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

AGENDA ITEM No. 15

DATE: **September 28, 2011**

TO: **Fresno Local Agency Formation Commission**

FROM: **Jeff Witte, Executive Officer**

SUBJECT: **Consider Adoption – **Municipal Service Review and Sphere of Influence Update Prepared for the Big Creek, Bluffs, Caruthers, Easton, Laton, and Sierra Cedars Community Service Districts.****

Recommendations:

- A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Reviews and Sphere of Influence determinations under consideration are Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and Section 15320, "Changes in Organization of Local Agencies".
- B. Find that the Municipal Service Reviews and Sphere of Influence Updates prepared for each of the Community Service Districts are complete and satisfactory.
- C. Find that the written determinations within the Municipal Service Reviews and Sphere of Influence Updates satisfy State Law.
- D. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Reviews and Spheres of Influence Updates, adopt the Municipal Service Reviews prepared for these Community Service Districts, and update the Sphere of Influence for said Districts by reaffirming their current boundaries or approving the recommended changes.

Summary / Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update, as necessary, special district Spheres of Influence (SOIs) every five years. Prior to, or in conjunction with an agency's SOI update, LAFCo is required to conduct a *Municipal Service Review* (MSR) for each agency.

Municipal Service Reviews provide a comprehensive review of the services provided by a city or district and present recommendations with regard to the condition and adequacy of these services and whether or not modifications to a city or district's SOI are necessary. MSRs can be used as informational tools by LAFCo and local agencies in evaluating the efficiencies of current district operations and may suggest changes in order to better serve the public.

Sphere of Influence updates may involve an affirmation of the existing SOI boundaries or recommend modifications to the SOI boundaries. LAFCo is not required to initiate changes to an SOI based on findings and recommendations of the service review, although it does have the power to do so.

State law requires that the Commission adopt written MSR determinations for each of the following six criteria:

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

As part of the SOI update, the Commission is required to consider the following four criteria and make appropriate determinations in relationship to each:

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.

Environmental Determination

The California Environmental Quality Act ("CEQA") requires that the Commission undertake and review an environmental analysis before granting approval of a project, as defined by CEQA. The MSRs are categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation section 15306), which states: "Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded." Indeed, these MSRs collect data for the purpose of evaluating municipal services provided by the agencies. There are no land use changes or environmental impacts created by such studies.

Furthermore, the MSRs qualify for a general exemption from environmental review based upon CEQA Regulation section 15061(b)(3), which states: "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." Additionally, the SOI updates qualify for the same general exemption from environmental review based upon CEQA Regulation section 15061(b)(3).

There is no possibility that these MSR or SOI updates may have a significant effect on the environment because there is no land use changes associated with the documents. If the Commission approves and adopts the MSR and SOI updates and determines that the projects are exempt from CEQA, staff will prepare and file a notice of exemption with the County of Fresno, as required by CEQA Regulation section 15062.

Discussion / Summary of Determinations

Big Creek Community Service District encompasses approximately 29 acres and provides street lights, water, road maintenance, and snowplowing services to the 63 parcels in the Big Creek subdivision.

Bluffs Community Service District encompasses approximately 34 acres in northeast Fresno. They provide landscape maintenance and lighting services to the 53 parcels in the Bluffs subdivision.

Caruthers Community Service District encompasses approximately 361 acres and provides street lighting, water, sewer, storm drainage, recreation and park, and landscape maintenance services to the community of Caruthers.

Easton Community Service District encompasses approximately 701 acres and provides street lighting, storm drainage, recreation and park, and landscape maintenance services to the community of Easton.

Laton Community Service District encompasses approximately 500 acres and provides street lighting, water, sewer, solid waste, and fire protection services to the community of Laton.

Sierra Cedars Community Service District encompasses approximately 115 acres and provides water, snow removal, and road maintenance services to the community bounded by Bretz Mill Road, Black Oak Road, Hanging Branch, Saddleback Road, and Rockledge.

There does not appear to be a need nor are there any readily available opportunities to change the government structure. Consolidation would not appear to be practical due to the size and distance between the existing Districts.

CARUTHERS COMMUNITY SERVICE DISTRICT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

**Report to the
Fresno Local Agency Formation Commission**

Jeff Witte
Candie Fleming
Samantha Hendricks
2115 Kern Street, Suite 310
Fresno, CA 93721

September 2011

CARUTHERS COMMUNITY SERVICE DISTRICT

Street lights, water, sewer, storm drainage, parks and recreation, and landscape maintenance

Contact Information

Manager: David McIntyre
Address: P.O. Box 218
Caruthers, CA 93609
Phone: (559) 864-8189

Management Information

Governing Body: Board of Directors
Board Members: Terry Hamlin Appointed 2006-Expires 2013
Rick Helm Appointed 2007-Expires 2013
Marvin Davis Appointed 2007-Expires 2013
Loaland Brittsan Elected 2007-Expires 2011
Jerry L. Willis Elected 2007-Expires 2011
Board Meetings: Second Tuesday of Each Month at 7:00 pm at the District office
Staffing: 1 District Manager who is also the Wastewater Treatment and Water Distribution Operator, 1 Office Manager and 1 Part Time Maintenance Person

Service Information

Empowered Services: Street lights, water, sewer, storm drainage, parks and recreation, and landscape maintenance
Services Provided: Street lights, water, sewer, storm drainage, parks and recreation, and landscape maintenance
Area Served: Community of Caruthers
Population Served: 2,576
Acres Served: 361 Acres
Infrastructure: Four wells, well pumps, water distribution system, wastewater collection system, two sewerage lift stations, and a wastewater treatment facility

Fiscal Information

Budget: \$2,237,126
Sources of Funding: Utility fees, property taxes, property assessments, connection fees
Rate Structure: Water: \$19.00 monthly per connection, with an additional charge of \$0.60 per 1,000 gallons above the basic allotment; Sewer: flat rate of \$35.00 monthly

Administrative Policies

Master Plan: Yes **Policies/Procedures:** No **By-laws:** No
Boundary Updated: 1995 **SOI Updated:** 2007 **Other:** No

1. MUNICIPAL SERVICE REVIEW

Description of District

The Caruthers Community Service District (District), formed in 1958, is located in the central portion of Fresno County, approximately 16 miles south of the City of Fresno. The District provides street lights, water, wastewater, storm drainage, parks and recreation, and landscape maintenance services to lands within the District. Its boundaries contain about 361 acres and its Sphere of Influence contains about 588 acres, as shown on the enclosed map.

District Services and Background

The District owns and maintains water and wastewater infrastructure and facilities. The District contracts out street lighting services to a private service provider. The District also maintains two storm drainage basins within the District. These storm drainage basins are owned by the County of Fresno.

Services provided are within the District's powers as authorized in their enabling legislation, codified in Government Code 61000 – 61934, for community service districts. The District does not provide additional services outside of their enabling legislation. The District is not contracted to provide service to other service providers.

The District has one annexation pending with LAFCo for 25 acres located north of W. Clemenceau Avenue, east of S. Marks Avenue, south of W. Caruthers Avenue, and west of S. Kincaid Avenue. They also activated their latent powers to provide park and recreation and landscape maintenance in January, 2011.

2. MSR DETERMINATIONS

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews.

Growth and Population Projections

The District currently has approximately 644 connections which serve about 2,576 persons. The Capital Facilities Improvement Plan (CFIP) identifies several proposed subdivisions, as well as small commercial and residential lots, likely to develop within the District. The proposed development includes residential units, one church, and various commercial buildings. Part of this proposed development is included in the 25 acres proposed to be annexed north of West Clemenceau Avenue.

Present and planned capacity

The estimated future population in the District is 4,829. The District's current water supply is capable of supporting 2,736 people or 747 connections. The wastewater treatment facilities have a capacity of 0.24 MGD. Existing demands and commitments are 0.214 MGD. The ultimate WWTF demand, based on a total projected population of 4,289 would be 0.429 MGD.

If the additional areas of development interest were included, the ultimate projected population would be 6,576 people. This would necessitate additional water supplies and increase the WWTF demand to 0.658 MGD.

The District's water distribution system includes several dead-end runs and a few locations of four-inch and smaller water lines. The smaller water lines were constructed of steel in the early 1960s. According to the District, the smaller water lines have exceeded their anticipated useful life.

The water system lacks looping and extensions to adequately serve existing development. Long dead-end runs diminish available water pressure and water delivery capacity. The District was able to recently complete several projects to increase water line size and looping to improve the current water system.

Several of the water supply wells for the District have arsenic concentrations that exceed the present regulations. The District has obtained financial assistance through Proposition 84 to construct a test hole and complete the design of a new production well, distribution facilities, and blending tank. The District may receive funding to construct the improvements through Proposition 84 or the Safe Drinking Water State Revolving fund.

The District's wastewater treatment facility is currently estimated to be able to treat 0.24 million gallons per day (MGD) of sewerage. Current demands on the system total approximately 0.214 MGD. The wastewater treatment process consists of an aerated lagoon treatment system.

The District has submitted to the Regional Water Quality Control Board (RWQCB) a Report of Waste Discharge for an expansion of the treatment and disposal facilities to 0.28 MGD. Additional expansion of the facilities is needed to serve any proposed developments. The RWQCB has expressed the intent to require nitrogen reduction at the wastewater treatment facilities. This requirement will result in substantial capital improvement needs. The District has obtained financial assistance from the USDA to construct the improvements.

Street lighting services are contracted out, with the ability of the service to expand not contingent upon population growth. Thus, it is assumed that the private provider will be able to support future growth.

Financial Ability of Agencies to Provide Services

The District has provided its approved 2009-10 budget. No audits were made available; thus a comparison between projected budget items and actual revenues and expenditures is impossible at this time. All information provided by the District was reviewed to determine fiscal status, assess financial practices, and review pertinent management findings.

The primary source of financing for services is from property taxes and service charges. The total budgeted income is \$1,500,000. Expenses include: salaries and employee benefits (\$125,000), services and supplies (\$285,000), and fixed assets (\$1,090,000). The total budgeted expense is \$1,500,000. The District has \$737,126 in reserves.

The facilities financing plan report estimated the total costs for the upgrades and new facilities to require just over \$13 million to accommodate a population of 6,576, should growth occur.

The District has applied for the grants and loans from the California Department of Public Health to help fund the existing arsenic treatment for the wells.

Based on available information, the District appears to require additional financing in order to fund improvements to the current infrastructure and infrastructure necessary to support expected growth. The District increased rates in 2010.

The District is a participant in the Special District Risk Management Authority, which allows the District to pool risk insurance with other special districts, reducing the costs of individual insurance coverage.

Additionally, the District utilizes volunteers in various capacities including meter reading and developing annual reports to various agencies.

Status of, and Opportunities for, Shared Facilities

The District currently shares its District office with the Fresno County Sheriff. No additional opportunities for shared facilities have been identified.

Governmental Structure and Operational Efficiencies

California Government Code section 61000 - 61934 enables the formation of Community Service Districts to provide various services to the community. The District provides water, storm drainage, sewer, solid waste and street lights services. This district is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors). The District, under its current legal form, is able to function under its current government structure. Transitioning the CSD to an alternative service provider, such as another district or other form of local government, would be unlikely to result in significant efficiencies.

Additionally, such a transition to an alternative government structure would be extremely difficult due to the cost, time, and administrative complexity. The existing structure of the District as a community service district is sufficient to allow the District to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District that would affect the provision of service in the future. Therefore, a reorganization of the current government structure is not likely to significantly improve services. The current government structure is able to provide adequate service within district boundaries.

A body of five officials elected by registered voters within the District serves as the Board governing the District. Members are elected to four year staggered terms. Board members are subject to recall by District voters through the recall procedures set forth in Chapter 2, Division 13 of the Elections Code.

Board meetings are held on the second Tuesday of each month at 7 p.m. in the District's office. There appears to be ample opportunities for public involvement and input at regularly scheduled meetings. Meeting announcements and notices are posted outside the District's office, at the local grocery store, and at the local post office prior to the board meetings. Meetings and notices appear to be consistent with Brown Act requirements, which include postings in public places.

The District has expressed interest in changing the current boundaries. Services provided are adequate within the District's existing boundaries and services do not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided and demanded. If development occurs outside of District boundaries, they may request annexation into the District. Current limitations to the District's SOI expansion include arsenic in the water supply, undersized water mains to properly satisfy fire flow requirements, dead end water mains, wastewater treatment facilities that are at the design capacity, and the potential of new regulations that may be imposed on the existing wastewater treatment facilities.

The District currently employs 2.5 full time employees: The District manager is also the wastewater treatment operator and water distribution operator. An office manager and a part time maintenance person are also employed.

The District utilizes consultants as needed for legal, auditing, engineering, and other professional services. Regular consultants contracted by the District include Provost and Prichard Engineering. The District also contracts out street lighting services to PG&E.

3. SPHERE OF INFLUENCE REVIEW AND UPDATE

Government Code Section 56076 defines Sphere of Influence as "A plan for the probable physical boundaries and service area of a local agency, as determined by the commission."

Description of Current Sphere of Influence

Its boundaries contain about 361 acres and its Sphere of Influence about 588 acres, as shown on the enclosed map.

Proposed Sphere Changes

This District sphere boundary was adopted in 1976 and updated in 1993 and re-affirmed in 2007. It is recommended that the Commission re-affirm the current sphere of influence.

Sphere of Influence Recommendation and Determinations

It is recommended the Commission approve the following determinations and re-affirm the Sphere of Influence.

1. Present and planned land uses in the area, including agriculture and open-space.

The current land use within the Caruthers Community Service District is primarily agricultural and residential, with some industrial and limited commercial uses. Future land uses in proposed developments may include additional residential and commercial uses.

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

Water, wastewater, and street lighting services are currently provided by Caruthers Community Service District. The District may experience additional demands for all service provided if proposed developments occur.

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

Current services provided by the Caruthers Community Service District are adequate and have sufficient capacity to serve the existing community. Present limitations to service expansion include arsenic in the water supply, undersized water mains to properly satisfy fire flow requirements, dead end water mains, wastewater treatment facilities that are at the design capacity, and the potential of new regulations that may be imposed on the existing wastewater treatment facilities.

4. Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

The Caruthers Community Service District serves the unincorporated community of Caruthers.

4. ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by Fresno LAFCo staff using information provided by the Caruthers Community Service District. Responsibility for any errors or omissions rests with those who provided information for the report.

5. RECOMMENDATIONS

In consideration of information gathered and evaluated during the Municipal Service Review 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 Sphere of Influence determinations and re-affirm the current Sphere of Influence.