

# **WATERWORKS DISTRICT NO. 18**

## **MUNICIPAL SERVICES REVIEW AND PLAN FOR SERVICES**

**FOR**

**AMENDMENT OR REVISION OF THE DISTRICT'S SPHERE OF  
INFLUENCE AND THE ANNEXATION OF TERRITORY TO  
INCLUDE THE FRIANT RANCH DEVELOPMENT AREA AND  
TO PROVIDE NEW OR DIFFERENT CLASS OF SERVICES  
WITHIN JURISDICTIONAL BOUNDARIES**

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

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TABLE OF CONTENTS

1 MUNICIPAL SERVICE REVIEW .....1

1.1 District Information.....1

1.2 Existing Facilities and Infrastructure .....1

1.3 District Finances .....2

2 MUNICIPAL SERVICE REVIEW DETERMINATIONS .....5

2.1 Infrastructure Needs .....5

2.2 Growth and Population .....6

2.3 Financing Constraints .....7

2.4 Cost Avoidance Opportunities .....7

2.5 Rate Restructuring Opportunities.....8

2.6 Opportunities for Shared Facilities.....9

2.7 Government Structure and Management Efficiencies.....9

2.8 Local Accountability ..... 11

3 SPHERE OF INFLUENCE REVIEW..... 13

3.1 Existing Sphere of Influence ..... 13

3.2 Proposed Sphere of Influence ..... 13

3.3 Sphere of Influence Determinations..... 13

4 ACKNOWLEDGEMENTS AND REFERENCES..... 15

5 RECOMMENDATIONS ..... 16

<b>LIST OF FIGURES</b>	<u>Page</u>
Figure 1-1: District Map – Proposed SOI Expansion .....	4
Figure 2-1: Government Structure .....	10

<b>LIST OF TABLES</b>	<u>Page</u>
Table 1-1: Budgeted Revenues and Expenditures (FY 2010-11) <sup>1</sup> .....	3

**ABBREVIATIONS**

WWD 18 .....	Fresno County Waterworks District No. 18
MSR.....	Municipal Service Review
SOI.....	Sphere of Influence



## 1 MUNICIPAL SERVICE REVIEW

### 1.1 District Information

Friant, a small community of approximately 500 people, is situated at the base of Friant Dam and Millerton Lake in Fresno County, California. Established on August 17, 1956, Fresno County Waterworks District No. 18 (WWD 18 or District) today services approximately 234 residential, commercial and industrial connections in Friant with an additional 180 potential connections annexed but not yet developed.

WWD 18 proposes to incorporate the area included within the proposed development footprint of the Friant Ranch Specific Plan, recently approved by Fresno County for residential and commercial uses equating to approximately 2,700 additional connections to the District (Project), into its service area as a separate zone of benefit, providing both water and sewer services. The 460-acre Friant Ranch development area is situated east of Friant Road, west of the Friant-Kern Canal. Friant Ranch occupies portions of Sections 7, 8, 17, and 18, Township 11 South, Range 21 East (see **Figure 1-1: District Map**) (Project Area).

To accommodate this action, the District proposes to activate its latent powers respecting wastewater collection, treatment and disposal. In addition, the District proposes to assume the responsibility for wastewater service for those customers currently served by Fresno County Service Area 44A, the Millerton Village Mobile Home Park, which is located directly north of the Project Area within the District's existing service area. The District currently provides water service to the mobile home park.

### 1.2 Existing Facilities and Infrastructure

Water supplies for WWD 18 are presently obtained from Millerton Lake via a contract with the United States Bureau of Reclamation (USBR). The nominal water allotment is 150 acre-feet per year, although actual deliveries are limited in drier water years.

WWD 18 owns, maintains, and operates the water treatment plant and water supply system located in the Community of Friant. The existing WWD 18 water treatment facility uses a clarification and filtration process designed to treat the water from Millerton Lake, currently serving the Community of Friant, the Bureau of Reclamation –

## SECTION ONE

Friant Dam, the California State Park – Millerton Lake, and the California Department of Forestry.

The treatment capacity was recently increased and has been rated at 396 gpm or 0.55 mgd by the State Department of Health. Presently the plant normally runs at approximately 250 gpm. The treated water is pumped into a clearwell tank and then pumped into a 325,000-gallon storage tank. The system has several pumps, which feed connections to the Bureau of Reclamation facilities, Millerton Lake State Park and the California Department of Forestry Fire Station.

The District does not provide any direct water services outside its boundaries. **Figure 1-1** is a map of the District showing the existing service areas. The District does contract with Table Mountain Rancheria (TMR) to treat water for the Rancheria's casino, which is located several miles east of the District service area on Millerton Road. Water for TMR is delivered, pursuant to TMR's separate entitlements, from Millerton Lake through the District's raw water line, treated using excess capacity in the treatment plant, and picked up by TMR contractors for delivery to TMR in water trucks. No District facilities extend to TMR.

No existing District services overlap with any other agency; at present, the District's buildings and offices are not shared with any other agency.

Fresno County Service Area 44A (CSA 44A) owns and operates the Millerton Lake Village Wastewater Treatment Plant, which serves only the Millerton Lake Village Mobile Home Park. No other existing Friant users have access to wastewater treatment services. All are served by individual septic systems.

### 1.3 District Finances

The District financed the water system through the California Department of Water Resources and with careful planning and diligence on the parts of the Board of Directors and the citizens of Friant, that loan has been paid. The ownership of the District belongs to the Community of Friant. There continues to be a small assessment to each property owner for the Operations and Maintenance fund, which is invested in the Local Agency Investment Fund (LAIF) with the State of California and continues to grow and draw interest.

The FY 2010-11 operating budget states that major revenues are expected from residential water charges, commercial water charges, industrial water charges, tax

**SECTION ONE**

**MSR/ Plan for Services  
Waterworks District No. 18**

assessments, interest income and various other revenue sources for a total of \$294,700. Expenditures are expected in the form of salaries and payroll expenses, water purchases, repairs and maintenance, professional and engineering fees, Pacific Gas and Electric, water treatment supplies and various other expenditures for a total of \$253,121. The budget is expected to be balanced with this accounting of revenues and expenditures. There will be a net income of \$41,579.

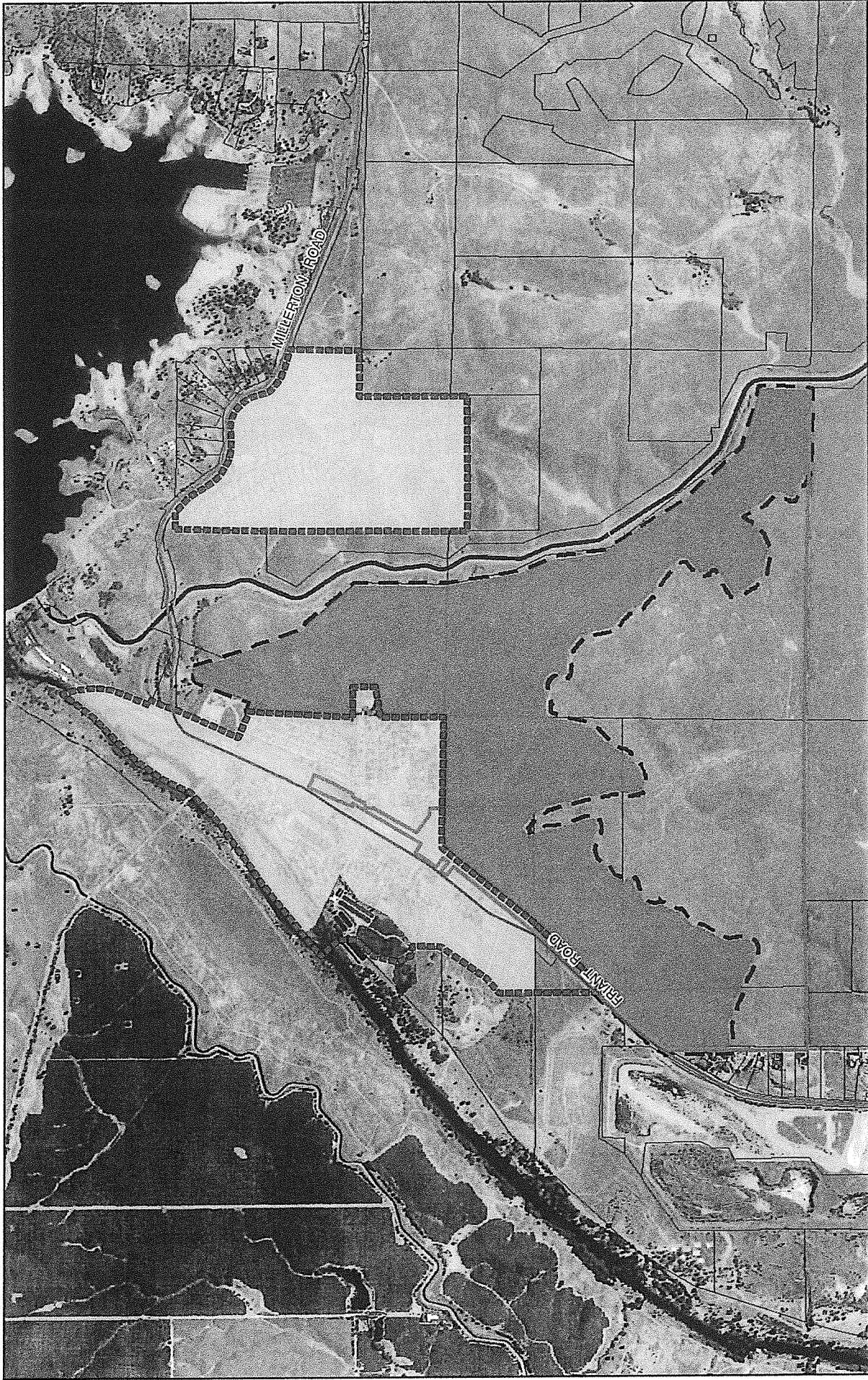
**Table 1-1: Budgeted Revenues and Expenditures (FY 2010-11)<sup>1</sup>**

Revenues		Expenditures	
Residential Water Charges	\$100,000	Salaries	\$45,000
Commercial Water Charges	\$150,000	LTRID Water Purchases	\$10,000
Industrial Water Charges	\$25,000	Repairs/Maintenance	\$12,000
Other Income	\$19,700	Professional & Engineering Fees	\$58,500
		Utilities	\$25,000
		Water Treatment Supplies	\$12,000
		Other Expenditures	\$90,621
<b>Total Revenues</b>	<b>\$294,700</b>	<b>Total Expenditures</b>	<b>\$253,121</b>

<sup>1</sup> Table data from WWD #18 "Budget Adoption - Fund" dated 6/30/10.

At present the District is working on a capital improvement project to replace the current water line from the treatment plant to the California Department of Forestry and Fire Protection (CDF) facilities. This project will be funded by the CDF.

Future capital improvements anticipated at this time are all related to the development of Friant Ranch. The expansion of water service facilities and development of new wastewater facilities is planned to occur in stages, the timing of which will be determined by the pace of development at Friant Ranch. These facilities are described in the Friant Ranch Specific Plan's infrastructure master plan, and will become conditions of approval of the various tentative maps and site plans considered by Fresno County for the Project over its development life. Design and construction will be by the Project, subject to approval by WWD 18 and appropriate regulatory authorities.



**Figure 1-1**  
 Proposed SOI Expansion  
 Waterworks District No. 18

**Legend**  
 District SOI  
 District Area  
 Proposed District Area Expansion  
 Proposed SOI Expansion

**Legend**  
 Friant Ranch Specific Plan Boundary

0 1,000 2,000 Feet  
  
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 286 W. Cromwell Ave.  
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## 2 MUNICIPAL SERVICE REVIEW DETERMINATIONS

The proposed Friant Ranch Specific Plan (Project or Development) is planned to be a mixed-use, primarily age-restricted development. It will consist of approximately 2,500 dwelling units, of which 2,270 will be age-qualified units (*i.e.*, for active adults 55 years and older) and 230 will be non-age-qualified units, and will include 250,000 square feet of commercial space.

The Project site comprises a total of 942 acres, with 460 acres proposed for development and 482 acres proposed for dedicated on-site open space. Portions of the open space necessary to provide a contiguous service area are included in the annexation application, bringing the total area of the application to approximately 520 acres. The remainder of the open space area is not proposed for annexation into the District as no services will be required or provided.

### 2.1 Infrastructure Needs

To serve the Project area, a new wastewater treatment system would be constructed. The new plant would also replace the Millerton Lake Village Wastewater Treatment Plant and would provide service to the current CSA 44A customers. The new wastewater treatment system would be constructed by the Friant Ranch Specific Plan developers, owned and operated by WWD 18, with no capital cost to the District. The present customers in Millerton Lake Village MHP would be connected to the new facility, and the current CSA 44A treatment plant would then be abandoned. A point of connection would be provided for a future wastewater collection system serving the Friant Community. However, the Friant Ranch Specific Plan development is not committed to construct a collection system for the community; the decision to do so and the funding obligation of any such collector system would rest with the citizens of the Friant community.

A complete description of the proposed infrastructure systems for the Friant Ranch development area is included in the Friant Ranch Specific Plan's Infrastructure Master Plan, and is analyzed in the Friant Ranch Specific Plan EIR.

A new wastewater treatment plant (WWTP) is proposed as part of the Project, to be owned, operated and maintained by WWD 18. The new facility will utilize Membrane Bioreactor technology and will be designed to be compatible with surrounding land uses. Treated effluent from the Wastewater Treatment System will be used for irrigation of local agricultural areas as well as landscaped areas and irrigated open spaces in or near the Project.

## SECTION TWO

The WWTP, which will produce tertiary level, Title 22 effluent, will be constructed in three or four phases, each phase adding treatment and disposal capacity as discussed in the Project EIR. The initial phase will be rated at approximately 0.250 million gallons per day (mgd); the ultimate WWTP will be rated at between 0.625 and 0.725 mgd, depending upon the actual commercial demand the project experiences as it builds out. Wastewater effluent will be disposed to lands in and near the Friant Ranch development. Prior to operation, both Waste Discharge Requirements and Reclamation permits will be secured from the Regional Water Quality Control Board.

Water for initial development at Friant Ranch can be produced by the existing water system operated by the District. As discussed in Section 1.2 above, the WTP has a capacity of 396 gpm, and a current peak demand of approximately 250 gpm. No increase in the demand within the current Service Area is anticipated, as no development projects are pending. The District's engineer, Michael Giersch, estimates that this increment of capacity will allow construction of up to 100 units in Friant Ranch before additional treatment capacity will be required.

The District will condition the Project to expand the present Water Treatment Plant (WTP) in phases to accommodate the needs of the Project. The WTP is designed including multiple operating units. These facilities include coagulation, flocculation, settling, filtration, and disinfection, all in accordance with the United States Environmental Protection Agency Surface Water Treatment Rule.

The expansions will add additional operating units for all processes as they are required, assuring operational flexibility and limiting the production capacity taken off line when service or repair of any single unit is needed. In addition to expansion of the treatment plant, the Project will also construct the pipelines, connections, tanks and pumps required to deliver sufficient capacity from Friant Dam to the WTP and to the Project.

The expansions required of Friant Ranch will fully supply the water needs of the Project, and at full build-out of the Project the District will be left with the same amount of capacity to serve non-Friant Ranch customers as it has today. Again, the entire capital cost of the planned expansions will be borne by the developers of the Friant Ranch project; the District will not make any financial contribution to the facilities.

## 2.2 Growth and Population

The District's current service population is estimated to be approximately 500 residents with 234 service accounts. The Project is proposed to be constructed in four phases over a period of approximately 10 years, depending upon market demand. The Project

## SECTION TWO

anticipates a building-out population of 5,765 with 2,500 service connections. The Project will be responsible for all costs in relation to increased service requirements due to the addition of service connections from Friant Ranch.

### 2.3 Financing Constraints

In 2005, District increased water service charges to \$31 per month for residential accounts and \$45 per month for commercial. A tiered billing system is in place for users of over 22,000 gallons per month. The District receives approximately \$15 to \$60 per parcel through land taxation. These funds are used in addition to the water service charges to maintain service to the District's users. Surplus funds are directed to Local Agency Investment Fund (LAIF) for use on future maintenance needs. This fund balance is approximately \$200,000. The District has no outstanding debts.

These funds are sufficient for running the District and do not provide for future development or upgrade beyond the current Friant community.

The Project financing strategy identifies two funding sources necessary for development of the infrastructure needed for the proposed expansion: direct developer funding and a public debt-financing mechanism. It is proposed that a Mello-Roos Community Facilities District (CFD) be formed by Fresno County Water Works District 18 (WWD 18) for debt financing of infrastructure portion of the wastewater improvements which will serve the Project.

The CFD funds would be limited to those which could be paid back by the imposition of 0.5 percent additional levee on the property tax roles, or about \$10 million in four separate bond issues throughout the development life of the Project. The expense above such threshold will be borne by the developer as a direct development expense, without reimbursement. No project-related capital facilities costs will be borne by the District or the customers in the current Western Service Area.

Annual operations, maintenance, and other costs associated with water and wastewater service within the Project area will be paid for through regular customer sewer service fees, set up as a separate zone of benefit for Project users.

### 2.4 Cost Avoidance Opportunities

In recent years, the District has been able to replace nearly all of their old asbestos-cement water lines through use of Community Development Block Grant (CDBG) funds.

## SECTION TWO

As a result of the replacement of these lines, the District has avoided significant maintenance costs associated with older lines.

A major expense was avoided in 2008, when a \$1 million grant from TMR paid the cost of relocating the District's major distribution line in Friant Road, which had to be moved to accommodate Fresno County's reconstruction and widening of that regional arterial. The need for relocation had not been anticipated until detailed planning for the road project revealed an elevation conflict. Under the terms of its encroachment permit with the County, the District was obliged to move its facilities at its own expense. TMR made it possible for the District to meet the County's demand and timeline without incurring what would have been onerous debt.

### 2.5 Rate Restructuring Opportunities

All of the current customers of the District west of the Friant Kern Canal, except the customers of CSA 44A (the residents of the Millerton Village Mobile Home Park), will become a distinct zone of benefit, separate from the two discussed below. This Zone will not be responsible for any expenses related to wastewater unless and until a collection system allowing connection of these users to the new WWTP is constructed. There are no current plans to construct that collection system. This Zone receives only water service from the District. The District last adjusted rates in 2005 and will periodically review the rates in future years. The Board of Directors voted to not increase the water rate for the 2010-2011 budget year and will reevaluate the issue again for the 2011-2012 budget .

The Project Area will be a second Zone of Benefit, providing for both water and sewer service. Preliminary budgets indicate a combined monthly for water and sewer service rate of less than \$100 per unit will be sufficient initially, with increases generally following increases in the cost of living. The rate structure for the Project Area will be finalized when final operations and maintenance budgets are known. Final budgets are still subject to design of the actual facilities, knowledge of monitoring and testing requirements (which will come from the Central Valley Regional Water Quality Control Board in future Waste Discharge Requirements) and to choices of the method for staffing of the wastewater treatment plant.

Current customers of CSA 44A (the residents of the Millerton Village Mobile Home Park) also currently receive water service from the District, but will be treated as a third Zone of Benefit within WWD 18. Throughout the entitlement process, the Project's developers have committed to bearing the cost of developing the new WWTP and offering a portion of its capacity to benefit the current residents of Friant including the

## SECTION TWO

customers of CSA 44A. Accordingly, sewer rates for the CSA 44A customers will be reduced by any capital facility components used to calculate the rates in the Project Area; they will pay only their share of the operations and maintenance expenses of the new WWTP. Based upon the same preliminary budgets used to estimate the rates for the second Zone of Benefit above, the monthly sewer rate for the third Zone of Benefit is expected to be less than \$50 per month

Water rates for the current CSA 44A customers will be treated just as they are currently, and will be held equal to the rates charged to the existing Friant community water users in the first Zone of Benefit (currently set at \$31 per unit per month).

### 2.6 Opportunities for Shared Facilities

The District does not share facilities with any other agencies. At this time, there are no opportunities for shared facilities in the area. The only other nearby service agency, County Service Area 44, does not overlap services with WWD 18. It currently provides only wastewater treatment and street lighting, not water treatment.

When the Friant Ranch wastewater treatment plant is constructed and begins serving the Friant Ranch Specific Plan Area, CSA 44A's wastewater treatment responsibilities will be taken up by WWD 18, and the existing CSA 44A wastewater plant, which is old and in general disrepair, will be decommissioned.

Current discussions between Fresno County and WWD 18 anticipate that CSA 44 may cease to exist after that transfer of responsibilities and would no longer be a potential partnering agency.

### 2.7 Government Structure and Management Efficiencies

WWD 18 is a public waterworks district organized under the California Water Code Section 64400, which provides the operating authority for water treatment plants; a five-member Board of Directors oversees the District's operations. The Fresno County Board of Supervisors appoints the members of the Board of Directors. The Board appoints the Manager, and the District employs several part-time treatment plant operators for the water treatment plant. The District contracts with Management Services, a local administrative services firm, for billing and accounting services, and with local professionals who provide engineering and legal services.

The District staff includes one full-time employee, with credentials to operate a water treatment plant and a wastewater treatment plant, and three part-time employees. All

plant operators have a mix of State-issued water treatment and distribution certificates appropriate to the water treatment plant.

The District Manager is compensated through the contract between the District and Management Services, which also provides billing and accounting services. This limited staff is adequate to perform all services required at the present time.

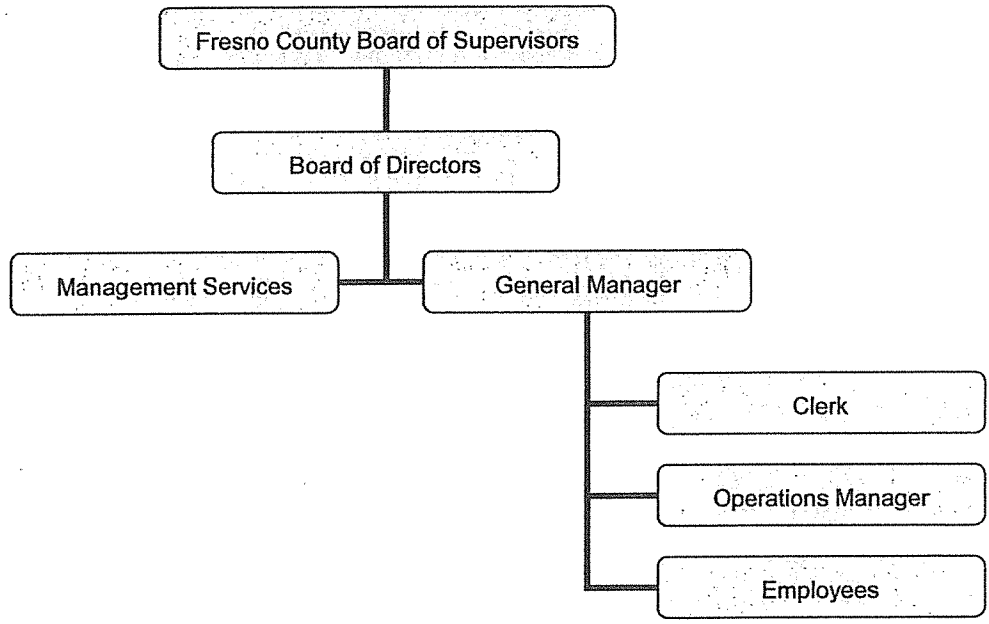


Figure 2-1: Government Structure

WWD 18 has full and complete authority to maintain their systems. The District is recognized by the Community of Friant, the County of Fresno and the State of California Department of Health Services. While WWD 18 does not currently own or operate wastewater treatment facilities, the authority to do so is within its latent powers as a California Waterworks District.

The District anticipates that design, construction and operation of the WWTP will be contracted out to a private-sector firm specializing in such services. Doing so would allow the District to take advantage of a large body of experience and the special skills necessary to run a technologically-sophisticated Membrane Bioreactor plant without having to directly employ such a variety of staff. An example of a plant run in this manner would be the City of Clovis' treatment facility, which was designed, built and is operated and maintained by a single firm.

## SECTION TWO

### 2.8 Local Accountability

The General Manager is responsible for planning, organizing, directing and coordinating all activities and functions of the District and carrying out related Board policies. This responsibility includes, but is not limited to:

- Planning, organizing and directing the field, plant, business and financial affairs of the District under policy direction from the Board
- Attending all meetings of the Board of Directors
- Advising the Board on administrative practice
- Understanding, administering and enforcing all laws applicable to the District's operations
- Developing and presenting the Board with a recommended District budget and overseeing the implementation of the budget as adopted by the Board
- Negotiating and administering water contracts and other legal agreements on behalf of the District, pursuant to policy direction from the Board
- Representing the District in the community and in coordinating District interests with other government agencies, regulatory agencies, professional associations, and technical consultants.
- Providing timely advice and consultation on the development of programs and policies to the Board of Directors
- Reviewing legislation and related information and preparing summary analysis for the Board
- Handling all District human resources and employee relations matters, under policy direction from the Board
- Coordinating the preparation of the Board's meeting agendas and minutes of the previous meeting(s).
- Outlining daily operations for District employees, scheduling and coordinating all employee activities.

Management Services is responsible for the daily operations of the District's billing and accounting. Their services are carried out under direct supervision of the General Manager.

The District maintains a savings account with the State of California LAIF and various accounts with Bank of America. Two Board member signatures are required on checks

**SECTION TWO**

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over \$200.00 and payments must be approved by the Board prior to release of checks. Transfer of funds to and from the LAIF is handled via telephone by Board designees.



SECTION THREE

### 3 SPHERE OF INFLUENCE REVIEW

#### 3.1 Existing Sphere of Influence

The District's boundaries and sphere of influence (SOI) are not coterminous. The SOI extends beyond the District boundary in two areas in the southern part of the District. See Figure 1-1, illustrating the District's boundary and SOI. The District is entirely within the County of Fresno, partially bordering the County of Madera on the west side, along the San Joaquin River.

#### 3.2 Proposed Sphere of Influence

To accommodate development of the Project, the District desires to expand its SOI. The District proposes that the SOI be extended to the south and east to encompass the development area within the Friant Ranch Specific Plan, along with the portion of the open space areas within the Project Area necessary to complete a logical annexation boundary. The majority of the open space area within the Specific Plan is not included in the annexation proposal as no services will be delivered to those undeveloped acres. No other lands are proposed for annexation at this time.

The District is submitting the required application for SOI expansion and Friant Ranch annexation concurrently with the MSR. The District has met with LAFCo staff to discuss the proposed SOI boundary alterations.

#### 3.3 Sphere of Influence Determinations

The proposed development and related infrastructure within the entire proposed annexation area was analyzed in the recently-certified EIR for the Project. Annexation to the District will give the Project certainty as to its utility service provider, and will allow the Project to proceed with the next phases of infrastructure design and regulatory agency permitting.

The northerly extent of the City of Fresno's Sphere of Influence is approximately 5 ¼ miles to the south of the proposed WWD 18 SOI. No other districts or agencies able to provide the desired municipal services exist near the project area.

The proposed SOI line takes in only the development area of the Friant Ranch Specific Plan, all of which is included in the certified Friant Ranch Specific Plan EIR. No other new lands are included in the District's proposed annexations and SOI update. With

**SECTION THREE**

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this annexation and update, the District will include nearly all of the developed and yet-to-develop parcels in the Friant Community Plan area.

## 4 ACKNOWLEDGEMENTS AND REFERENCES

This Municipal Service Review was prepared by Provost & Pritchard Consulting Group, at the request of the Friant Ranch developers and in cooperation with WWD 18 staff. Information for this evaluation was provided by WWD 18 staff, the Friant Ranch Specific Plan developers, and the Project's design team.

## **5 RECOMMENDATIONS**

In consideration of the information presented and evaluated herein, it is recommended the Commission:

1. Accept public testimony regarding the proposed Municipal Services Review and Plan for Services.
2. Approve the proposed Municipal Service Review determinations, together with any changes deemed appropriate.
3. Approve the proposed Plan for Services for wastewater collection, treatment and disposal.
4. Approve the activation of Waterworks District No. 18's latent powers respecting wastewater collection, treatment and disposal.
5. Affirm the current Sphere of Influence and accept the amended Sphere in connection with the submitted application.
6. Accept the annexation of the Project Area in connection with the submitted application.