 827

Bill Title: Local agency officials: training.

Sponsorship: Partisan Bill (Democrat 3)

Status: (*Passed*) 2025-10-11 - Chaptered by Secretary of State. Chapter 661, Statutes of 2025. [[SB827 Detail](#)]

Download: [California-2025-SB827-Enrolled.html](#)

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

Senate Bill

No. 827

Introduced by Senator Gonzalez
(Coauthor: Senator Arreguín)
(Coauthor: Assembly Member Ransom)

February 21, 2025

An act to amend Sections 53234, 53235.1, and 53235.2 of, and to add Article 2.4.6 (commencing with Section 53238) to Chapter 2 of Part 1 of Division 2 of Title 5 of, the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 827, Gonzalez. Local agency officials: training.

Existing law imposes ethics training on specified local agency officials. Existing law requires each training to be 2 hours and requires the officials to receive each training every 2 years, and as described otherwise, with the first training within one year of commencing service. Existing law requires the local agency to maintain records of the trainings, as prescribed.

This bill would expand which local agency officials are required to complete the above-described ethics training to include department heads, or other similar administrative officers, as specified, and would instead require officials who commence service on or after January 1, 2026, to receive their initial training within 6 months of commencing service. The

bill would require the local agency to post clear instructions and contact information for requesting the training records on its internet website, as specified.

This bill would additionally require all local agency officials, as defined, to receive at least 2 hours of fiscal and financial training, as described. The bill would require the training to be received at least once every 2 years, as provided. The bill would exempt from these requirements specified local agency officials if they are in compliance with existing education requirements specific to their positions.

This bill would authorize a local agency or an association of local agencies to contract with or otherwise collaborate with a provider of a training course to offer one or more training courses, or sets of self-study materials with tests, to its local agency officials to meet the training requirement, as described. The bill would require the training courses and materials to be developed in consultation with experts in local government finance, as specified. The bill would require providers of training courses to provide participants with proof of participation for purposes of complying with specified recordkeeping requirements. The bill would require a local agency to provide information on training available at least once annually. By imposing additional duties on local officials, the bill would create a state-mandated local program.

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Bill Text SB 827

The people of the State of California do enact as follows:

SECTION 1.

Section 53234 of the Government Code is amended to read:

53234.

For purposes of this article, the following definitions apply:

- (a) “Legislative body” has the same meaning as specified in Section 54952.
- (b) “Local agency” means a city, county, city and county, charter city, charter county, charter city and county, school district, county office of education, charter school, or special district.
- (c) “Local agency official” means any of the following:
 - (1) A member of a local agency legislative body or an elected officer of a local agency who receives any type of compensation, salary, or stipend or reimbursement for actual and necessary expenses incurred in the performance of official duties.
 - (2) A department head or other similar administrative officer of a local agency.
 - (A) For a local educational agency, a “department head or other similar administrative officer” means the superintendent of a school district, the county superintendent of schools, or the chief administrator of a charter school.
 - (B) For purposes of subparagraph (A), a “local educational agency” means a school district, county office of education, or charter school.
 - (3) An employee designated by a local agency governing body to receive the training specified under this article.
 - (4) A member of the governing board of a school district, a county board of education, or the governing body of a charter school, whether or not that member receives any type of compensation, salary, or stipend or reimbursement for actual and necessary expenses incurred in the performance of official duties.
- (d) “Ethics laws” include, but are not limited to, the following:
 - (1) Laws relating to personal financial gain by public servants, including, but not limited to, laws prohibiting bribery and conflict-of-interest laws.
 - (2) Laws relating to claiming perquisites of office, including, but not limited to, gift and travel restrictions, prohibitions against the use of public resources for personal or political purposes, prohibitions against gifts of public funds, mass mailing restrictions, and prohibitions against acceptance of free or discounted transportation by transportation companies.
 - (3) Government transparency laws, including, but not limited to, financial interest disclosure requirements and open government laws.

(4) Laws relating to fair processes, including, but not limited to, common law bias prohibitions, due process requirements, incompatible offices, competitive bidding requirements for public contracts, and disqualification from participating in decisions affecting family members.

SEC. 2.

Section 53235.1 of the Government Code is amended to read:

53235.1.

(a) Each local agency official in local agency service as of January 1, 2006, except for officials whose term of office ends before January 9, 2007, shall receive the training required by subdivision (a) of Section 53235 before January 1, 2007. Thereafter, each local agency official shall receive the training required by subdivision (a) of Section 53235 at least once every two years.

(b) (1) Except as provided in paragraph (2), each local agency official who commences service with a local agency on or after January 1, 2006, shall receive the training required by subdivision (a) of Section 53235 no later than one year from the first day of service with the local agency and each local agency official who commences service with a local agency on or after January 1, 2026, shall receive the training required by subdivision (a) of Section 53235 no later than six months from the first day of service with the local agency. Thereafter, each local agency official shall receive the training required by subdivision (a) of Section 53235 at least once every two years.

(2) Each local agency official who, as of January 1, 2025, is a member of the governing board of a school district, a county board of education, or the governing body of a charter school, except for officials whose term of office ends before January 1, 2026, shall receive the training required by paragraph (2) of subdivision (a) of Section 53235 before January 1, 2026. Thereafter, each local agency official who is a member of the governing board of a school district, a county board of education, or the governing body of a charter school shall receive the training required by paragraph (2) of subdivision (a) of Section 53235 at least once every two years.

(c) A local agency official who serves more than one local agency shall satisfy the requirements of this article once every two years without regard to the number of local agencies with which the official serves.

SEC. 3.

Section 53235.2 of the Government Code is amended to read:

53235.2.

(a) A local agency that provides the ethical training prescribed by this article shall maintain records indicating both of the following:

(1) The dates that local officials satisfied the requirements of this article.

(2) The entity that provided the training.

(b) Notwithstanding any other provision of law, a local agency shall maintain these records for at least five years after local officials receive the training. These records are public records subject to disclosure under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1).

(c) Commencing July 1, 2026, a local agency that maintains an internet website shall post on that website clear instructions and contact information for the purpose of requesting records required by this section.

SEC. 4.

Article 2.4.6 (commencing with Section 53238) is added to Chapter 2 of Part 1 of Division 2 of Title 5 of the Government Code, to read:

Article 2.4.6. Fiscal and Financial Training**53238.**

For purposes of this article:

(a) “Fiscal and financial training” includes, but is not limited to, training in all of the following:

(1) Laws and principles relating to financial administration and short- and long-term fiscal management, including, but not limited to, the role and responsibilities of financial administration, financial policies, municipal budgets and budget processes, and financial reporting and auditing.

(2) Laws and principles relating to, but not limited to, capital financing and debt management, mechanisms for local agency revenues, pensions and other postemployment benefits, cash management and investments, the prudent investor standard, and the ethics of safeguarding public resources.

(3) General fiscal and financial planning principles and any pertinent laws relevant to the local agency official’s public service and role in overseeing the local agency’s operations and relevant to the local agency’s procurement and contracting practices and responsibilities.

(b) “Legislative body” has the same meaning as in Section 54952.

(c) “Local agency” means a city, county, city and county, charter city, charter county, charter city and county, or special district.

(d) “Local agency official” means any of the following:

(1) Any member of a local agency legislative body or any elected officer of a local agency.

(2) Any official who is appointed by the governing body who, as part of their official duties, makes decisions or recommendations regarding financial administration, budgeting, or the use of public resources.

(3) A local agency executive, as defined in subdivision (d) of Section 3511.1, or other similar administrative officer of a local agency.

(4) An employee designated by a local agency governing body to receive the training specified under this article.

53238.1.

(a) All local agency officials shall receive at least two hours of fiscal and financial training pursuant to this article.

(b) A local agency or an association of local agencies may contract with or otherwise collaborate with a provider of a training course to offer one or more training courses, or sets of self-study materials with tests, to its local agency officials to meet the requirements of this article.

(c) Training courses, or the sets of self-study materials with tests, may be taken in person or online. These courses and materials shall be developed in consultation with widely recognized experts in local government finance, including local government associations.

(d) All providers of training courses under this article shall provide participants with proof of participation to meet the requirements of Section 53238.3.

(e) A local agency shall provide information on training available to meet the requirements of this article to its local agency officials at least once annually.

53238.2.

(a) Every local agency official who is in a local agency’s service as of January 1, 2026, and commenced that service prior to January 1, 2026, shall receive the fiscal and financial training required by this article before January 1, 2028, unless that official’s term of office ends before January 9, 2028. Thereafter, the local agency official shall receive the training at least once every two years.

(b) Every local agency official who commences service with a local agency on or after January 1, 2026, shall receive the fiscal and financial training required by this article no later than six months from the first day of service with the local agency. Thereafter, the local agency official shall receive the training at least once every two years.

(c) A local agency official who serves more than one local agency is only required to comply with the training requirements of this article once every two years, regardless of the number of local agencies the local agency official serves. However, the local agency official shall provide a copy of proof of participation to all local agencies that they serve.

53238.3.

(a) A local agency that provides the fiscal and financial training required by this article shall maintain records indicating both of the following:

(1) The dates that local agency officials satisfied the requirements of this article.

(2) The entity that provided the training.

(b) Notwithstanding any other provision of law, a local agency shall maintain these records for at least five years after local agency officials receive the training. These records are public records subject to disclosure under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1).

(c) Commencing July 1, 2026, a local agency that maintains an internet website shall post on that website clear instructions and contact information for the purpose of requesting records required by this section.

53238.4.

A local agency official who is in compliance with Section 26945, 26945.1, 27000.7, 27000.8, or 27000.9 is exempt from the provisions of this article.

SEC. 5.

The Legislature finds and declares that the fiscal management of local governments is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, Sections 1 to 4, inclusive, of this act amending Sections 53234, 53235.1, and 53235.2 of, and adding Article 2.4.6 (commencing with Section 53238) to Chapter 2 of Part 1 of Division 2 of Title 5 of, the Government Code apply to all cities, including charter cities.

SEC. 6.

If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

Certificate of Completion

Financial Training for Commissioners and Alternates



SB 827 Compliance Certification

This certifies that:

 Name of Commissioner / Alternate

has successfully completed the required financial training provided by the Kern Local Agency Formation Commission in accordance with the requirements of Senate Bill 827 (SB 827).

This training included instruction in:

Public agency financial fundamentals
 Revenue structures and expenditure obligations
 Financial documents and audit interpretation
 Reserve policies, debt, and long-term liabilities

Evaluation of financial sustainability
 Identification of financial risks and early warning indicators
 Application of financial analysis to LAFCo decision-making

The undersigned acknowledges completion of this training and affirms an understanding of the principles necessary to evaluate the financial condition and service viability of local agencies within the Commission’s jurisdiction.

Date of Completion: _____

Signature: _____

Certification

This certificate is issued by the Kern Local Agency Formation Commission for the purpose of documenting compliance with SB 827 financial training requirements.

Executive Officer
 Kern Local Agency Formation Commission

Signature: _____

Date: _____

FINANCIAL TRAINING: Looking Beyond the Numbers

Building a Framework for Reliable
Public Services



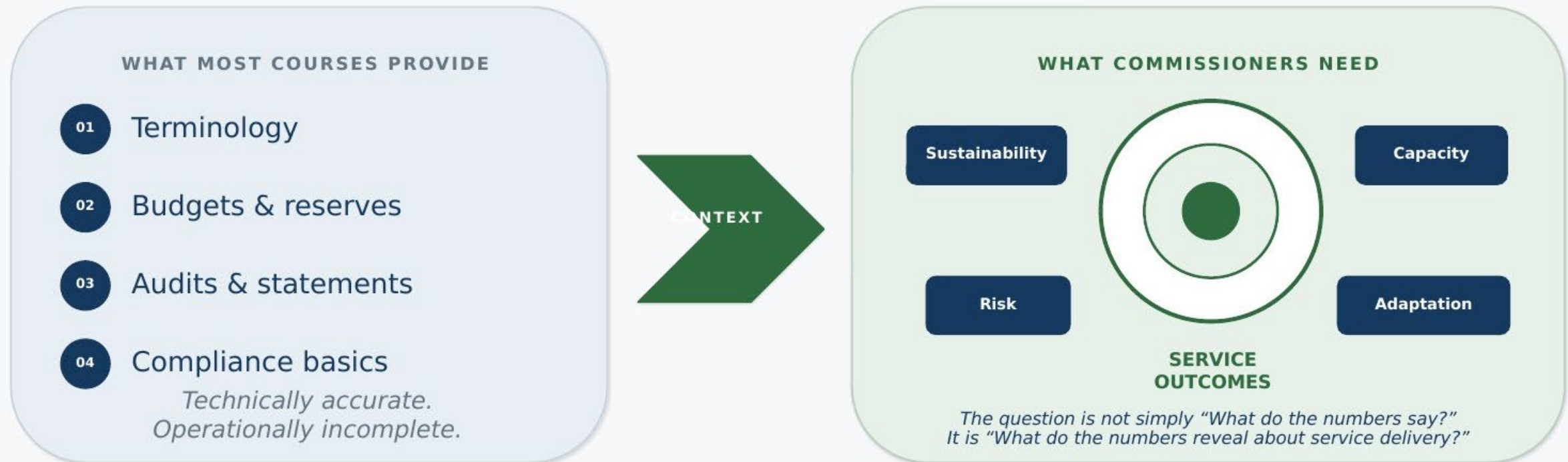
Kern Local Agency Formation Commission

AUGUST 2026



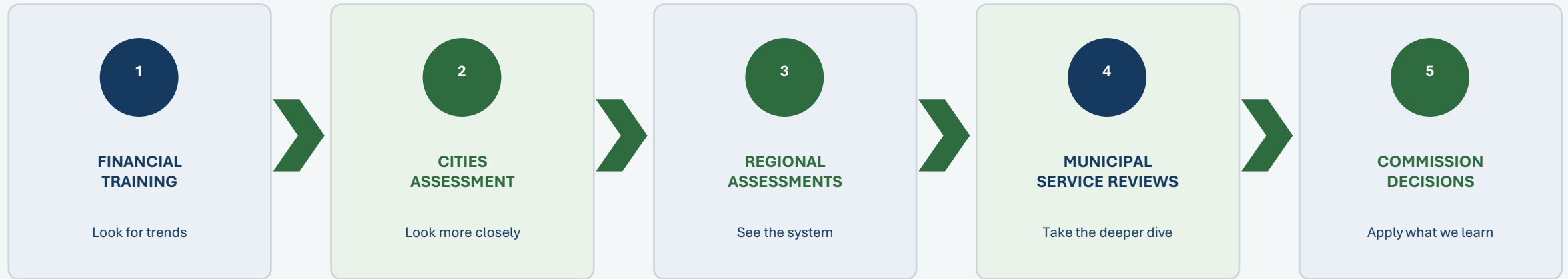
Why I Wrote My Own Financial Training

The available courses explained the numbers. The Commission needs a way to interpret what the numbers mean for public services.



Today's Training Is the First Step

A connected process, beginning with what the Commission is seeing today.



**Financial training tells us how to look for trends.
Assessments tell us where to look more closely. MSRs take the deeper dive.**

Assessments Draw Questions, Not Conclusions

A number is a signal. Context determines what the signal means.

1

WHAT WE SEE

- Reserve growth or decline
- Improving or narrowing operating margins
- Stable or concentrated revenues
- Investment or deferral in capital assets
- Declining or increasing liabilities
- Unusual expenditure growth
- Changes in staffing and service costs

2

WHAT WE ASK

- Is the pattern persistent?
- Is it planned or unexpected?
- Do other indicators confirm it?
- What service might be affected?
- Can the agency still change course?

3

WHAT WE AVOID

- Treating one year as a trend
- Assuming every deficit is structural
- Equating reserves with performance
- Drawing conclusions without context
- Confusing concern with proof

The numbers open the door. They do not finish the conversation.

Financial Condition Is One Part of Capacity

Reliable service depends on the organization’s collective ability to plan, govern, operate, maintain, and adapt.



Capacity Determines How Agencies Respond to Pressure

Pressure may expose vulnerability, but it can also reveal resilience, adaptation, and opportunities for improvement.

PRESSURES

Revenue volatility
Changing service demand
Aging assets and replacement costs
External mandates
Economic and demographic change



CAPACITY

When capacity is insufficient:

- Fewer options
- Deferred needs
- Reduced service reliability
- Growing vulnerability

When capacity is sufficient:

- Greater flexibility
- Faster recovery
- Continued service reliability
- Organizational resilience

When pressure reveals an opportunity:

- New partnerships
- Service coordination
- Operational improvements
- Strategic investment

**Pressure does not only reveal where an organization is vulnerable.
It also reveals what the organization is capable of becoming.**

Next Month: A Countywide Baseline

The first Assessment will apply the framework across Kern County’s eleven incorporated cities.

1

CONSISTENT BASELINE

Review all eleven cities through a common lens.

2

STRENGTHS

Identify resilience, successful adaptations, effective practices, and capacity that can be built upon.

3

VULNERABILITIES

Identify pressures and narrowing organizational options.

4

PATTERNS

See concerns that recur across multiple cities.

5

QUESTIONS

Define what may warrant closer examination.

6

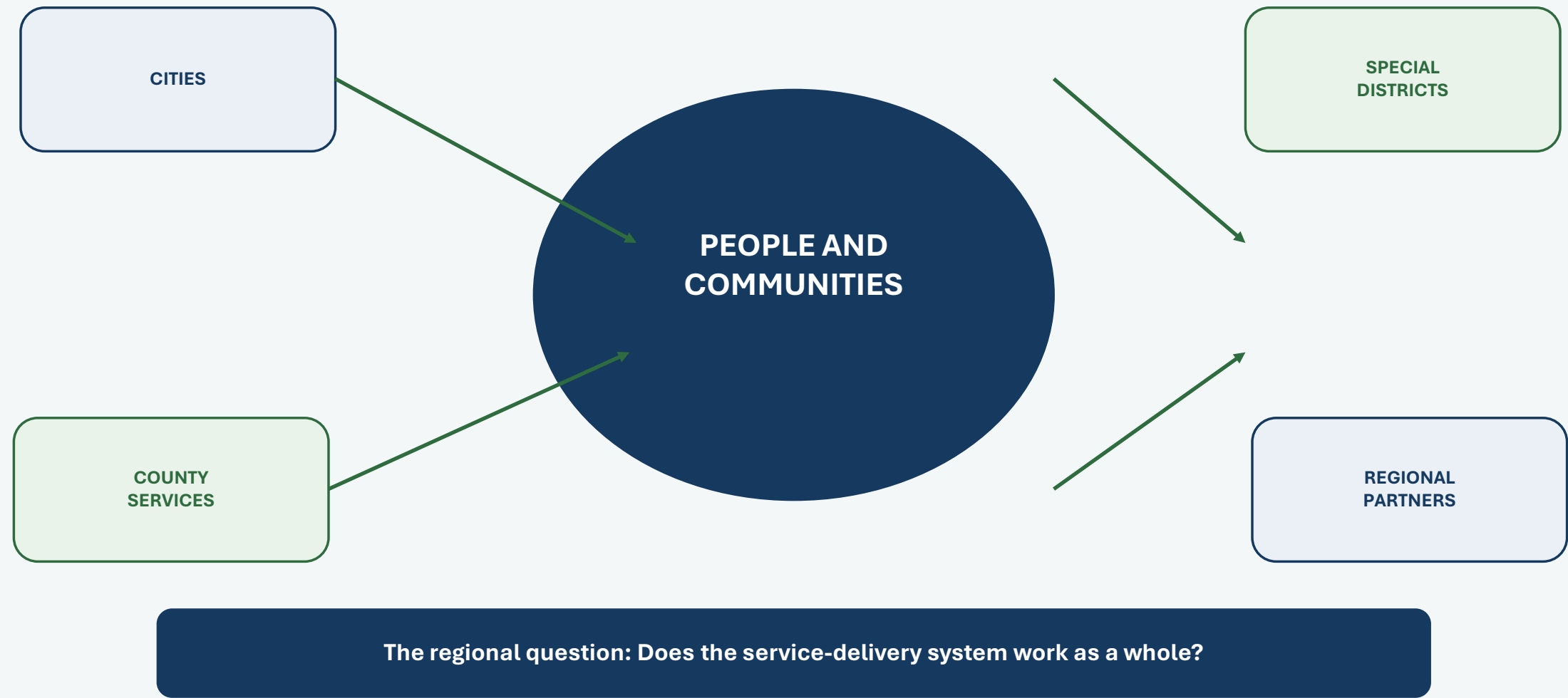
PRIORITIES

Help shape LAFCo’s future work program.

The Assessment establishes a baseline. It does not make MSR determinations.

Regional Assessments: Seeing the Whole System

Residents experience services as a system, even when responsibility is divided among multiple agencies.



Assessment and MSR: Different Jobs

The Assessment identifies where to look. The MSR establishes what the evidence supports.

ASSESSMENT	
PURPOSE	Screen and prioritize
BREADTH	Comparative and system-wide
EVIDENCE	Available information and trends
OUTPUT	Themes, questions, priorities
COMMISSION USE	Shape the work program



MUNICIPAL SERVICE REVIEW	
	Investigate and determine
	Agency, service, or region-specific
	Detailed, verified, and defensible
	Findings and determinations
	Support policy and action

SCREEN → INVESTIGATE → DETERMINE

What Makes a Signal Meaningful?

Concern rises when indicators persist, converge, affect core services, and narrow the organization’s options.

1

PERSISTENCE

Does the condition continue across time?

A one-year anomaly differs from a multi-year direction.

2

CONVERGENCE

Do several indicators point the same way?

Finance, staffing, assets, and governance may reinforce one another.

3

CONSEQUENCE

What service outcome is exposed?

Materiality depends on the public service at risk.

4

REVERSIBILITY

Can the organization still change course?

Shrinking options may matter more than today's balance.

The strongest warning is rarely one bad number. It is a pattern that narrows future choices.

Turning Information Into a Work Program

Commission attention is limited. The framework helps direct it where deeper work can produce public value.

1

PRIORITIZE

Rank agencies, services, and regional questions by significance.

2

SCOPE

Define the question an MSR must actually answer.

3

SEQUENCE

Match the work program to urgency and staff capacity.

4

MONITOR

Track important conditions not yet ripe for deeper review.

A BETTER
WORK PROGRAM

Evidence-led

Proportionate

Transparent

Adaptable

KERN LAFCo

The work program becomes a statement of priorities, not merely a calendar of documents.

The Question That Connects Every Step

Different tools. One continuing responsibility.

Are services reaching the people and communities that depend on them?



The day we stop asking whether services reach the people is the day the system quietly begins to erode.



**Kern Local Agency
Formation Commission**
5300 Lennox Ave. Suite 303
Bakersfield, CA 93309
661-716-1076
www.kernlafco.org

MEMORANDUM

DATE: August 19, 2026
TO: LAFCo Commissioners
FROM: Blair Knox, Executive Officer
SUBJECT: SGMA 101 by the Kern Non-Districted Land Authority

Background

The Sustainable Groundwater Management Act (SGMA), enacted in 2014, requires local agencies to form Groundwater Sustainability Agencies and to adopt and implement Groundwater Sustainability Plans for high- and medium-priority groundwater basins. The Kern County Subbasin, the largest in the state, is managed by roughly twenty such agencies operating under a single coordinated plan. The Kern Non-Districted Land Authority serves as the Groundwater Sustainability Agency for lands in the subbasin that lie outside an existing water district, and is well positioned to provide the Commission with a neutral, technical overview of the statute and its implementation.

Purpose

SGMA is a technical regulatory framework that falls outside the subject matter the Commission ordinarily addresses. Concepts such as basin overdraft, sustainable yield, pumping allocations, and the relationship among the many agencies that share a subbasin are not part of the Commission's routine work, yet groundwater management is an increasingly significant feature of local government in Kern County. A foundational briefing will give Commissioners a common baseline of understanding of the statute and how it is being carried out in the subbasin.

Timeliness

Staff anticipates that future business before the Commission will include matters relating to SGMA and groundwater governance. Providing this briefing now, as a general educational presentation unconnected to any specific proposal, allows Commissioners to absorb the technical background at a time when no related matter is before them and no position need be taken. The subject is also timely in the regional context: in September 2025 the State Water Resources Control Board returned oversight of the Kern County Subbasin to the Department of Water Resources after determining that the updated 2025 Groundwater Sustainability Plan adequately addressed prior deficiencies, moving the subbasin off the enforcement track.

Importance

An informed Commission makes better and more defensible decisions. A shared, accurate understanding of the statutory framework, the roles of the agencies involved, and the practical realities of managing a critically overdrafted basin will help the Commission ask sound questions and distinguish issues within its authority from those that fall to other agencies. Because the presentation is educational, staff will note at the meeting that it is informational only and is not a comment on any matter that may come before the Commission.

RECOMMENDATION – Informational

MEMORANDUM



**Kern Local Agency
Formation Commission**
5300 Lennox Ave. Suite 303
Bakersfield, CA 93309
661-716-1076
www.kernlafco.org

DATE: August 19, 2026

TO: Kern LAFCo Commissioners

FROM: Blair Knox, Executive Officer

SUBJECT: Direction Regarding Appointment to the Vacant Alternate Restricted Public Member Seat (Ninth Member)

Background

The Kern Commission includes a ninth member representing the general public who, unlike the general public member, may not be a member of the governing body of any local agency. This seat, commonly referred to as the Restricted Public Member, exists under Government Code section 56328.5 — a provision that applies only to Kern County — and is distinct from the general Public Member seat established under section 56325. The two seats have different appointing authorities and different eligibility rules, and should not be conflated.

The Commission recently conducted a recruitment for the Restricted Public Member and the Alternate Restricted Public Member seats. A notice was published on April 25, 2026, and at its meeting of June 17, 2026, the Commission appointed a Restricted Public Member by Resolution 26-13 but did not appoint an Alternate Restricted Public Member, leaving that seat vacant. At the conclusion of the item, the Executive Officer stated that the matter would be held open in the event additional interest in the Alternate seat was received. Staff has since been contacted by a member of the community who has expressed interest in serving as the Alternate Restricted Public Member.

Statutory Framework

Government Code section 56328.5 augments the Kern Commission with an eighth member, drawn from the legislative body of the county's largest city, and a ninth member representing the general public who shall not be a member of the governing body of any local agency. Under section 56328.5(c), the ninth member and the alternate ninth member are appointed by the four members of the Commission appointed by the county supervisors and the independent special district selection committee — that is, the two county members and the two special district members. This appointing authority is narrower than that for the general Public Member under section 56325(d), and the Commission's recent resolution applied the affirmative-vote formulation of at least one county member and at least one special district member.

The alternate ninth member may serve and vote in place of the regular ninth member when that member is absent or disqualified, and, if the regular ninth-member seat becomes vacant, until a regular ninth member is appointed. Government Code section 56331 further provides that a person appointed to this

seat may not be an officer or employee of the county or of any city or district with territory in the county. Government Code section 56334 sets the term of office at four years; because the Alternate seat is presently vacant mid-term, an appointee would serve the unexpired remainder of that term.

Notice

Section 56328.5 does not itself impose a vacancy-notice requirement for the ninth-member seats. The notice-and-waiting-period procedure set out in section 56325(d) — posting under section 56158, distribution to each local agency, and a minimum of 21 days before final appointment — applies by its terms to the general Public Member seat. As a matter of practice, and consistent with the recent recruitment, the Commission followed that procedure for the Restricted Public Member seats as well, publishing notice on April 25, 2026. That notice encompassed both the regular and alternate Restricted Public Member positions, and the Alternate seat has remained continuously vacant since.

The Question Before the Commission

The question is procedural rather than one of eligibility. Because section 56328.5 imposes no independent notice requirement for this seat, and because the Commission nonetheless provided notice during the recent recruitment that covered the Alternate position, staff’s assessment is that the Commission may lawfully consider and appoint the interested candidate at an upcoming meeting without further notice. The Commission may alternatively prefer, in the interest of openness, to direct a fresh recruitment before making an appointment. Both paths are available, and the choice rests in the discretion of the appointing members.

Options

Option A — Appoint under the existing notice	Option B — Conduct a fresh recruitment
Notice was published on April 25, 2026 covering the Alternate seat, section 56328.5 imposes no separate notice requirement, and the seat has remained continuously vacant with the item held open. The appointing members consider the interested candidate at an upcoming meeting and, if they choose, make an appointment by the required affirmative vote.	The Commission directs staff to publish a new notice, distribute it to each local agency, and observe a fresh application period before an appointment is made, reopening the opportunity to all interested residents who meet the Restricted Public Member eligibility rules.
Considerations: fills the seat promptly and relies on the notice already given. Because a single candidate is presently before the Commission, the appointing members may wish to weigh whether that earlier notice afforded a fair opportunity to others.	Considerations: maximizes openness and the appearance of a fair, competitive process and allows newly interested residents to apply. It defers the appointment by roughly one to two months and involves modest additional staff effort and posting cost.

Fiscal Impact

Minimal. Option A entails no additional cost. Option B involves modest staff time and posting expense associated with a renewed notice.

Recommendation

Staff recommends that the Commission receive this memorandum and, by motion of the appointing members, direct staff to proceed under either Option A or Option B. In staff's assessment, no further notice is legally required to fill the Alternate Restricted Public Member seat, given that section 56328.5 imposes no independent notice requirement and the recent recruitment provided notice covering this position; the Commission may nonetheless prefer a fresh recruitment in the interest of openness. Under either path, any appointment will be made by the four members appointed by the county supervisors and the independent special district selection committee, consistent with the eligibility rules of sections 56328.5 and 56331 and the unexpired four-year term under section 56334.