

COUNTY SERVICE AREA NO. 5 WILDWOOD ESTATES

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

Report to the
Fresno Local Agency Formation Commission

MSR-16-14

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COUNTY SERVICE AREA NO. 5 (Wildwood Estates)

Water Service and Park Maintenance

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Management Information

District Formation: 1963
Principal Act: County Service Area Law, Government Code Section 25210-25217.4
Special District Powers: Prescribed in Government Code Section 25212-25212.4
LAFCo
Authorized Services:¹ Retail water delivery, park and recreation facilities, lake maintenance, levy and collect tax assessments, perform agreements, enter into contracts, and provide governmental services necessary to maintain its public facilities.

Governing Body: Fresno County Board of Supervisors
Citizen Advisory Committee: Meetings held twice per year, or as necessary

Board Members:	Buddy Mendes, Chairman	Elected 2015-Expires 2018
	Brian Pacheco, Vice Chairman	Elected 2015-Expires 2018
	Henry Perea	Elected 2013-Expires 2016
	Andreas Borgeas	Elected 2013-Expires 2016
	Debbie Poochigian	Elected 2013-Expires 2016

Board Meetings: On scheduled Tuesdays, the dates which have been approved at a regularly scheduled board meeting of the Board of Supervisors

Staffing: Fresno County Public Works and Planning, Resources Division, composed of a district administrator, four staff analysts, one program technician, one office assistant, and administrative and technical support staff

Service Information

Population Served: 485 residents, 149 water service connections
Acres Served: 114 acres
Infrastructure: Two water wells, water pipe lines, and two hydropneumatic tanks

Fiscal Information

Budget: \$125,825
Sources of Funding: Service charges and special assessment
Rate Structure: \$768 each parcel /year in District; \$1,102.33 each out of District parcel/year

Administrative Policies

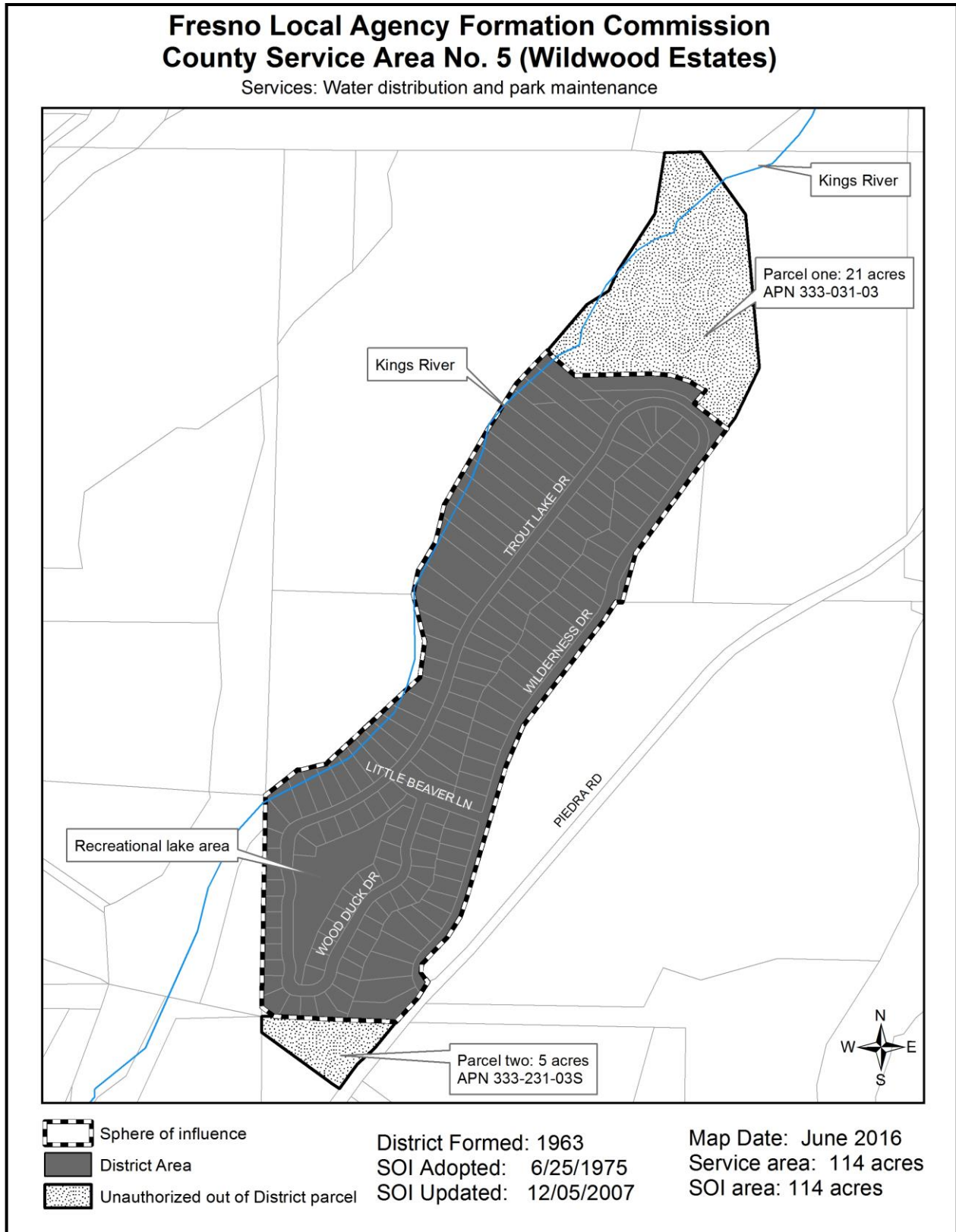
Master Plan: No	Policies/Procedures: Yes	By-laws: N/A
Boundary Updated: 1963	SOI Updated: 2016	Other: N/A

¹ Pursuant to Government Code Section 56425(i)

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Figure 1- County Service Area No. 5 Map



1. MUNICIPAL SERVICE REVIEW

PRINCIPAL ACT

County Service Area No. 5 Wildwood Estates (“District”) was formed in 1963 pursuant to County Service Area Law (Government Code section 25210-25217) to provide maintenance of various facilities within the Wildwood Estates subdivision (Tract 1895, Plat Book 21, Page 61). The District is authorized to provide retail water services, operate and maintain the public water system, and maintain the recreational lake area within the Wildwood Estates Subdivision. The District’s infrastructure facilities include two wells, two hydropneumatic tanks, and a series of pipelines used to deliver water to residents within the District.

The District is a dependent special district governed by the Fresno County Board of Supervisors (BOS). Fresno County Public Works and Planning Department, Resource Division (County Resources staff) provides staff support for the administration of the District. The District’s service area and sphere of influence are coterminous and encompasses 114 acres. The District service area includes 156 parcel lots; of which 147 parcels contain developed rural single-family residential units.

DISTRICT SERVICE AREA

The District is generally located on the east side of the Kings River, near the intersection of State Route 180 (SR) and N. Piedra Road. The District is approximately two miles northeast of the unincorporated community of Centerville, California and approximately 4.5 miles northeast of the City of Sanger, California. The District service area is bounded by N. Piedra Road to the east, SR 180 to the south, the Kings River to the west, and N. Trout Lake Drive to the north.

The District’s service area and sphere of influence are coterminous and encompasses 114 acres. The District’s land uses mainly consist of rural style single-family residential units, ranging between 0.3 to 0.5 acre lots. The District service area includes a lake feature owned by the County of Fresno that covers five and a half acres within the District. In the past, the District maintained the recreational lake area however maintenance of the lake is no longer provided by the District. During the course of this MSR LAFCo observed that there are two out-of-District customers receiving District services and billed for service at a proportional user rate.

AUTHORIZED DISTRICT SERVICES

Government Code Section 56425(i) states, “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.” Under the District’s principal act, County Service Areas could provide up to 26 different types of governmental services within its boundaries.²

The District is a water supplier within its limited boundaries and currently exercises its authority to levy and collect tax assessments, perform agreements, enter into contracts, and provide governmental services necessary to maintain adequate service provisions. LAFCo’s 2007 District

² California Government Code section 25213-25213.6.

MSR notes that in the past the District maintained the recreational lake area; however maintenance service was not provided nor billed to landowners at that time. LAFCo estimates that the District has not implemented its ability to maintain the lake park area in over nine years.

All other services, facilities, functions or powers enumerated in the District’s principal act are determined to be “latent,” meaning that they are authorized by the principal act under which the District is formed, but are not being exercised. Activation of these latent powers and services not currently provided by the District will require LAFCo authorization as indicated in Government Code section 25213.5.^{3,4}

FRESNO LAFCO MSR POLICY DESIGNATION

The Fresno LAFCo MSR policy designates the District as a “level two” special district that provides municipal services to its constituency. As previously mentioned, the District is a municipal water provider within its boundaries. The District is a dependent special district that generally does not request or experience modifications to their SOI or service area. A municipal local agency (special district) designation means, in Fresno LAFCo's judgment, that services provided by the agency facilitate or have potential to induce population growth.

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

DISTRICT GROWTH AND POPULATION PROJECTIONS

The District is within the unincorporated portion of Fresno County. The County of Fresno is the land use authority for territory within the District’s service area and the Fresno County General Plan Land Use Element designates land within the District for residential use. The District lies within the County’s Kings River Regional Plan (KRRP) area. The KRRP consists of 19,500 acres located in east-central Fresno County adjacent to the Kings River, extending from Pine Flat Dam to the Fresno-Tulare County boundary near Reedley. The KRRP is a part of the General Plan and refines that plan’s goals and policies. Land uses designated by the KRRP for the District service area include medium density residential and open space. Parcels within the District are conditionally compatible with the County’s R-1-C Single-Family Residential zone district.

The Kings River is located immediately west of the District while the Alta Main Canal is approximately a half mile east of the District boundaries. The Wildwood Estates subdivision has a housing stock of 147 housing units with an estimated population of 485 residents.⁵

The District is not expected to experience additional growth as it relates to expanding service area or increasing housing density. Land within the District could be classified as completely

³ GC section 56050.5, “Latent service or power.”

⁴ Government Code Section 25213.5 (a) “Services and Facilities.”

⁵ Fresno Council of Governments, Current and Historic Data-Population and Housing, Average Household Size and Occupancy by Census Tract – Census Tract 63.00.

built-out with rural residential homes. The Commission's adopted SOI for the District is coterminous with the District's service area. The District boundaries are adequately sized with no visible opportunity or need to revise the SOI.

DISADVANTAGED UNINCORPORATED COMMUNITIES

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) requires LAFCo to make determinations regarding "disadvantaged unincorporated communities" ("DUCs") when considering a change of organization, reorganization, SOI expansion, and when conducting municipal service reviews.

For any updates to a SOI of a local agency (city or special district) that provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection, the Commission shall consider and prepare written determinations regarding the present and planned capacity of public facilities and adequacy of public services, and infrastructure needs or deficiencies for any disadvantaged unincorporated community within of contiguous to the SOI of a city or special district.

Government Code sec. 56033.5 defines a DUC as: i) all or a portion of a "disadvantaged community" as defined by sec. 79505.5 of the Water Code (territory with an annual median household income (MHI) that is less than 80 percent of the statewide annual median household income and as defined in Government Code sec. 56046 and Water Code sec. 79505.5); and a status of ii) "inhabited territory" (12 or more registered voters), as defined by GC sec. 56046, or as determined by Commission policy. Fresno LAFCo policy further refines a DUC as having at least 15 dwelling units at a density not less than one unit per acre.

U.S. Census Bureau information was used for this section to quantify the economic composition of all the census block groups within the vicinity of the District's boundaries. A census block group is a geographical unit used by the U.S. Census Bureau to sample data, which is only collected from a fraction of all households within the census unit. On average a census block group has a population of 600 to 3,000 people. Geographic Information System (GIS) files were derived from the U.S. Census Bureau's American Community Survey (ACS) compiled for the five-year period 2006-2010 to identify the demographic composition for the various census geographies. Although the ACS provides annual and three-year estimates, the five-year reports between years 2006- 2010 provide more precise data and mapping information for analyzing small sample populations. California's statewide MHI reported for years 2006 through 2010 was \$60,883. The DUC MHI threshold is any geographic unit within the District boundaries with an income less than \$48,706.

For the purpose of this section, LAFCo identified the District as a level two "municipal local agency" which means services provided by the District, in LAFCo's judgment, support or could induce population growth. The District is a retail water supplier to its residents and landowners. The District service area lies within Fresno County's census tract 63.00, block group one. The average MHI levels reported between 2006 through 2010 for census tract 63.00 is \$79,231.⁶ At the time this MSR was prepared, there was no indication, physical evidence, or demographic data that would indicate the presence of a DUC as defined by California statute and Fresno

⁶ U.S. Census Bureau's American Community Survey (ACS) compiled for the five-year period 2006-2010.

LAFCo DUC policy. The District is located within a census geographic unit that exceeded the MHI threshold for Disadvantaged Communities as defined by California Water Code section 79505.5.

DISTRICT INFRASTRUCTURE

The District infrastructure consists of two aquifer water wells, hydropneumatic tanks, pumps, and a series of pipes which comprise the District's water distribution system. The District's water distribution system became active in 1979; its primary source of water is groundwater pumping. The District pumps approximately 211.52 acre-feet of groundwater from its two wells annually.⁷ The District's water distribution system has 147 unmetered residential water connections and two additional out of district customers. The District's water system has 149 total connections.

The critical period for the District's groundwater supply is during the month of June. The critical period is identified by the timeframe during a year in which capacity of water distribution system and water demand are closest to each other. During the critical period the user demand was 39% of well capacity and capacity exceeded demand by 394 gallons per minute. The District's well capacities exceed customer demands so that water for human consumption, sanitation, and fire protection are adequately provided.⁸

In the years from 2012 to 2013, District well site one and two were believed to be contaminated. The District's close proximity to the Kings River prompted the California Department of Public Health (CDPH), Southern California Branch-Drinking Water Field Operations to require the District/County to prepare a Groundwater Under Direct Influence Study (GWUDI) of surface water to assess potential water quality levels in the District's wells. CDPH was concerned that the groundwater within the District could retain surface water contaminant characteristics such as viruses, protozoa, and bacteria such as *E. Coli*.

The Study concluded that although the District's water system evaluation did not complete all requirements specified by the GWUDI monitoring program due to infrequent water levels of the Kings River tributaries, based on the available testing results the Study determined that the District wells were not influenced by the Kings River's surface water. The District's water wells are required to provide continuous chlorination but the distribution system is not required to be disinfected.

The County Resources staff has developed a conceptual water filtration design to add to the current water system that will address CDPH's water quality concerns within the District wells. The County's "Piped Loop and Tank Replacement Project" is intended to resolve potential over-chlorination at the wellhead. In order to fund the project, Fresno County staff conducted a successful proposition 218 proceeding during FY 2014-15 which increased customer water fees for one year. Fresno County staff is projecting to have sufficient funds to begin construction on the Piped Loop and Tank Replacement Project within the next five years.⁹

⁷ Electronic Communication with Fresno County Resources Division, Staff Analyst, June 14, 2016

⁸ County of Fresno, 2016-17 Water Year, Annual Water Conservation Report, March 1, 2016

⁹ Fresno County Public Works and Planning, CSA No. 5 (Wildwood Estates)

<http://www.co.fresno.ca.us/DepartmentPage.aspx?id=47797>

As of July 1, 2014, the Drinking Water Program transferred from CDPH over to the State Water Resource Control Board which is tasked with the same responsibilities.

DISTRICT FINANCES

This section of the MSR includes financial information provided by the Resources Division on behalf of the District. The District provided financial data to determine if the District has sufficient revenues and financial systems to continue its provision of services to its customers. The following information and analysis section is based on annual budgets, and supportive documents available through the County Department of Public Works and Planning, Resources Division. The District's primary source of financing is annual property tax assessments charged on the 147 parcels within the District. Additional District revenues are generated from two out-of-district water connections and an additional special property tax assessment charged to properties within the District.

The two out of district properties are identified as parcel one (APN 333-031-03) which is located directly north of the District boundary and parcel two (APN 333-231-03S) is located directly south of the District boundary. The County Resources Division informs that parcel one connected to the District water distribution system prior to early 1990s, while parcel two connected to the District circa 2002.

With respect to parcel two, no record exists at LAFCo that indicates an extension of service outside of the District SOI and service area was authorized by LAFCo. Government Code section 56133 came into effect on January 1, 2001. This portion of the statute establishes the provisions governing the LAFCo approval process for cities and special districts to provide new and extended services outside the agencies' service area or outside the SOI to respond to an existing or impending threat to the public health or safety of the residents of the affected territory.¹⁰ Likewise, the LAFCo may authorize a city or special district to provide new or extend service outside its jurisdictional boundaries but within its SOI in anticipation of a later change of reorganization. The concept of the statute lies with LAFCo's responsibility of discouraging urban sprawl and LAFCo's evolving role in regional growth management agency.

The County Resources staff prepares an annual District budget which projects annual operational and maintenance costs of the District's facilities. The BOS adopts an annual budget for the District's expenditures.

As previously mentioned, residential lots within the District are similar in size, and all 147 water connections are unmetered. Residential water usage is assumed to be relatively equal, so the District bills its customers an annual flat rate of \$768.48 per connection, which on a monthly basis breaks down to \$64.04 per month.

On July 7, 2009, the BOS adopted a rate increase at a public hearing pursuant to Proposition 218 election requirements. The District rate increase included a component to increase reserves to 50% of operations and maintenance, and a second component to accumulate funds to replace one of the District's water storage tanks.

¹⁰ Government Code Section 56133

A second Proposition 218 proceeding was certified by the BOS at a public hearing on July 15, 2014, pursuant to Prop 218 requirements. The second rate increase allowed the District/County to establish and accumulate funds for the proposed "Piped Loop and Tank Replacement Project," which resulted from the water quality Study required by CDPH. Because the 2014 Proposition 218 process was only scheduled for a one-year fee increase, Property owners were informed through communication with the Citizens Advisory Committee (CAC) that another Proposition 218 proceeding is planned to be conducted that would develop a revised special assessment fee.

A third proposition 218 proceeding was certified by the BOS at a public hearing on July 14, 2015, pursuant to proposition 218 requirements. The revised rate was due to the previous rate being a one-year fee increase to accumulate funds for the proposed "Piped Loop and Tank Replacement Project". The revised rate included the cost of Operations and Maintenance for the system and anticipated costs for capital replacement and repair projects.

District information indicates that there are two out-of-district water users, which are charged at one and one-half times the District rate. The two outside service connections are billed in two annual installments. These payments are due by the last day of December and April of each year. The two out-of-district parcels are billed an annual flat rate of \$1,102.33 per connection, which on a monthly basis breaks down to \$91.86 per month. Out-of-district users are charged for this fee through an annual bill from the Department of Public Works and Planning because out-of-district user fees cannot be included as an assessment on property tax bills.

For fiscal year (FY) 2015-2016, the District's proposed budget includes expenditures for maintenance equipment, maintenance of facilities, office expenditures, and professional and specialized services. The District's adopted budget for FY 2015-16 totals \$466,466. At the time this MSR was prepared, the District indicated that it had no outstanding loans or debts. As of June 30, 2015, the District funds in the County Treasury amount to \$338,392.

The County Resources Division informs that through the beginning of July 1, 2015, up to June 2, 2016, the District generated \$13,964 in tax revenues collected from the 147 parcels within the District during FY 2015-16. Additionally, the two out-of-district parcels contribute to the District's annual budget. The District generates \$112,967 through its 2015 Proposition 218 special district assessment. The two out-of-district customers generate \$2,205 in additional revues for the District. The District generates \$3,157 of interest shown as revenue, and \$76 in State in-lieu of homeowners' property taxes.

In the past the District provided recreational lake and flood control facilities maintenance services, but these services have been discontinued. As of the beginning of 2012, the District stopped collecting the annual recreation fee of \$4.62 associated with the lake. Recreational lake and flood control facilities maintenance is an active power under the District's principal act. Not funding and performing the service is not, by itself, a divestiture of the power to provide that particular class of service within all or part of the District.¹¹ Government Code section 56037.2 defines "divestiture of power" as the termination of the power and authority to provide particular functions or classes of services within all or part of the jurisdictional boundaries of a

¹¹ GC 56021

special district.¹² This would constitute a change of organization that must be authorized by the LAFCo.

As of May 2016, the County Resources Division informed LAFCo the District's CAC is exploring the District's options to reinstate the District's lake maintenance program.

Based on financial information provided to LAFCo, the District's financial practices appear to be adequate to support the District's ongoing operations. The Resources Division staff and CAC appear to support raising fees when warranted to fund District operations or specific projects. Most recent, the District's residents supported a successful Proposition 218 election for an additional special assessment to finance the construction of the Piped Loop and Tank Replacement Project.

PUBLIC FACILITIES, OPPORTUNITIES FOR SHARED FACILITIES

The District is located in a remote rural location in Fresno County, approximately 4.5 miles northeast from the City of Sanger. Opportunities for shared facilities with other local agencies are limited in this area of the County. There are no other similar Districts near CSA No. 5 that could present an opportunity for shared facilities.

The County Resources staff provides district administration support to 22 CSAs in Fresno County. The District also has a CAC which serves as a communication facilitator between the District residents and the County Resources Division administration staff. During the preparation of this MSR no obvious opportunities for shared facilities were identified by Fresno LAFCo.

The District overlaps with the following special districts:

- Alta Irrigation District
- Central Valley Pest Control District
- Consolidated Mosquito Abatement District
- Fresno County Fire Protection District
- Kings River Conservation District
- Sierra Resource Conservation District
- Sanger/ Del Rey Cemetery
- Sanger Unified School District

GOVERNMENT ACCOUNTABILITY

This section of the MSR considers the adequacy of the District's current boundaries, SOI, and governing structure under which principal act the District operates. Government Code section 25210-25217 enables the formation of the District to provide water services within its limited boundaries. The California government code offers limited governments restructure options for districts such as CSA No. 5 Wildwood Estates.

The District is a dependent special district, which means that the BOS sits as the governing body. The County Resources staff supports and administers all functions of the District. Similarly, the County Resource staff manages the daily operations of all CSAs located within Fresno County.

¹² GC 56037.2. "Divestiture of power"

Under GC section 25212.4, the BOS may appoint one or more advisory committees within the District to provide advice to the Resources Division regarding the District's service provisions. The Districts has an active citizen advisory committee that assists with communication between residents, County Resource staff, and BOS.

The BOS creates district policies by adopting resolutions through duly-noticed public hearings. The County Resources staff implements those policies specific to district operations. The BOS meets on every scheduled Tuesday, or dates which have been approved at regularly-scheduled BOS meetings with the exception of holidays and or planned recesses. The BOS meetings are held at the Fresno County Hall of Records located at 2281 Tulare Street, Room 301 Fresno, CA 93721. The BOS hosts morning sessions beginning at 9:00 a.m. and/or the afternoon sessions at 2:00 p.m. on Tuesdays. Meeting agendas are posted on the east entrance doors on the first floor in the Hall of Records building and on the Fresno Count website at least 72 hours prior to the BOS meeting.

BOS meetings are open to the public and the residents are invited to attend. An opportunity to address the BOS on items not on the agenda is provided on each meeting agenda. If a public member desires to present to the Board, the person is encourage to contact the Clerk to the Board in advance. Meetings are noticed consistent with Brown Act requirements, which include postings in public places.

The District's government structure is appropriate to ensure adequate services are provided and managed. At the time preparing this MSR, the District's government structure appears to be adequately structured, operates, and fulfills its role as a services provider within the Fresno area.

ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY

Out-of-District Connections

As previously indicated, the District's service area is not anticipated to require substantial boundary changes. However, during the preparation of this MSR update LAFCo observes that there are two parcels receiving District services that lie outside of the District service area and SOI. One parcel started receiving service prior to the statute that required LAFCo authorization for such extension; the other started receiving service after that time and is considered an unauthorized extension of service. LAFCo encourages the District and County staff to formally annex the two out-of-district customers into the District. Such an annexation will formally include the two landowners within the District service area and SOI.

Potential Divestiture of Power: Recreational lake and flood control facilities maintenance

As of the beginning of 2012, the District ceased providing recreational lake and flood control facilities maintenance services and stopped collecting the annual associated fee. As of May 2016, LAFCo has learned that the CAC is interested in reinstating the park maintenance program. It appears that the County Resources Division plans to explore the District's financial

options as it relates to budget expenditures, fees, and reimbursement strategies and reinstate the park maintenance program and provide an alternatives summary to the CAC.¹³

Sustainable Groundwater Management Act of 2014

The California's Sustainable Groundwater Management Act ("SGMA") is the groundbreaking legislation that was signed into law by Governor Edmund G. Brown Jr. on September 16, 2014. SGMA is comprised of three bills: Assembly Bill 1739 (Dickenson) and Senate Bills 1319 and 1168 (Pavley). This three-part legislation allows local agencies to develop groundwater sustainability plans that are compatible with their regional economic and environmental needs. SGMA creates a framework for sustainable local groundwater management for the first time in California's history.

SGMA requires local agencies to form Groundwater Sustainability Agencies ("GSAs") in local groundwater basins by June, 2017; and, also requires the adoption of Groundwater Sustainability Plans ("GSPs") for groundwater basins deemed high priority by year 2020. The District service area resides in the eastern portion of the Kings sub-basin, which has been designated by the California Department of Water Resources ("DWR") as a high-priority sub-basin and subject to a condition of critical overdraft.

The District boundaries overlay with the Alta Irrigation District's service area. LAFCo anticipates that the Alta Irrigation District will represent land where CSA No. 5 is situated. The District is located within the East Kings River Sub-Basin, which is likely to be represented by the Kings River East GSA. Local agencies likely to participate in the KRE GSA include: the City of Reedley, Orange Cove Irrigation District, and Alta Irrigation District. The City of Orange Cove, City of Dinuba, Hills Valley Irrigation District, Tri-Valley Water Districts, Tulare County, and the Kings River Water District are anticipated to become members to the East Kings River Sub-Basin GSA.

¹³ CSA No 5, February 11, 2016 CAC meeting, <http://www.co.fresno.ca.us/viewdocument.aspx?id=69030>

2. MSR DETERMINATIONS

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

1. GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

- The County of Fresno is the land use authority for territory within the District’s service area.
- The Fresno County General Plan and zoning ordinance regulate land uses in the District. The District lies within the County’s Kings River Regional Plan (KRRP) area, a 19,500-acre planning area located in east-central Fresno County adjacent to the Kings River, extending from Pine Flat Dam to the Fresno-Tulare County boundary near Reedley.
- The KRRP is a part of the General Plan and refines that plan’s goals and policies. Land uses designated by the KRRP for the District include medium density residential and open space. Parcels within the District are conditionally compatible with those identified in the County’s R-1-C Single-Family Residential zone district.
- Fresno LAFCo MSR policy designates the District as a “level two” special district that provides municipal services to its constituency. As previously mentioned, the District is a municipal water provider within its boundaries. A municipal local agency (special district) designation means, in Fresno LAFCo’s judgment, that services provided by the agency facilitate or have potential to induce population growth.
- The District service area includes 114 acres and is comprised of 151 residential parcels. District facilities include two Water wells (well #1 and well #2), hydropneumatic tanks, and a series of water pipe lines that comprise the distribution system.
- The District is fully built out and does not anticipate any additional growth. Land within the District’s boundaries and SOI are within Fresno County.

2. THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE

- The District as a level two “municipal local agency” which means services provided by the District, in LAFCo’s judgment, support or could induce population growth.
- At the time this MSR was prepared, there was no indication, physical evidence, or demographic data that would indicate the presence of a DUC as defined by California statute and Fresno LAFCo DUC policy.

3. PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND INFRASTRUCTURE NEEDS OR DEFICIENCIES

- The District infrastructure consists of two water wells, a water storage tank, and a distribution system. Fresno County owns the five-acre property where the recreational lake is situated.
- The District pumps approximately 211.52 acre-feet of groundwater from its two wells annually. The District's water system has 149 total connections. The critical period for the District's groundwater supply is during the month of June.
- During the critical period the user demand was 39% of well capacity and capacity exceeded demand by 394 gallons per minute. The District's well capacities exceed customer demands so that water for human consumption, sanitation, and fire protection are adequately provided.¹⁴
- The District is not expected to experience additional growth as it relates to expanding service area or increasing housing density. Land within the District could be classified as completely built-out with rural residential homes.
- Fresno County staff has developed a water filtration conceptual design to add to the current water system that will address CDPH's water quality concerns. During FY 2014-15, Fresno County staff conducted a successful proposition 218 proceeding to increase customer water fees for one year. The "Piped Loop and Tank Replacement Project" is anticipated to begin construction within the next five years.
- There are two-out-of-district customers connected to the District water system. The two properties are identified as parcel one (APN 333-031-03) and parcel two (APN 333-231-03S.) Parcel one tied into the District water system in the early 1990s, while parcel two connected to the District circa 2002.
- Existing infrastructure appear to be sufficient in type and quality to meet the existing and foreseeable demands of District customers.

4. FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES

- The majority of the District's revenues come from an annual property tax assessment collected from 147 parcels within the District service area. The District annually generates approximately \$13,964 in tax revenues. Additionally, the two out-of-district parcels contribute to the District's annual budget \$1,102.33 per connection, which on a monthly basis breaks down to \$91.86 per month.
- The BOS adopts an annual budget for the District which projects operational and maintenance costs on an annual basis for services. The District's adopted budget for FY 2015-16 totals \$466,466.
- The District's financial practices appear to be adequate to support the District's ongoing operations. The Resources Division staff and citizens advisory committee appear to

¹⁴ County of Fresno, 2016-17 Water Year, Annual Water Conservation Report, March 1, 2016

support raising fees when warranted to fund District operations or specific projects. As of June 30, 2015, the District's funds in the County Treasury amount to \$338,392.

- County Resources staff administers all county service areas including operations, finances, and annual budgets.

5. STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

- The District is located in a remote rural location in Fresno County. Opportunities for shared facilities with other local agencies are limited in this area of the County. There are no other similar Districts near CSA No. 5 that could present an opportunity for shared facilities.
- Opportunities for shared facilities are limited to water distribution and associated public facilities within the District's service area.
- County Resource staff administers all county service areas including operations, finances, and annual budgets.

6. ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

- The District was formed in 1962 pursuant to County Service Area Law (Government Code section 25210-25217) to provide water services and maintenance of these public facilities.
- County Resources staff administers all functions of CSAs within Fresno County.
- The District is a dependent special district, which means that its legislative body consists, in whole or part, of ex officio members who are officers of the County. The Fresno County BOS sits as the District's governing body.
- Under GC section 25212.4, the BOS may appoint one or more advisory committees to provide advice to the Board regarding the District's services. The District has a citizens advisory committee which serves to facilitate communication between the District residents and County Resources staff.
- As of May 2016, LAFCo has learned that the CAC is interested in reinstating the park maintenance program. It appears that the County Resources Division plans to explore the District's financial options as it relates to budget expenditures, fees, and reimbursement strategies and reinstate the park maintenance program and provide an alternatives summary to the CAC.
- The BOS meets on every scheduled Tuesday, or dates which have been approved at regular scheduled board meetings with the exception of holidays and or planned recesses. Board meeting agendas are posted on the east entrance doors on the first floor in the Hall of Records building and on the Fresno County website at least 72 hours prior to the Board of Supervisors meeting.

- Board meetings are open to the public and the residents are invited to attend. An opportunity to address the Board of Supervisors on items not on the agenda is provided on each meeting agenda. If a public member desires to present to the Board, the person is encouraged to contact the Clerk to the board in advance. Meetings are noticed consistent with Brown Act requirements, which include postings in public places.
- At the time preparing this MSR, the District's government structure appears to be adequately structured, operates, and fulfills its role as a services provider within the Fresno area.

7. ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY, AS REQUIRED BY COMMISSION POLICY

- The District's service area is not anticipated to require substantial boundary changes. However, during the preparation of this MSR update LAFCo observes that there are two "out-of-district" costumers receiving District services.
- LAFCo encourages the District and County Resources Division to formally annex the two out-of-district customers into the District. Such an annexation will formally include the two landowners within the District service area.
- Since 2012, the District ceased providing recreational lake and flood control facilities maintenance services and stopped collecting the annual associated fee.
- As of May 2016, LAFCo has learned that the CAC is interested in reinstating the park maintenance program. It appears that the County Resources Division plans to explore the District's financial options as it relates to budget expenditures, fees, and reimbursement strategies and reinstate the park maintenance program and provide an alternatives summary to the CAC.
- The District service area resides in the eastern portion of the Kings sub-basin, which has been designated by the California Department of Water Resources ("DWR") as a high-priority sub-basin and subject to a condition of critical overdraft.
- The District boundaries overlay with Alta Irrigation District's service area. LAFCo anticipates that Alta Irrigation District will represent land where CSA No. 5 is situated as SGMA is implemented throughout the State. The District is located within the East Kings River Sub-Basin and is likely to be represented by the Kings River East GSA.

3. SPHERE OF INFLUENCE REVISION, UPDATE

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

In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open space lands;
2. The present and probable need for public facilities and services in the area;
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency;
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

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

When adopting, revision, or updating a sphere of influence for a special district, the Commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts. The Commission may require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

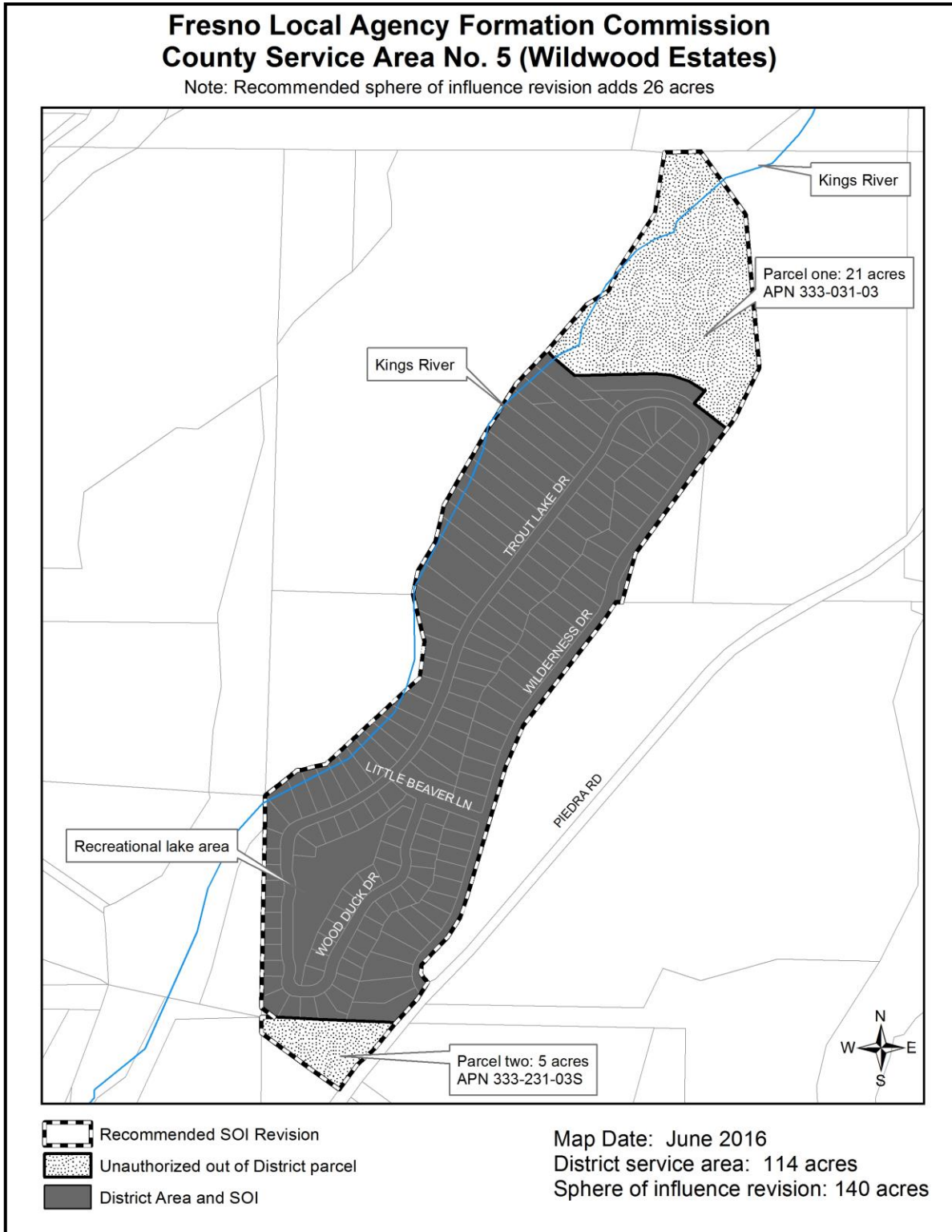
Chapter one of this MSR provides the foundation for the Commission's SOI determinations. As previously indicated, the District's boundaries and SOI are coterminous; the District service area and SOI encompasses 114 acres near the intersection SR 180 and N. Piedra Road. The District is approximately two miles northeast of the unincorporated community of Centerville, California and approximately 4.5 miles northeast of the City of Sanger, California. The District service area

is bounded by N. Piedra Road to the east, SR 180 to the south, the Kings River to the west, and N. Trout Lake Drive to the north.

The County of Fresno is the land use authority for land located within the District's service area. As previously indicated, the District's service area is developed with rural style residential uses. During the service review update process, LAFCo observed that the District currently provides services to two out-of-district parcels. LAFCo staff recommends the Commission to consider a revision to the District's SOI to include parcel one (APN 333-031-03) and parcel two (APN 333-231-03S) within the District SOI. The SOI revision would add approximately 26 acres to the existing SOI. Such revision would formally identify the two out-of-district parcels currently receiving District service, as illustrated on figure two- Proposed SOI Revision.

The objective of the SOI revision is to include the two out-of-district parcels to facilitate a future annexation application that will officially include the two parcels into the District's service area. As noted in the MSR, the two subject parcels are developed with residential uses and already benefit from District water service. In LAFCo's judgement, these parcels are considered to be permanent customers of the District. As such, a revision of the SOI would include the two out-of-district parcels into the District's SOI which would not create a physical change to the existing environment. There are no environmental concerns anticipated to occur from revising the existing District SOI.

Figure 2- Proposed SOI Revision for CSA No. 5



In accordance with Government Code Section 56066, Fresno is the principal county and Fresno LAFCO is responsible for preparing the following determinations for the Sphere of Influence included in this Municipal Service Review. When Fresno LAFCO updates or revises a sphere of influence it must adopt specific determinations with respect to the following factors:

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

- The District resides within the unincorporated portions of the County of Fresno. The County of Fresno is the land use authority for territory within the District’s service area and the Fresno County General Plan Land Use Element designates land within the District as Residential use. Parcels within the District are identified in the County’s R-1-C Single-Family Residential zone district.
- The District service area includes 114 acres and is comprised of 151 residential parcels. Parcels within the District are considered fully built-out with no anticipated growth to occur.

2. PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE AREA

- The District is not expected to experience additional growth as it relates to expanding service area or increasing housing density. Land within the District could be classified as completely built-out with rural residential homes. There is minimal growth anticipated by the District.
- The District pumps approximately 211.52 acre-feet of groundwater from its two wells annually. The District’s water system has 147 total connections in the District boundaries and there are two out of District customers connected to the District water system, parcel one (APN 333-031-03) and parcel two (APN 333-231-03S.) The critical period for the District’s groundwater supply is during the month of June.
- Fresno County staff has developed a water filtration conceptual design to add to the current water system. The “Piped Loop and Tank Replacement Project,” is anticipated to provide solution in the event that over chlorination occurs within the District wells. Fresno County staff is projecting to have sufficient funds to begin construction on the Piped Loop and Tank Replacement Project within the next five years
- The District is capable of addressing and adjusting its probable service needs for public facilities.

3. PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES THAT THE AGENCY PROVIDES OR IS AUTHORIZED TO PROVIDE

- Present capacity of District facilities and services appear adequate. District provides services consistent with its principal act and as authorized by the Fresno LAFCo. The District’s financial practices appear to be adequate to support the District’s ongoing operations. The Resources Division staff and citizens advisory committee appear to support raising fees when warranted to fund District operations or specific projects.

- The two subject parcels already benefit from District services, and in LAFCo's judgement, these parcels are considered as permanent customers. No physical or environmental concerns are anticipated to occur from the SOI revision.

4. EXISTENCE OF ANY SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST IN THE AREA IF THE COMMISSION DETERMINES THAT THEY ARE RELEVANT TO THE AGENCY

- There are no relevant social or economic communities of interest relevant to the District's service provisions.

5. THE PRESENT AND PROBABLE NEED FOR THOSE PUBLIC FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE

- The District provides water supplies within its limited boundaries. At the time this MSR/SOI revision was prepared, there was no indication, physical evidence, or demographic data that would indicate the presence of a DUC as defined by California statute and Fresno LAFCo DUC policy.

4. RECOMMENDATIONS

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

1. Accept public testimony regarding the proposed Municipal Service Review.
2. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.
3. Approve the recommended Sphere of Influence determinations and consider revising the current District Sphere of Influence.
4. That the Commission consider a revision to the District's SOI to include the two "out-of-district" parcels (APN 333-031-03 and APN 333-231-03S) currently receiving District service, and recommend to the BOS that it initiate an application to annex these properties to the District's service area.

5. ACKNOWLEDGEMENTS

This Municipal Service Review update was prepared by Fresno LAFCO. The County of Fresno Public Works and Planning, Resources Division provided substantial information included in this service review. Supporting documentation was made available through the effective partnership between the Resources Division and Fresno LAFCO. Fresno LAFCO staff extends its appreciation to the Fresno County Resources Division for their assistance in the development of this Municipal Service Review. Responsibility for any errors or omissions rests with those who provided information to support the report.

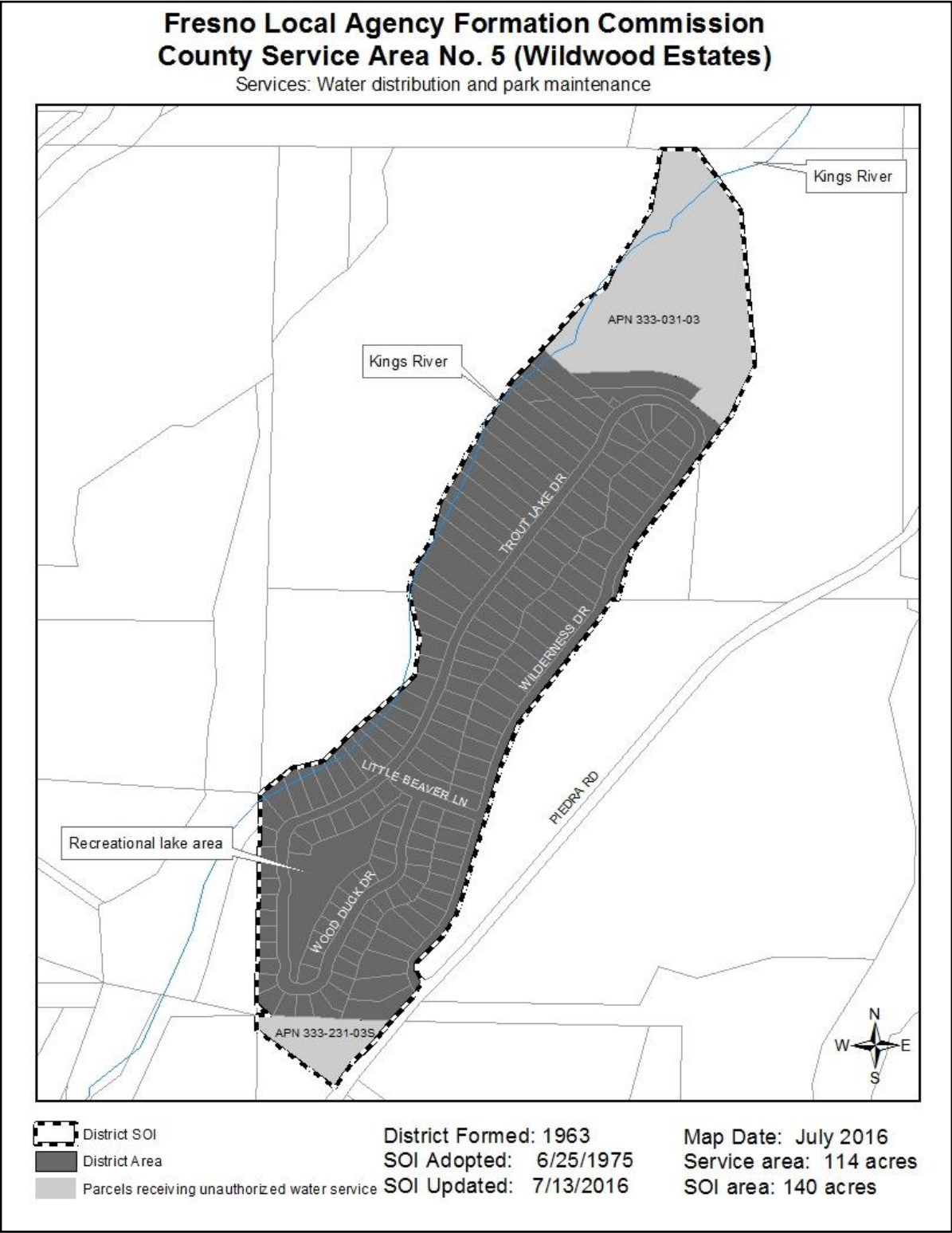
Available Documentation – Documents used for the preparation of this report are available in the LAFCO office. A significant amount of effort has been invested in bringing the District's Municipal Service Review and Sphere of Influence Update to this point. Documents are available at the Fresno Local Agency Formation Commission Office located at:

Fresno Local Agency Formation Commission
2607 Fresno Street, Suite B
Fresno, California 93721

The Draft Municipal Service Review is available on Fresno LAFCO's website, <http://www.fresnolafco.org/default.asp>

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County Service Area No. 5- Commission Approved Boundary Map¹⁵



¹⁵ Fresno Local Agency Formation Commission, July 13, 2016