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

AGENDA ITEM No. 14

DATE: February 9, 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 Waterworks District No.'s 18, 37, 38, 40, 41 and 42.**

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 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

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 MSR's 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 MSR's 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 MSR's 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's 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's 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

Waterworks District No. 18 encompasses approximately 425 acres generally located at the base of Friant Dam and Millerton Lake. The District boundaries and its sphere of influence are not coterminous and it is recommended that the sphere be revised to include all portions of the district. The District owns a water treatment plant and water distribution facilities. When the County approves the Friant Ranch development, the district will need to apply to LAFCo for a sphere of influence revision and an annexation to the district. The County would like to consider consolidation of County Service Areas 34 and 44 and Waterworks District No. 38.

Waterworks District No. 37 encompasses approximately 77 acres generally located near Meadow Lakes and includes a portion of Bald Mountain Road near Auberry Road. The sphere of influence and district boundaries are coterminous. The District owns two production wells, a storage tank, and fire suppression hydrants. The District has indicated that there are no changes to the district boundary or sphere of influence anticipated in the foreseeable future.

Waterworks District No. 38 encompasses approximately 154 acres located approximately six miles north of the where Sky Harbour Road intersects from Millerton Road. The District boundaries and its sphere of influence are coterminous. The District owns one production well and storage tank system, fire suppression hydrants; extended aeration and spray fields for wastewater. The County would like to consider consolidation of County Service Areas 34 and 44 and Waterworks District No. 18.

Waterworks District No. 40 encompasses approximately 278 acres but only provides service to Improvement Zone 1 which is 23 acres generally located near the intersection of Tollhouse Road and Shaver Springs Road. The sphere of influence and district boundaries are not coterminous but the County has requested that the sphere not be increased to include the 255 acres that include rural residential that is not being served at this time. The District owns one production well and storage tank system, fire suppression hydrants, and extended aeration and spray fields for wastewater. The District has indicated that there are no changes to the district boundary or sphere of influence anticipated in the foreseeable future.

Waterworks District No. 41 is divided into two parts. The water service area encompasses approximately 1,975 acres and the sewer service area encompasses approximately 1,585 acres generally located south of Shaver Lake, along Highway 168, with the bulk of the District's area occurring to the east of the highway. The District's boundaries are irregular and include areas of development along Bretz Mill Road, Outcrop Road and Woody Lane, Littlefield Road, Ridge Road and Woodland Road. The sphere of influence and district boundaries are not coterminous as shown on the enclosed maps. The District owns 15 water wells, storage tanks, and a distribution system for water, aeration ponds for wastewater, and fire hydrants. The District has indicated that there are no changes to the district boundary or sphere of influence anticipated in the foreseeable future.

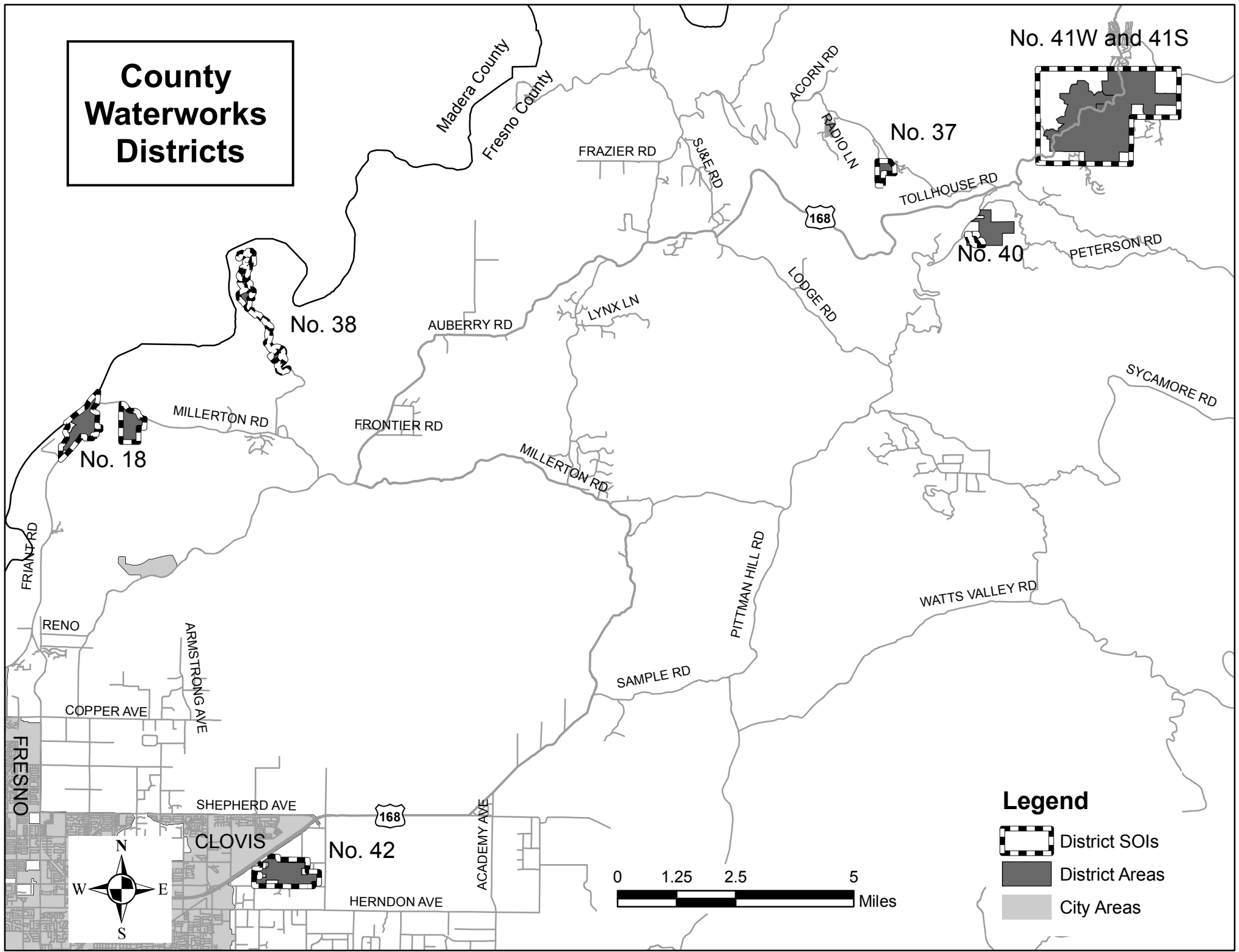
Waterworks District No. 42 encompasses approximately 367 acres generally located northeast of the intersection of Alluvial and DeWolf Avenues, southeast of State Route 168, east of the City of Clovis. The sphere of influence and district boundaries are not coterminous as shown on the enclosed map. The District owns one production well and storage tank system, fire suppression hydrants, and extended aeration and spray fields for wastewater. The District has indicated that there are no changes to the district boundary or sphere of influence anticipated in the foreseeable future.

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 Categorical 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".

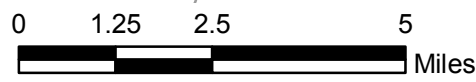
- B. Find that the Municipal Service Review and Sphere of Influence Update prepared for each of the Cemetery Districts are complete and satisfactory.
- C. Find that the written determinations within the Municipal Service Reviews and Sphere of Influence Updates satisfy State Law.
- D. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Reviews and District Spheres of Influence, adopt the Municipal Service Reviews prepared for each Waterworks District, and update the Sphere of Influence for said Districts by reaffirming their current boundaries or approving the recommended changes.
- E. All Waterworks Districts with only one well should consider a plan for an alternate water supply in case of an emergency.

County Waterworks Districts



Legend

- District SOIs
- District Areas
- City Areas



REVISED

RESOLUTION NO. MSR-11-2

**FRESNO LOCAL AGENCY FORMATION COMMISSION
FRESNO COUNTY, CALIFORNIA**

In the Matter of

LAFCo Determination

RESOLUTION MAKING DETERMINATIONS)	MADE DETERMINATIONS AND
AND ADOPTING MUNICIPAL SERVICE)	ADOPTED MUNICIPAL SERVICE
REVIEW FOR WATERWORKS DISTRICTS)	REVIEW FOR WATERWORKS
NOS. 18, 37 38, 40, 41 AND 42)	DISTRICTS NOS. 18, 37 38, 40, 41
)	AND 42

WHEREAS, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56425 et. seq.) the Fresno Local Agency Formation Commission is required to review and update, as necessary, Spheres of Influence of local agencies not less than once every five years; and

WHEREAS, Government Code Section 56430 directs the Commission to conduct a review of municipal services not later than the time it considers an action to establish or update a Sphere of Influence (SOI); and

WHEREAS, the Executive Officer prepared Municipal Service Reviews (MSRs) for Waterworks Districts No. 18, No. 37, No. 38, No. 40, Mo. 41, and No. 42; and

WHEREAS, notice of this Commission’s hearing of said request was duly given in a publication of general circulation as required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and State law, and at the time and in the form and manner provided by law; and

WHEREAS, the Commission has heard, discussed and considered all relevant evidence, including but not limited to the Executive Officer’s *Municipal Service Reviews*, environmental documentation, applicable land use plans and all testimony, correspondence and exhibits received during the public hearing process, all of which are included herein by reference.

NOW, THEREFORE, BE IT RESOLVED that the Local Agency Formation Commission of the County of Fresno does HEREBY STATE, FIND, RESOLVE, DETERMINE, AND ORDER as follows:

Section #1. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, this Commission finds 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”.

Section #2. This Commission finds that the Municipal Service Review and Sphere of Influence Updates prepared for each of the Waterworks Districts are complete and satisfactory.

Section #3. This Commission finds that the written determinations within the Municipal Service Reviews and Sphere of Influence Updates satisfy State Law.

Section #4. Pursuant to Government Code Sections 56425 and 56430, this Commission makes the required determinations for the Municipal Service Reviews and District Spheres of Influence, adopts the Municipal Service Reviews prepared for each Waterworks District, and updates the Sphere of Influence for said Districts by reaffirming their current boundaries and approving the recommended sphere of influence change for Waterworks District No. 18 as shown on Exhibit "A".

Section #5. This Commission finds that all Waterworks Districts with only one well should consider a plan for an alternate water supply in case of an emergency.

Section #6. This Commission finds that Districts should post meeting times and dates at the location where the meetings are held.

Section #7. This Commission finds that Districts need to follow the Brown Act in respect to meetings and the business activity of the districts.

* * * * *

ADOPTED THIS 9th DAY OF FEBRUARY, 2011, BY THE FOLLOWING VOTE:

- AYES: Commissioners Fortune, Silva, Lujan, Perea, Anderson**
- NOES: None**
- ABSENT: Commissioner Lopez**

STATE OF CALIFORNIA)
COUNTY OF FRESNO)

CERTIFICATION

I, Jeff Witte, Executive Officer, Fresno Local Agency Formation Commission, hereby certify that the foregoing resolution was adopted by the Commission on the 9th day of February, 2011.

**Jeff Witte, Executive Officer
Fresno Local Agency Formation Commission**

WATERWORKS DISTRICT No. 37

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

February 2011

1. MUNICIPAL SERVICE REVIEW

Description of District

Waterworks District No. 37 (District), formed in 1961, is located near Meadow Lakes and includes a portion of Bald Mountain Road near Auberry Road. The District provides water services and fire protection to the residents of the District. The District also owns and maintains fire suppression hydrants and supplies water for fire protection uses. Fire protection is considered an active power. Services provided are within designated service boundaries with the exception of one out-of-district user. The District's sphere of influence and district boundaries are shown on the enclosed map.

District Services and Background

Fresno County Waterworks District No. 37 (District) is a dependent special district formed pursuant to Division 16 of the California Water Code Section 55000, et seq. Waterworks districts are empowered to provide water for domestic, agricultural, industrial, and fire protection purposes, as well as operation of facilities relative to the sale of water, treatment and reclamation of saline and wastewater, and sewage collection.

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 subdivision contains 46 parcels. The land uses in the District are primarily residential.

The District's service demands are based historically on well production. The District is fully built out and does not anticipate any additional growth. The Citizens Advisory Council, a volunteer property owner group, makes recommendations to the Board related to the adequacy of the level of service.

Present and planned capacity

The District recommends an engineering assessment of the existing and future infrastructure. The District did not provide any specific information regarding day-to-day maintenance activities or long term plans for facilities.

Financial Ability of Agencies to Provide Services

The County of Fresno has provided its approved 2010-2011 budget for the district. 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 FY 2010-11 operating budget states that major revenues are expected to come from service charges (\$37,541), and property taxes (\$6,837). The total budgeted income is \$44,379. Major expenditures are expected to go professional and specialized services (\$32,697), maintenance (6,312), utilities (3,881), and other various expenses. The total budgeted expense is \$47,485. The budget is expected to be balanced, with a net use of reserve funds of \$3,107.

The District is primarily financed through bimonthly service fees and property taxes. The District finances capital improvement projects through reserve funds and existing user fees. These funds are not sufficient to cover the Board's policy of 50% reserve fund balance. Fees were revised in 2009, through the Proposition 218 process. Current fees for domestic water service are \$68.01 per month per connection.

Status of, and Opportunities for, Shared Facilities

In case of fire, hydrants within the District can be utilized for emergency purposes by outside agencies. The District also utilizes the County's office facilities.

Governmental Structure and Operational Efficiencies

County Waterworks districts are dependent special districts formed pursuant to Division 16 of the California Water Code Section 55000, et seq. Waterworks districts are empowered to provide water for domestic, agricultural, industrial, and fire protection purposes. The District can operate facilities relative to the sale of water, treatment and reclamation of saline and wastewater, and sewage collection. The District currently provides water services to the members of the District. County Waterworks District No. 37 is a dependent special district which is run by the members of the County Board of Supervisors. The District, under its current legal form, is able to function under its current government structure. The cost, time, and administrative complexity of transitioning to an alternative government structure would make the suitability of such a transition extremely difficult. The existing structure of the District as a County Waterworks District is sufficient to allow the District to continue service provision in the foreseeable 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. No additional government structure options have been identified.

The five-member Fresno County Board of Supervisors is the governing body for the District. Each Board member may continue to run for election after his or her term.

District operations and maintenance are performed by members of the County Public Works and Planning Department. Relevant Public Works personnel consist of a Special District Administrator, three Staff Analysts, one office assistant, one Supervising

Water/Wastewater Specialist, seven Water/Wastewater Specialists, and two Craft Maintenance Trainees. According to staff, this level of personnel is adequate to serve the District, and perform required services.

The District communicates openly with the County. The District also relies on the County for administrative functions. Open communication allows property owners an avenue to express any concerns.

The budget is usually an indicator of management efficiency. According to information contained in the FY 2010-11 budget, the District's budget is balanced. The District does not have any outstanding debt.

The County Board of Supervisors meets approximately 31 times per year. Meetings are held on the designated Tuesdays. These meetings are held at the Fresno County Board Chambers, Room 301 Hall of Records, 2281 Tulare Street in Fresno.

Agendas are posted at the hall of records as well as on the County website at www.co.fresno.ca.us.

As previously mentioned, the Citizen's Advisory Council is made up of District members who act as the liaison between the District and the property owners. Their role is advisory and instrumental in determining the level of service provided to the District.

While there have been no formal surveys the District staff feels that they are providing the District with the requested level of services. There are no performance measures for customer satisfaction. Staff is typically made aware of positive and negative feedback during public meetings. Existing customers are provided with equal service opportunities.

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

The District and Sphere of Influence are coterminous and encompasses approximately 77 acres as shown on the enclosed map.

Proposed Sphere Changes

This District sphere boundary was adopted in 1975 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 approve the changes in the Sphere of Influence.

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

The current land uses are primarily residential. Future land uses within the District are expected to remain primarily residential. The district did not indicate if there are planned changes to the current uses.

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

Waterworks District No. 37 indicated that current infrastructure is adequate to serve the residents.

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

Waterworks District No. 37 did not provide information relating to the present capacity of existing systems. Existing water needs are based on a system of wells.

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

Waterworks District No. 37 did not indicate that there are any communities of interest within the District.

4. ACKNOWLEDGEMENTS & REFERENCES

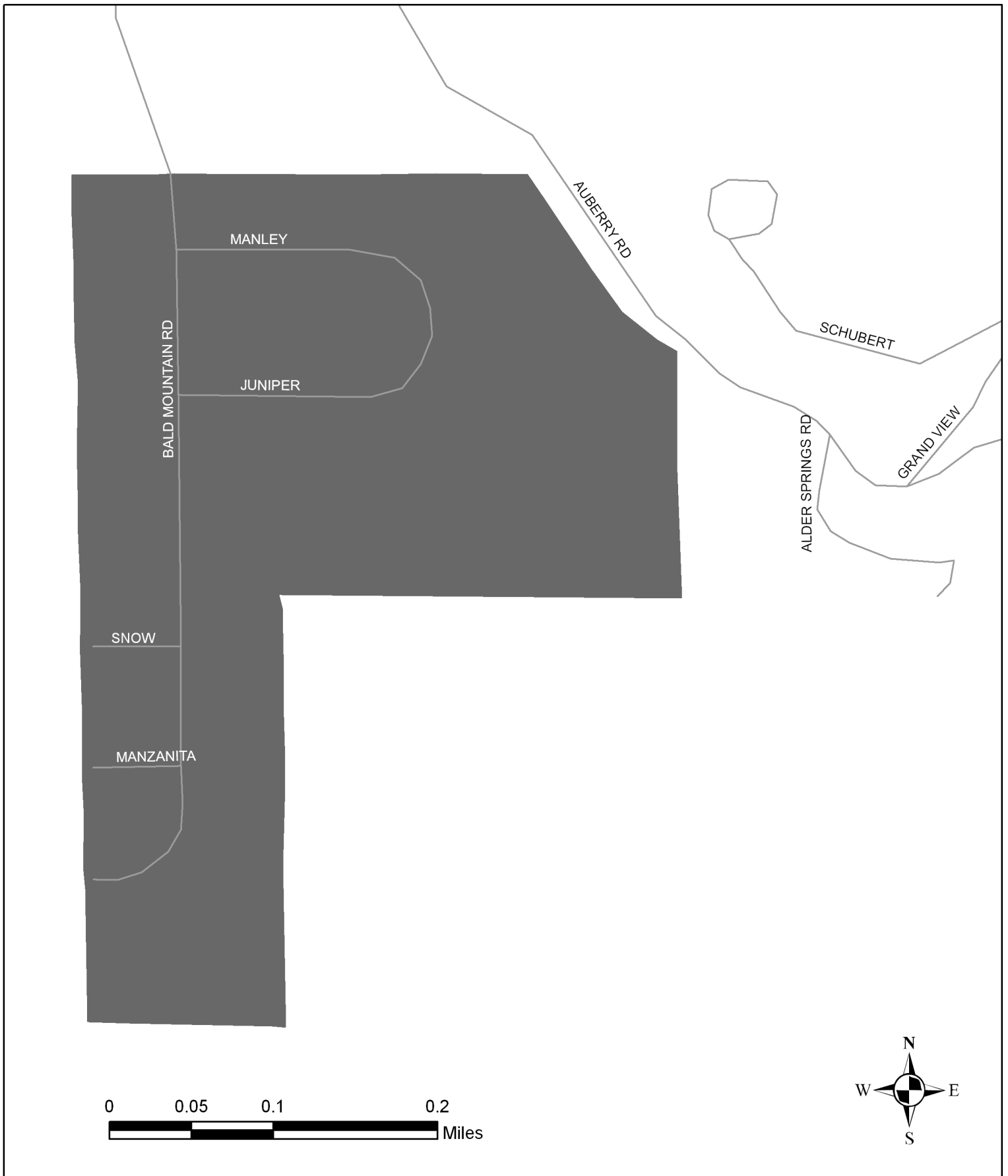
This draft Municipal Service Review was prepared by Fresno LAFCo staff. Responsibility for any errors or omissions rests with those who prepared the report.

The County of Fresno Department of Public Works and Planning provided information on which the evaluation is based.

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.



Fresno Local Agency Formation Commission Waterworks District No. 37 - Alder Springs

Legend

District Area and SOI

District Formed: 1961
 SOI Adopted: 5/28/1975
 SOI Updated: 7/11/2007

Map Date: October 2007
 District Area: 77 Acres
 Sphere Area: 77 Acres