

TRANQUILLITY PUBLIC UTILITY DISTRICT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE REVISION

Report to the
Fresno Local Agency Formation Commission

MSR-18-02 / SOI-187

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TRANQUILLITY PUBLIC UTILITY DISTRICT

Street lights, sewer, street sweeping, storm drainage, and park maintenance

Contact Information

District Contact: Michael Pucheu, President
Office Secretary: Laurie Siliznoff, Secretary
Office address: No formal office location
Mailing address: P.O. BOX 622
Tranquillity, CA 93668
Phone: (559) 842-3310

Management Information

District formation: 1947
Principal act: Public Utilities Code 15501 *et seq.*, (*The Public Utility District Act*)
Special district powers: Prescribed in Public Utilities Code sections 16401-16682

LAFCo

Authorized services:¹ Street lights, sewer, street sweeping, storm drainage, and park maintenance

Governing body: Three-member board of directors, elected at large (General Election / Even)

Board members:	Appointed	Expire
Michael Pucheu, Chairperson	12/01/2017	12/07/2021
Jo Ann Minnite	12/01/2017	12/07/2021
Keith Eubanks, Treasurer	12/04/2015	12/06/2019

Board meetings: Third Monday of each month at 4:00 p.m. at 75390 W. Silvera Street
Tranquillity, CA 93668.

Staffing: Three contract employees

Service Information

Population served: 897 (estimate)
Acres served: 157 acres
District SOI: 274 acres
Proposed SOI: addition of 6 acres to existing District SOI

Infrastructure: A wastewater collection system, wastewater treatment plant, and associated treatment equipment

Fiscal Information

Budget: \$142,200
Sources of funding: Annual property taxes, utility service fees, federal and state grants

Rate structure: Fee schedule

Administrative Policies

Policies/Procedures: No **By-laws:** None **SOI formed:** 1975

SOI Revision: February 14, 2018 **Other:** Member of California Special Districts Association

¹ Pursuant to Government Code sec. 56425(i).

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Figure 1: District map

Tranquillity Public Utility District

Authorized services: Street lighting, sewer treatment, street sweeping, storm drainage, and park maintenance

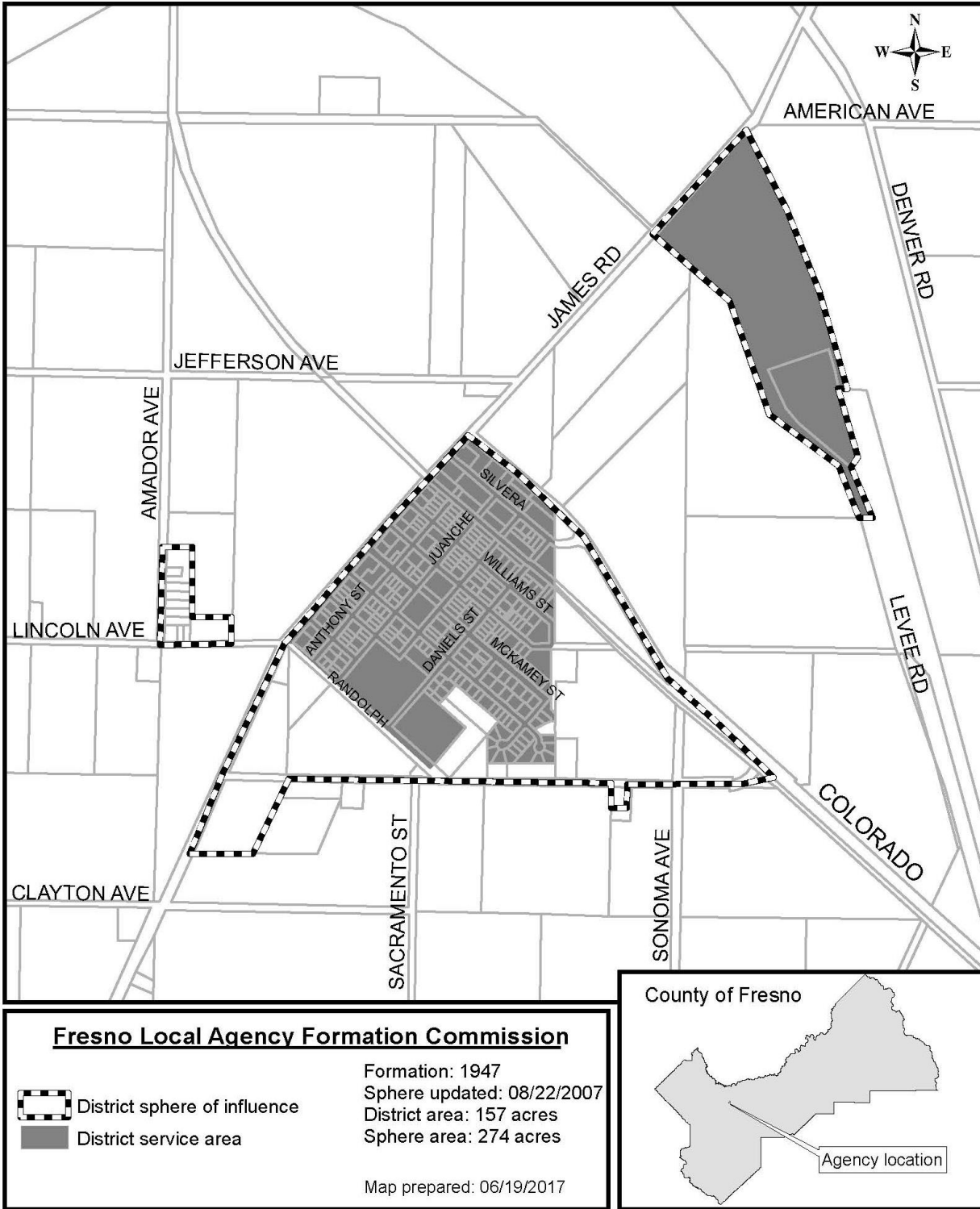


Figure 2: Parcels receiving sewer out-of-District

Tranquillity Public Utility District

Authorized services: Street lighting, sewer treatment, street sweeping, storm drainage, and park maintenance

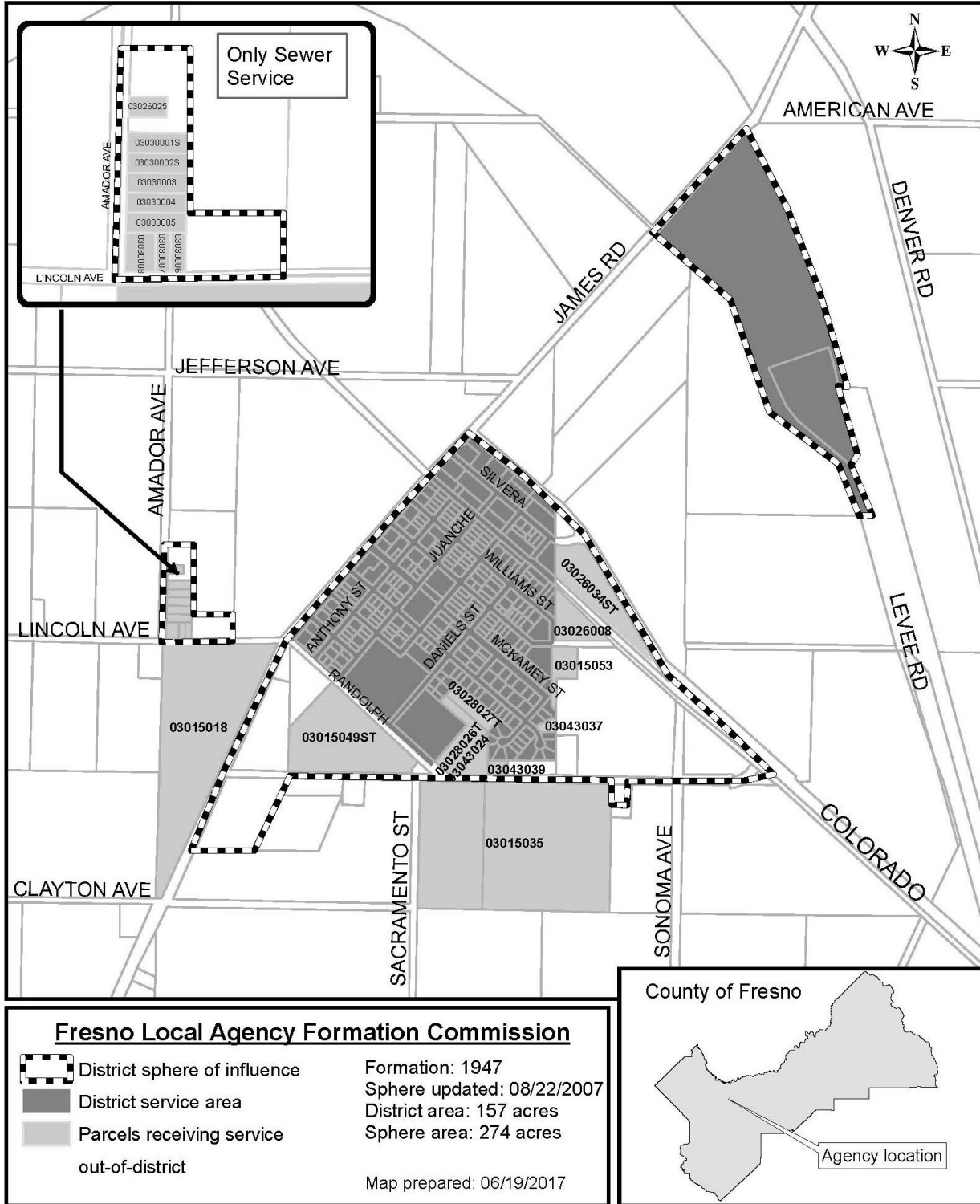
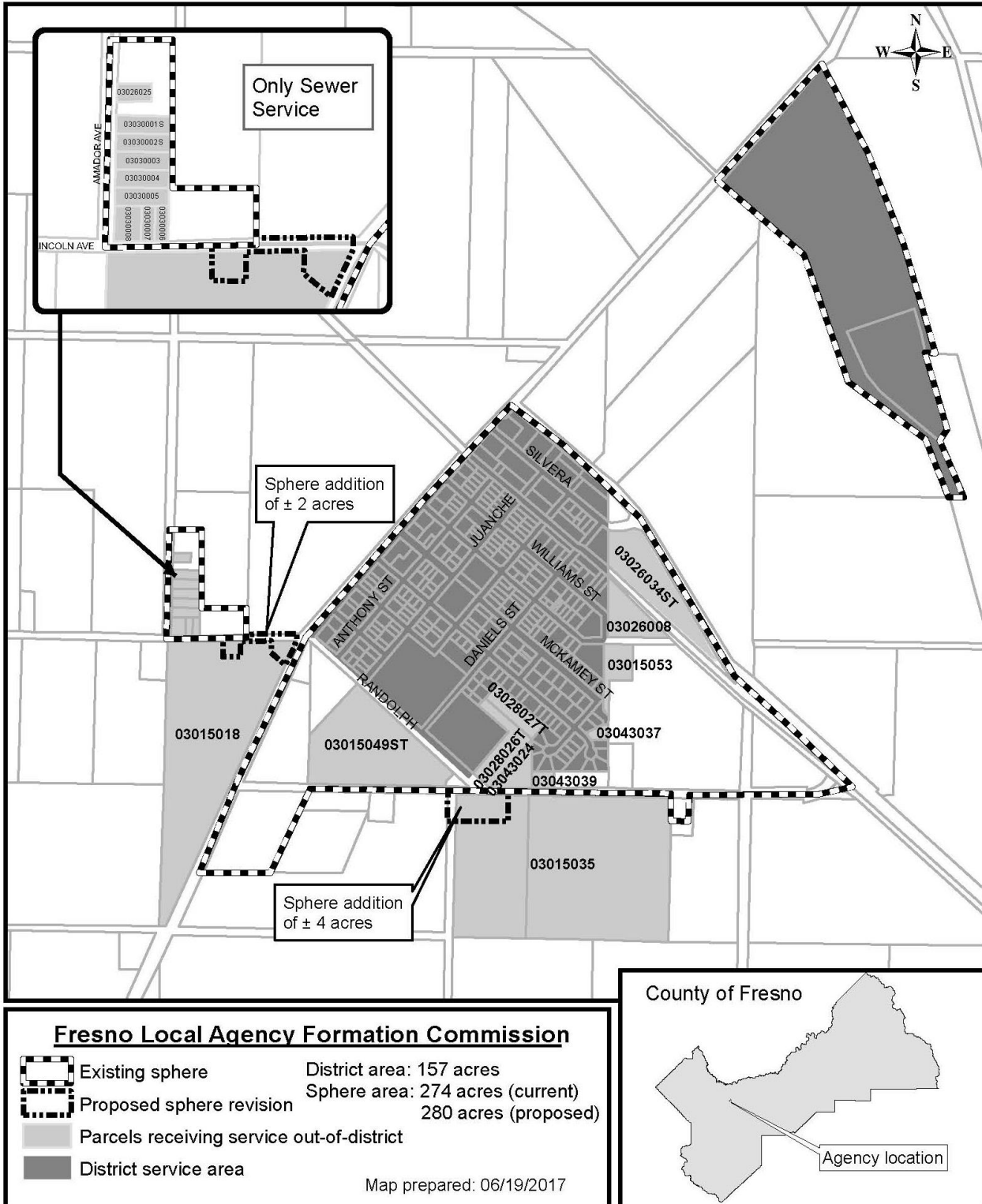


Figure 3: Proposed District SOI Revision

Proposed Sphere of Influence Revision

Tranquillity Public Utility District



1. MUNICIPAL SERVICE REVIEW

PRINCIPAL ACT

The Tranquillity Public Utility District (“District”) was formed in 1947 under an earlier general-purpose enabling act known as the Municipal Utility District Act of 1921 for the specific purpose of providing wastewater collection and treatment and storm drainage services within the unincorporated community of Tranquillity.

In 1951, the California Legislature adopted the Public Utilities Code section, which incorporated a substantial number of previous general-purpose district enabling acts into various code sections. Since then, the Public Utility District Act of 1953 (Public Utilities Code sec. 15501 *et. seq.*) guides the governmental operation of Tranquillity Public Utility District.

The District is authorized to provide public street lighting, street sweeping, storm drainage, wastewater collection and treatment, and park maintenance. The District is an independent special district governed by a three-member board of directors. As an independent special district, the District is not governed by another legislative body (either a city council or a county board of supervisors). Members of the board are elected at large and eligible candidates must be a registered voter and resident within the district boundaries. District board members are responsible for exercising powers granted by statute and their independent judgement on behalf of the interests of residents, property owners, and the community as a whole.

DISTRICT SERVICE AREA

The District is located in the central portion of Fresno County approximately four miles northwest of City of San Joaquin and approximately 11 miles southwest of City of Kerman. The unincorporated community of Tranquillity and the District are located near the junction of South James Road and Colorado Road.

The District’s jurisdictional boundaries are generally bounded by West American Avenue to the north, South Amador Avenue to the west, West Morton Avenue to the south, and South Sonoma Avenue to the east, as shown on **Figure 1**. The District’s service area and sphere of influence (SOI) are not coterminous. The District’s service area encompasses 157 acres, while the SOI encompasses approximately 274 acres. The District has approximately 117 acres identified within the District’s SOI available for future development. During the preparation of this report, the District informed LAFCo that it provides sewer service to various parcels outside of the District service area that are contiguous to the existing District’s service area. This service review observes that a minor six-acre SOI amendment is essential to enclose and depict the various out-of-District customers that receive District sewer service but currently outside the District’s SOI. Additional information will be provided Chapter 3 – Sphere of Influence Revision.

Main roads within the community of Tranquillity include James Road, Randolph Avenue, West Morton Avenue, and Colorado Avenue. Nearest highways to the community of Tranquillity include State Route 180 / Whitesbridge Avenue approximately six miles north of Tranquillity, and State Route 145 / Madera Avenue approximately 11 miles east of Tranquillity.

AUTHORIZED DISTRICT SERVICES

Under Government Code (GC) section 56425(i), “when adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts.”

LAFCo notes that Public Utility Districts (PUD), by statute, are granted powers to do all things necessary to provide its residents and ratepayers with reliable utility services.² Under State law, PUDs are authorized to provide public lighting, water, power, heat, transportation, telephone service, or other means of communication, or means for the disposition of garbage, sewage, or refuse matter.³ PUD’s powers are categorized in eight sections: corporate powers, property, utility works and services, purchase of supplies and advertising, indebtedness and financing, receipts accounts and audits, taxation, and payments and claims against districts.⁴ In addition, PUDs can also provide or manage fire protection departments, street lighting systems, public parks, public playgrounds, golf courses, public swimming pools, public recreation buildings, and buildings to be used for public purposes.

LAFCo observes that the District is authorized to provide the following utility services: public street lighting, street sweeping, storm drainage, wastewater collection and treatment, and park maintenance. 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; however, they are not being exercised or provided by the District at the time this service review report was prepared.⁵ Activation of these latent powers and services not currently provided by the District requires LAFCo authorization as indicated in Government Code (GC) section 56021(m).

FRESNO LAFCo MSR POLICY

A Municipal Service Review (MSR) is required in order to prepare or update a local agency’s sphere of influence. It is LAFCo’s observation that many special districts within Fresno County typically do not request or experience modifications to their service area or request an update or revisions to the Commission’s adopted SOI for the subject agency.

While the commission is not required by law to make any changes to a SOI, the commission may, at its discretion, opt to reaffirm, expand, delete a SOI, or approve, deny, or approve with conditions any changes of organization or reorganization affecting the governmental agency as a result of the information gathered during the MSR update process.⁶

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

² PUC sec. 16401-16682.

³ PUC sec. 16461.

⁴ PUC section 16401 *et seq.*

⁵ GC Section 56050.5.

⁶ Fresno Local Agency Commission – Policy 107 – Municipal Service Review Policy.

DISTRICT GROWTH AND POPULATION PROJECTIONS

In this section of the MSR, demographic information gathered from the 2011-2014 US Census - American Community Survey (ACS), and land use policy documents adopted by the land use authorities, as well as growth projection reports, were used to estimate population growth within the District's service area.

Tranquillity, California is recognized as a Census Designated Place by the U.S. Census Bureau. According to the U.S. Census, Tranquillity has a population estimate of 897 people and a housing stock of 271 units.⁷

The District's service area encompasses only unincorporated land within Fresno County. The County of Fresno is the land use authority for all territory inside the District's service area. The Fresno County General Plan designates the majority of the land within the District as rural single-family residential, central trading-commercial, and light manufacturing. Land outside of the District is designated for agricultural use by the County of Fresno general plan. Fresno County maintains the Tranquillity Community Plan to guide future growth within the plan area and the District's boundaries.

LAFCo notes that majority of the land within the District boundaries is developed consistent with the Tranquillity Community Plan (TCP) and is already being served with District sewer service. Majority of the vacant land within the District's SOI is designated as Reserve land by the TCP, which means it is designated as limited agriculture, however could be converted to future urban use. As such, opportunity for growth within the District is limited to approximately 60 acres, of which 44 acres are designated as Reserve (Medium Density Residential) and six acres for Reserve (General Industrial).⁸

According to the Fresno County General Plan Housing Element update, the District serves 329 sewer connections and has the ability to serve additional development of up to 1,171 new sewer connections.⁹ Additional sewer system information is provided in the *District Infrastructure* section of this service review. The housing element notes that the District's public sewer system has a current capacity of 1,500 connections.¹⁰ Based on Fresno County's site inventory, vacant sites in the Tranquillity can accommodate 46 new units, of which 25 units can be multi-family units at 18 units per acre or on C-4 and R-2 properties.¹¹

This MSR also references demographic analysis prepared by the Fresno Council of Governments (COG) to present additional growth projections for population and housing characteristics for the Fresno County region. The Fresno County 2050 Growth Projection (Study) prepared by COG compiled multiple jurisdiction's information about planned development projects that will drive

⁷ U.S. Census, American Fact Finder – American Community Survey 5 year estimates, 2010-2014, Tranquillity CDP, California. Accessed, October 18, 2017.

⁸ Amount of land currently not served by TPUD, and designated with a future land use by Fresno County's TCP.

⁹ Fresno Multiple-Jurisdictional Housing Element, Adopted March 15, 2016, Appendix 2A: County of Fresno, page 2A-138.

¹⁰ Fresno Multiple-Jurisdictional Housing Element, Adopted March 15, 2016, Appendix 2A: County of Fresno, page 2A-138.

¹¹ Ibid.

regional growth. The Study provides growth projections for Fresno County between years 2015 and 2050, and states a forecast of 0.4 percent annual population growth rate in unincorporated areas of the County outside of the 15 cities SOIs.¹²

Approximately 28 acres within the District SOI but outside of the District service area already receive sewer services from the District. During the MSR process, the District informed LAFCo that it provides sewer service to three parcels located outside of the District's SOI. The three subject parcels combined amount to approximately 88.8 acres, of which 82 acres are actively being farmed, and less than six acres consist of the habitable space actually receiving District service. The three subject parcels are identified in Fresno County's Exclusive Agriculture - AE-20 zone district, and not identified in the Tranquillity Community Plan which was last amended in 1984.¹³ In both cases, LAFCo has no record that these extensions of service were authorized by the LAFCo.

According to the Fresno County General Plan, rural settlement areas surrounded by agriculture and open space have historically experienced little growth since their establishment. New development within the community of Tranquillity will require land use entitlement or building permit approvals by Fresno County. New development proposals require ministerial or discretionary approval and consist of new construction, land subdivision, parcel maps. Such development proposals would also require Fresno County Public Works and Planning to prepare an analysis demonstrating the District's capacity to extend service and consistency with the Fresno County General Plan and the Tranquillity Community Plan. For new developments outside the District's jurisdiction, LAFCo recommends the District to conduct early consultation with Fresno County Public Works and Planning and LAFCo to determine whether annexation or an amendment of the District SOI is necessary prior to the extension of new services.

Tranquillity is surrounded on all sides by land under agricultural preserve contracts, which diminishes potential market pressure looking for conversion of agricultural land. Substantial population growth in and around Tranquillity is not anticipated in the future.¹⁴ Likewise, the District informed LAFCo that it does not plan for growth beyond its existing service area boundaries.

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

¹² Table 21- Projection of Total Population: Fresno County and Local Jurisdictions: 2015-2050, Fresno County 2050 Growth Projections, Fresno Council of Governments.
http://www.fresnocog.org/sites/default/files/publications/RTP/2018_RTP/Fresno_COG_2050_Projections_Final_Report_050417.pdf.

¹³ Tranquillity Community Plan map, Fresno County Public Works and Planning.

¹⁴ County of Fresno, General Plan Agriculture and Land Use Element, page 2-26.

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 or contiguous to the SOI of a city or special district.

GC 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 GC sec. 56046 and WC 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 the definition of a DUC as having at least 15 dwelling units at a density not less than one unit per acre.

Geographic Information System (GIS) files were derived from the US Census Bureau's American Community Survey (ACS) compiled for the five-year period 2010-2014 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 2010-2014 provide more precise data and mapping information for analyzing small populations. The five-year reports are the most reliable form of information generated by the US Census bureau.¹⁵ The statewide MHI reported for years 2010 through 2014 was \$61,489. Hence, the calculated threshold for a DUC is any geographic unit with a reported MHI that is less than \$49,191. The census block group data was utilized to provide the economic and population backgrounds for this section of the MSR. The District service area and SOI encompass various census tracts and block groups that meet the Water Code definition of Disadvantaged Communities based on reported MHI levels. In addition, the community of Tranquillity satisfies at least three DUC criteria as defined by Commission policy.

Tranquillity is located within U.S. census tract 82.00-block group 2. According to the US census data, census tract 82.00-block group 2 had a MHI of \$24,113 between years 2010-2014. For that same period, census tract 82.00-block group 2 showed an estimated population of 736 residents and 216 households. The community of Tranquillity meets two of the three DUC indicators identified by Commission Policy 106, MHI threshold and at least 15 dwelling units. For the third indicator, for the purposes of this MSR LAFCo presumes - in the absence of a complete application filed with Fresno LAFCo—that the territory within the District service area is inhabited which constitutes a DUC per LAFCo policy.

As mentioned earlier in this report, residents inside the District boundaries receive public street lighting, street sweeping, storm drainage, wastewater collection and treatment, and park maintenance from TPUD and domestic water is provided by Tranquillity Irrigation District (TID) through a public water distribution system.

Additionally, the District provides sewer service to approximately 22 out-of-District customers within close proximity of the District’s service area. Tranquillity Irrigation District is independent from the District, and TID manages and oversees the operation of the public water system in Tranquillity. Public safety and police protection is provided by Fresno County Sheriffs and California Highway Patrol. Fire prevention, protection, and suppression is provided by Fresno

¹⁵ US Census Bureau, http://www.census.gov/acs/www/guidance_for_data_users/estimates/.

County Fire Protection District, Cal Fire. The District is within the Golden Plains Unified School District boundaries.

DISTRICT INFRASTRUCTURE

The District maintains equipment and infrastructure necessary to provide public street lighting, street sweeping, storm drainage, wastewater collection and treatment, and park maintenance services. This section of the MSR will summarize the District's existing infrastructure conditions and identify the District's infrastructure needs.

The District does not own an administrative office building; instead, it subleases Tranquillity Irrigation District's (TID) office facility and conference room to conduct its monthly board meetings and administrative meetings. The TID office is located at 25390 West Silveria Street, Tranquillity, California, 93668. The District owns a shop/storage building and a public wastewater treatment plant located on Fresno County Assessor Parcel Number 030-410-10T. The District informed LAFCo that it does not own vehicles or motor equipment other than booster pumps that convey sewage to the treatment plant.

Public street lighting

The District contracts its public street lighting service with Pacific Gas and Electric Company (PG&E). PG&E bills the District a monthly utility bill to provide service in Tranquillity. The District pays the utility bill with revenues collected through the annual property taxes levied by the District.

The District informed LAFCo that it leases the street light fixtures from PG&E. Street light fixtures within the District service area are fixed onto pressure treated wood posts, approximately 20 feet above ground level, and powered by overhead utility lines. LAFCo was not provided with an inventory of street lightings within the District. PG&E maintains and services all the public streetlights within the District upon request of either the District or the community residents.

Street sweeping

The District performs infrequent street sweeping service through individual contracts with private service providers. Due to financial constraints, street sweeping is limited to once per year, generally in the spring if the budget allows, and street sweeps are only performed within the District's service area. At the time this MSR was prepared, the District informed LAFCo that its previous street sweep was contracted with All State Commercial Sweeping Company.

Storm water drainage system

The District provides storm drainage maintenance within the community of Tranquillity. Similar to the wastewater collection systems, the drainage collection system relies on natural drainage ways and drainage paths connected to piping located under existing developed areas in Tranquillity. The District's storm drainage facilities are designed to carry flows from the

developed portions of the District and drain into the Colorado Canal system situated in the southeast side of Tranquillity, along Colorado Avenue.

The District's storm drainage system consists of curbs and gutters, underground piping, and two lift pump stations located within the District. Some curbs/gutters are in need of repair, and visible drainage infrastructure improvements are needed in the north and northeastern areas of the community. The District undertakes major system repairs and replacements when grant funding is available, or when partnership opportunities arise with Fresno County Public Works and Planning – Road Maintenance Division.

LAFCo notes that during the 2016-17 central California rainstorms nearly compromised the levees near the vicinity of Tranquillity. Fresno County's Public Works Department, Cal Fire, and the California Office of Emergency Services, along with the Sheriff's Office monitored the conditions of the failing levee.¹⁶ The District informed LAFCo that the United States Bureau of Reclamation owns, and is responsible for the maintenance of several levees near Tranquillity, not the District. Various agencies monitor those levees, and inform Tranquillity residents of any foreseeable evacuation plans because of possible levee breaks and/or potential flooding.

The District has no capital improvement program in place that identifies areas in need of repair, replacement, or address conditions of its storm drainage system or lift pumps. The District informed LAFCo that the storm drainage system is expanded, or improved with each new approved development in the District's service area. Repairs to the storm drainage system are identified by the Board of Directors, and repairs are performed on as needed basis, if the budget allows. At this time, no additional information pertaining to the physical conditions or improvement plans were made available for LAFCo to review.

Wastewater treatment plant and public sewer system

The District owns and operates a public wastewater system and a treatment plant located north of the District service area (APN 030-410-08ST and 030-410-10T). The District serves approximately 329 sewer connections, of which approximately 22 connections are out-of-District customers (see Figure 2). The District sewer disposal process is regulated by the California Environmental Protection Agency, Central Valley Regional Water Quality Control Board, Waste Discharge Requirement Order No. 80-081.

The District's wastewater collection system consists of gravity fed lines tied to lift stations that convey sewage from service connections to the District's wastewater treatment plant. The District's treatment facility consists of a clarigester, six unlined oxidation lagoons in series, two irrigation lagoons, two sludge-drying beds, and a 34-acre reclamation area.

Effluent percolates and evaporates in four-oxidation lagoons. Two of the six-lagoons have not been in use since 2010, however if needed can also be used by the District to dry or store sludge. The District conveys treated water into its 34-acre irrigation lagoon reclamation area, APN 030-410-08ST.

¹⁶ Flood advisory issued for Tranquillity as crews monitor levees, Action News 30, KFSN-TV Fresno, February 18, 2017.

Waste discharge requirements, per Order No. 80-081, authorize the District a monthly average discharge of up to 0.12 million gallons per day of disinfected secondary treated wastewater to land.¹⁷ The wastewater treatment facility's design capacity is 120,000 gallons per day (5.26 1/sec). Present daily flows average 50,000 gallons per day, well within permitted capacity levels.¹⁸

During the preparation of this report, the District was in the process of addressing operation citations issued to the District by the Central Valley Regional Water Quality Control Board (CVRWQCB). In April 2016, the CVRWQCB issued 66 violation citations to the District for operating the wastewater treatment plant outside of its permitted parameters.¹⁹ According to information gathered during the preparation of this report, from January 1, 2014 through March 31, 2016, the CVRWQCB issued violation citation in the following categories:

- Not maintaining the WWTF's clarigester in good working order;
- Collapsed clarigester, non-operational;
- Collection of affluent sample and reporting requirements inconsistent with permit order;
- Exceeding the affluent electrical conductivity limits;
- Performing and collecting dissolved oxygen samples inconsistent with the permit order;
- Monthly and weekly self-monitoring report requirements were not filed on time with the CVRWQCB; and
- Self-monitoring report were not signed by an official District representative.

Per Order No. 80-081, the District is required to monitor daily flow, electrical conductivity, and dissolved oxygen three times per week, and submit monthly self-monitoring reports to the CVRWQCB due by the 15th day of every month. According to the CVRWQCB, the District is in the process of requesting an amendment of its Order permit seeking a reduction in the required frequency self-monitoring reports. The District stipulates that a reduction in monitoring frequency will likely result in a reduction in the number of violations issued to the District by the CVRWQCB.

The District has requested a self-monitoring report frequency reduction from three times per week to one time per week. The District also seeks a reduction from monthly report submittals to quarterly report submittals to the CVRWQCB. According to the CVRWQCB's Engineering Geologist, based on the District's daily flow activities and size, the District is considered for coverage under the General Order WQ 2014-0153-DWQ,²⁰ General Waste Discharges to Land for Small Domestic Wastewater Treatment Systems.²¹

¹⁷ Central Valley Regional Water Quality Control Board Permit Order 80-081.

¹⁸ Tranquillity Public Utility District, Self-Monitoring Reports filed with Central Valley Regional Water Quality Control Board.

¹⁹ Central Valley Regional Water Quality Control Board, August 30, 2016, Letter to Tranquillity Public Utility District, Subject: Violation of Waste Discharge Requirements Order 80-081, Tranquillity WWTF (WDID 5D100117001, RM 143396).

²⁰https://www.waterboards.ca.gov/board_decisions/adopted_orders/water_quality/2014/wgo2014_0153_dwq.pdf.

²¹ CVRWQCB, Jeffrey Pyle, Engineer Geologist, Electronic Correspondence, October 17, 2017.

Issue of Concern - Wastewater Treatment Plant and Public Sewer System

During the preparation of this report, LAFCo requested copies of the District's capital improvement plans and/or long-range plans that identify its ongoing infrastructure, facility, and equipment, and improvement funding programs. Capital improvement plans help enhance the overall quality of District service level deliveries by allocating adequate funding for necessary structure, infrastructure system, and facility improvements required for the District to continue providing decades of public service.

The District informed LAFCo that it does not have any adopted long-range plans or policies in place that identify new facilities improvements or needed upgrades to any existing facilities/infrastructure, most important its wastewater treatment plant.

According to the CVRWQCB, as of October 26, 2017, the District will need to submit a technical report to the CVRWQCB that describes actions taken by the District, or planned actions to address its violation citations. The District's technical plan will need to state how the District intends to prevent future violations of its Order permit and it must include a plan and schedule for necessary wastewater treatment plant repairs and/or upgrades to provide adequate treatment and meet its service demand. As required by CVRWQCB, LAFCo recommends that the District establish a capital improvement plan that is regularly updated that identifies the District's wastewater treatment facility on-going improvement needs, identifies funding resources available to the District, and establishes annual infrastructure needs assessments.

Park Maintenance Service

The District is authorized to provide park maintenance services; however, the District has not maintained the 3.4-acre park in Tranquillity for over 10 years. The Tranquillity Park is situated at the intersection of West Tuft Street and School Street in Tranquillity.

The park area spans three parcels, Tranquillity Irrigation District owns 1.6 acres of the total park area, APN 030-336-01T and 2T; and, Tranquillity Union High School owns the remaining 1.8 acres APN 030-345-01T. LAFCo notes that Tranquillity PUD does not own the park.

The park consists of open recreational space, a playground area, designated tennis courts, designated barbeques and table areas, and public restrooms. On November 22, 2017, LAFCo conducted a site visit and determined that the park is in good condition, and appears to be well maintained. Tranquillity Irrigation District General Manager informed LAFCo that TID maintains, issues park permits, and performs landscaping services.

Issue of Concern - Park Maintenance Service

LAFCo notes that not funding or performing park maintenance service are not, by themselves, a divestiture of authorized power to provide that particular class of service within all or part of the District.²² 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 the District.

²² Government Code Sec. 56021.

A divestiture of power constitute a change of organization that must be authorized by the LAFCo. Based on information gathered during the preparation of the MSR, the District does not appear to be in position to reinstate its park maintenance services in the near future. LAFCo observes that if the District intends to reinstate its park maintenance program, the associated expenses must first be approved by the local residents subject to a Proposition 218 election process.

LAFCo recommends that the District evaluate the necessity of park maintenance services in Tranquillity, consider its park maintenance options, determine whether it intends to reinstate park maintenance program, and make the necessary determinations to address its park maintenance service inactivity.

DISTRICT FINANCES

This section of the MSR includes financial information provided by District management. The District provided financial data to LAFCo so that it can determine if the District has sufficient revenues and financial systems to continue its provision of services to its customers. The following information and analysis is based on the district independent auditors report and supportive documents made available by the District.

The District prepares and adopts an annual budget for all of its funds on or before July 1st of each year. The District's budget projects anticipated revenues and expenditures using detailed line items for the upcoming year. Once a budget is adopted by the board, it can only be amended by action of the board. All budget appropriations lapse at the end of the fiscal year.

The District's primary source of revenue is sewer user fees charged to all District customers. The District receives its annual share of the 1% property taxes charged to all properties based on its pre-proposition 13 level of taxation through the Fresno County Auditor-Controller/Treasurer-Tax Collector. The District's engineer consultant also informs the District of potential State grant funding opportunities amenable for District related projects. The District periodically pursues grant funding as supplementary financial assistance.

The District's revenue program is organized in two categories: operating revenues and non-operating revenues (an explanation of these categories is provide later in the analysis of the District's financial audit). Operating revenues accounts for permit fees (\$200) and sewer service fees (\$100,000). Under non-operating revenues, the District accounts for contract water sales (\$3,500), interest earnings on bank accounts (\$2,500), property taxes (\$20,500), assessments (\$10,100), miscellaneous County taxes (\$1,400), and rent (\$4,000). For fiscal year (FY) 2015-16, the District's two revenue streams generate an annual average of \$142,200.

The District's expenditures are also organized in operating and non-operating categories. For FY 2015-16, operating expenditures were budgeted as follows: depreciation (\$36,000), fees (\$4,000), insurance (\$500), maintenance and repairs (\$27,500), miscellaneous (\$1,500), postage (\$1,400), professional services (\$5,000), contract hire (\$16,000), sewer plant operations (\$18,000), and utilities such as power/water/phone (\$17,000). Non-operating expenses account for billing for taxes (\$100), contract water payroll (\$3,000), 1979 sewer bond principal/interest (\$6,200), assessments placed (\$10,200), contract water expense (\$10,000), bad debts (\$1,000),

and interest expense (\$1,000). The District's two expenditure categories total \$158,400 in the District's annual budget.

FY 2015-16 the District's actual expenditures exceeded revenues, resulting in a deficit of \$16,200. A comparison between District budgets for FY 2013-14 and 2014-15 show that the District also anticipated higher revenue numbers than expenses for those years.

The District provided LAFCo a copy of its independent auditor's report for FY 13-14, ending June 30, 2014. LAFCo staff reviewed this report to determine the District's fiscal status, assess financial practices, and review pertinent management findings.

According to the Audit, the District prepares annual financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Actual budget results could differ from estimates. The District classifies its revenues as either operating or non-operating revenues. Operating revenues include the District's activities that have the characteristic of exchange transactions; for example service fees to account for treatment plant operations and associated administration expenses.²³ Non-operating revenues include activities that have the characteristic of no exchange transactions and other revenues sources described in governmental accounting standards boards, statement 34.²⁴ Non-operating revenues include investment income, rental income, intergovernmental revenue and interests.

According to the financial statements, at the end of June 30, 2014, the District's cash investments were \$15,046 in its District bank account, and \$147,938 in its Fresno County Treasury Investment Pool.²⁵

TPUD Revenue Bond Activity

On July 15, 1979, the District issued \$100,000 of Sewer Revenue Bond to finance the construction of the wastewater treatment facility. The bond bears interest at 5% which is payable on July 15 and January 15 of each year. The District is on track to make its scheduled final payment due July 15, 2019. As of June 30, 2016, the District had an estimated bond principal balance of \$22,000.²⁶

On January 21, 1981, the District issued a \$33,200 of special assessment bonds to finance the construction of sewer main extensions. The bond bears interest at 5% which is payable on July 2 and January 2 of each year. The District is on track to make its scheduled final payment due July 2, 2021. Installments of principal and interest on assessments levied for the payment of the bonds are collected and shown on the annual County tax roll. As of June 30, 2016, the District had an estimated bond principal balance of \$8,525.²⁷

²³ Tranquillity Public Utility District, Report on Audit of Financial Statement for Year Ended June 30, 2014.

²⁴ Governmental Accounting Standards Boards, Statement 34.

<http://www.gasb.org/st/summary/gstsm34.html>

²⁵ Tranquillity Public Utility District, Report on Audit of Financial Statement for Year Ended June 30, 2014.

²⁶ Ibid.

²⁷ Ibid.

Issue of Concern – Financial ability to provide service

A substantial portion of the District’s operating revenues is collected from sewer rates charged to residential and commercial units on a per month basis. Supplemental funding comes from property tax revenue, which annually average \$22,747 which fund the other District services, i.e. paying the PG&E streetlight bill and occasional street sweeping service.²⁸ A portion of the District’s annual property tax revenue is also allocated as needed toward maintenance and improvements to its storm drainage system.

The District adopted a fee schedule in 2007 for the various services it provides. The District charges a wastewater connection fee of \$475 for single family, multiple family, commercial, and industrial buildings, and a permit inspection of \$200 per unit connected.

There has been no comprehensive revision made to the fee schedule since 2007 though in 2011 the District increased its \$10 monthly sewer bill to \$25. During the preparation of this report, the District informed LAFCo that sewer fees and collection of those fees has been a historic problem in Tranquillity. The District’s customers generally pay their bill within the District’s billing cycle period; however, a significant fraction of customers regularly fail to pay their sewer bill at all.

The District informed LAFCo that it has neither an effective means of enforcing the collection of sewer service fees, nor the option to shut off service on delinquent accounts. If customers fail to contact the District regarding their delinquency, the District occasionally files liens on delinquent properties with the Fresno County Auditor-Controller/Treasurer-Tax Collector’s Division.

The District informed LAFCo that its delinquent customers have not financially affected the day-to-day ability of the wastewater collection or treatment operations, but District management acknowledges that this lack of revenue exposes the District to the risk of having insufficient capital funds available to address unforeseen emergencies such as major facility failures.

The District has considered raising sewer service fees; however, the District is mindful that higher service fees could also increase the frequency of additional delinquent accounts.

PUBLIC FACILITIES, OPPORTUNITIES FOR SHARED FACILITIES

This section of the MSR considers the use of shared facilities and their potential to offset costs or promote greater efficiency in provision of services within the region.

The District informed LAFCo that it shares the Tranquillity Irrigation District’s (TID) office building/conference room on a monthly basis to hold its regular scheduled board meetings. The District also shares the TID shop facility for incidental equipment storage. It is unlikely that additional shared facilities will result in a significant improvement in service within the community of Tranquillity.

²⁸ County of Fresno, Auditor-Controller/Treasurer-Tax Collector, Schedule of Levies for FY 2016-17, Adjusted Net Levy, TPUD. January 10, 2017.

In 1993, TID submitted an application to LAFCo proposing to detach the area within its boundary that overlaps with TPUD (LAFCo file RO-93-23). At that time, TID was interest in turning over the administration of the public water system and infrastructure in Tranquillity to TPUD, or the successor agency, which could had been the proposed Community Service District.²⁹ However, the financial costs, time, agencies' agriculture water contracts, jurisdictional boundaries, and administrative complexity of the proposed reorganization made the application and transition of government forms extremely difficult for both agencies to reach an agreement.³⁰

As such, application No. 93-23 expired early in the LAFCo proceedings process with no formal action taken by the commission. Since expiration of the application, neither agency revisited options to pursue additional shared facilities, staff, administrative management, or the potential benefits or costs to reorganize into another form of government.

Notwithstanding, LAFCo's 2007 TPUD MSR noted discussions between TPUD, TID, and Fresno LAFCo to explore reorganization of these districts into a Community Service District that would be the sole provider of municipal services, water and sewer in Tranquillity. To date no further action is reported.

Local Agency Boundary Overlaps

The TPUD service area overlaps with the following special districts:

- Kings River Conservation District
- Fresno County Fire Protection District
- Tranquillity Irrigation District
- Tranquillity Resource Conservation District (inactive agency)
- Fresno Westside Mosquito Abatement District
- West Fresno County Red Scale District

GOVERNMENT ACCOUNTABILITY

This section of the MSR considers various topics, such as compliance with state disclosure laws, the Brown Act, public participation, i.e. open meetings, accessible staff, election processes, and the agency's governing structure. Additionally, this section of the MSR considers the agency's level of participation with the Commission's MSR program.

Accountability for community service needs, including governmental structure and operational efficiencies are evaluated as part of the MSR Program to encourage the orderly formation of local government agencies, create logical boundaries, and promote the efficiency delivery of services. This MSR is an informational document that will be used by LAFCo, other local agencies, and the public at large to examine the government structure of the District.

The District is an independent special district with its separate board of directors, not governed by other legislative bodies (either a city council or a county board of supervisors). A body of three elected officials serve as the governing body of the District. The three members of the board are elected at-large by voters within the District boundaries to four-year terms or until

²⁹ Application LAFCo No. RO-93-23 "Tranquillity Reorganization" expired application, 1994.

³⁰ Ibid.

their successor qualifies and takes office. According to the District, its three current board member have appointed in lieu of an election by Fresno County Board of Supervisors, Supervisorial District 1. All three District board seats are filled, two are set to expire late 2021, and one is set to expire late 2019. Active District board members receive do not receive per diem, and volunteer their time for each board meeting attended.

The District does not have any full-time employees, or a general manager; however, the District contracts specific job tasks with three contract employees. The District contracts its office administration work with an administrative secretary employee, the District's legal work is contracted with a general counsel law firm, and management of the District's wastewater treatment plant is contracted with Geirsch & Associates Civil Engineers.

The District's secretary is responsible for the daily administrative operation of the District, and reports directly to the board of directors. The District secretary also assists the District prepare the annual District budget and is responsible for financial accounts, billing books, and payroll. As previously noted, the District does not have a physical office location, however the District's secretary is available via phone or electronic mail to answer customer questions, billing questions, or service requests. If the District secretary is unavailable, the District president or any board member can provide assistance to any community concern regarding the District.

The District president and contract engineer oversee the operation of the wastewater treatment plant. The District engineer monitors, prepares reports, files monitoring reports, and receive performance reports regarding the District's wastewater treatment plant. The District contract engineer also advised the District on possible state grant funding opportunities available for the District to pursue.

The board of directors creates District policy by adopting resolutions and ordinances through duly-noticed public meetings. The District board meets on the third Monday of each month at 5:00 p.m. in the Tranquillity Irrigation District Office Building, located at 25390 West Silveria Street, Tranquillity, California 93668. Meetings are noticed consistent with Brown Act requirements, which include postings in public places. The District posts its agenda at least 72 hours prior to the board hearing date and agendas/notices are displayed at the bulletin display area at the TID building. District board meetings are open to the public and residents are invited to attend the monthly board meetings. Opportunity to address the District board 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 District secretary or the board president in advance.

The District informed LAFCo that board members are familiar with the Brown Act, and each director is provided a hard copy of the Brown Act. Each board member and District officer receives bi-annual training on the Brown Act and the Fair Political Practices Commission (FPPC). The District board members are encouraged to attend Brown Act and FPPC trainings provided by either California Special District Association, or any other certified agency or firm.

PUC sections 15951-16196 establish PUDs' internal organization controls and outlines the PUDs election process, terms and compensation of directors, powers and duties of directors, board meetings and legislation, and officer roles.

PUC section 16071 states that the board shall establish rules for its proceedings and shall provide for the time and place of holding meetings and the manner in which special meetings may be called. During the preparation of this service review, the District informed LAFCo that it does not have adopted rules that identified how the District conducts its proceedings. The District informed LAFCo that it does not have District policies, rules of order, or by-laws in place. However, the District secretary informed LAFCo that the District is in the process of working on adopting by-laws or guiding policies in the near future. The District informed LAFCo that it has adopted a Conflict of Interest Code.

The District is an active member of the California Special Districts Association (CSDA). The CSDA is the association that provides a strong voice for all independent special districts in the State by promoting legislative representation, educational resources, and special district support and collaboration.

The District's government structure is appropriate to ensure 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 Tranquillity Community.

ANY OTHER MATTERS RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY

The District does not pump groundwater nor provides agricultural irrigation services. However, in the 1980s the District purchased land that was under contract with the United States to receive agricultural irrigation water deliveries. A portion of that land was eventually developed into the District's existing wastewater treatment plant.

With the District's land purchase, the District inherited the United States Bureau of Reclamation (USBR), Water Rights, Contract No. 14-06-20003537A. The USBR contract effective through February 28, 2030, and renewed by USBR as necessary. The water contract provides for the annual delivery of up to 70-acre feet of Schedule 2 irrigation water to the District made in two delivery increments through Central Valley Project facilities and distribution systems.³¹ During the preparation of this report, the District informed LAFCo that it resells its contracted irrigation water to local growers within the Tranquillity area. In the past, District water sales can reach anywhere from \$3,500 to \$7,600 in additional District revenues.³² During Fiscal Year 2014-15, the District estimated water sales would generate an additional \$3,000 in non-operating revenues.

³¹ United States Bureau of Reclamation (USBR), Water Rights, Contract No. 14-06-20003537A, https://www.usbr.gov/mp/cvpia/3404c/lt_contracts/2005_exec_cts_water_serv/05_watersvc_tranquillity_pud.pdf.

³² Reported Water Sales for FY 2014 and 2013, Tranquillity Public Utility District, Report on Audit of Financial Statement for Year Ended June 30, 2014.

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 GC section 56425 and Fresno LAFCo policy. Pursuant to GC section 56430, the Commission has prepared the following written determinations.

1. GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

- According to the U.S. Census, Tranquillity has a population estimate of 897 people and a housing stock of 271 units.
- The Fresno County 2050 Growth Projection (Study) prepared by COG states a forecast of 0.4 percent annual population growth rate in unincorporated areas of the County outside of the 15 cities' SOIs between years 2015 and 2050.
- The District's service area and sphere of influence (SOI) are not coterminous. The District's service area encompasses 157 acres, while the SOI encompasses approximately 274 acres.
- The County of Fresno is the land use authority for all territory inside the District's service area. Fresno County maintains the Tranquillity Community Plan to guide future growth within the plan area and the District's boundaries.
- New development within the community of Tranquillity will require land use entitlement or building permit approvals by the County of Fresno.
- Majority of land within the District boundaries is developed consistent with the Tranquillity Community Plan (TCP) and already being served with District services. Vacant land within the District's SOI is designated as Reserve land by the TCP, which means it is designated as limited agriculture, however could be converted to future urban use.
- Fresno County General Plan Housing Element update notes that the District serves 329 sewer connections and has the ability to serve additional development of up to 1,171 new sewer connections.
- Tranquillity is surrounded on all sides by land under agricultural preserve contracts, which diminishes potential market pressure looking for conversion of agricultural land. Substantial population growth in and around Tranquillity is not anticipated in the future.
- LAFCo notes that opportunity for growth within the District is limited to approximately 60 acres. Of which, the Tranquillity Community Plan designates the 44 acres as Reserve (Medium Density Residential) and approximately six acres of Reserve (General Industrial).
- The District has approximately 117 acres identified within the District's SOI available for future development. The District informed LAFCo that it provides sewer service to

various parcels outside of the District service area that are contiguous to the District's service area.

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

- The community of Tranquillity satisfies at least two DUC criteria as defined by Commission policy. Tranquillity is located within U.S. census tract 82.00-block group 2. According to the US census data, census tract 82.00-block group 2 had a MHI of \$24,113 between years 2010-2014.
- Residents of all incomes inside the District boundaries receive public street lighting, street sweeping, storm drainage, and wastewater collection and treatment from the District, as well as park maintenance and domestic water provided by the Tranquillity Irrigation District.
- Residents of all incomes inside the District boundaries receive public safety and police protection is provided by Fresno County Sheriffs and California Highway Patrol as well as fire prevention, protection, and suppression from Fresno County Fire Protection District, Cal Fire.

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

- The District maintains equipment, and infrastructure, or contracts for these services, necessary to provide public street lighting, street sweeping, storm drainage, and wastewater collection and treatment services.
- The District does not own an administrative office building; instead, it leases Tranquillity Irrigation District's (TID) office facility and conference room to conduct its monthly board meetings and administrative meetings. The TID office is located at 25390 West Silveria Street, Tranquillity, California, 93668.
- The District leases the street light fixtures from PG&E. PG&E bills the District a monthly utility bill to provide service in Tranquillity. The District pays the utility bill with revenues collected through the annual property taxes levied by the District.
- Due to financial constraints the District performs annual street sweeping service through individual contracts with private service providers.
- The District's storm drainage system consists of curbs and gutters, underground piping, and two lift pump stations located within the District. Some curbs/gutters are in need of repair, and visible drainage infrastructure improvements are needed in the north and northeastern areas of the community.
- The District has no capital improvement program in place that identifies areas in need of repair, replacement, or address conditions of its lift pumps. Repairs to the storm

drainage system are identified by the board of directors, and repairs are performed on as needed basis when funding permits.

- The District sewer disposal process is regulated by the California Environmental Protection Agency, Central Valley Regional Water Quality Control Board, Waste Discharge Requirement Order No. 80-081.
- The District owns and operates a public wastewater system and a treatment plant located north of the District service area (APN 030-410-08ST and 030-410-10T). The District serves approximately 329 sewer connections, of which approximately 22 connections are out-of-District customers.
- The District is in the process of addressing wastewater treatment plant operation citations issued to the District. In April 2016, the Central Valley Regional Water Quality Control Board (CVRWQCB) issued 66 violation citations to the District for operating the wastewater treatment plant outside of its permitted parameters.
- According to the CVRWQCB, the District is in the process of requesting an amendment of its Order seeking a reduction in the required frequency self-monitoring reports. The District stipulates that a reduction in monitoring frequency will likely result in a reduction in the number of violations issued to the District by the CVRWQCB. The District may qualify for coverage under the General Order WQ 2014-0153-DWQ, General Waste Discharges to Land for Small Domestic Wastewater Treatment Systems.
- The District does not have any adopted long-range plans or policies in place that identify new facilities improvements or needed upgrades to any existing facilities/infrastructure, most important its wastewater treatment plant.
- As of October 26, 2017, the District will need to prepare and submit a technical report to the CVRWQCB that describes actions taken by the District, or planned actions to address its violation citations. The District's technical plan will need to state how the District intends to prevent future violations of its Order permit and it must include a plan and schedule for necessary wastewater treatment plant repairs and/or upgrades to provide adequate treatment and meet its service demand.
- The District is authorized to provide park maintenance services however; the District has not maintained the 3.4-acre park in Tranquillity for over 10 years. LAFCo notes that Tranquillity PUD does not own the park.
- The District informed LAFCo that its service provisions all have adequate capacity to continue serving the District's needs.

4. FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES

- The District prepares and adopts an annual budget for all of its funds on or before July 1st of each year. The District's budget projects anticipated revenues and expenditures using line items for the upcoming fiscal year. Once a budget is adopted by the board, it

can only be amended by action of the board. All budget appropriations lapse at the end of the fiscal year.

- The District's primary source of revenue is sewer user fees charged to all District customers. The District receives its annual share of the 1% property taxes charged to all properties based on its pre-proposition 13 level of taxation through the Fresno County Auditor-Controller/Treasurer-Tax Collector.
- The District's engineer consultant also informs the District of potential State grant funding opportunities amenable for District related projects. The District periodically pursues grant funding as supplementary financial assistance.
- The District has annual audits performed by independent certified public accountants. The audits are submitted to the Fresno County Auditor and State Controller. Annual audits conclude that the District's financial practices conformed to generally accepted accounting principles (GAAP).
- The District's revenue program is organized in two categories: operating revenues and non-operating revenues. For fiscal year 2015-16, the District's two revenue streams generate an annual average of \$142,200. The District's expenditures are also organized in operating and non-operating categories.
- For FY 2015-16, operating expenditures categories totaled \$158,400. For FY 2015-16 the District's actual expenditures exceeded revenues, resulting in a deficit of \$16,200.
- The District informed LAFCo that collection of sewer fees has been a historic problem in Tranquillity. The District's customers generally pay their bill within the District's billing cycle period; however, a significant fraction of customers regularly fail to pay their sewer bill.
- Lack of revenue from the District's delinquent customers has impaired the TPUD board from funding a capital improvement program to address unforeseen emergencies such as major facility failures.
- The District has considered raising sewer service fees; however, the District is mindful that higher service fees could also increase the frequency of additional delinquent accounts.

5. STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

- The District shares the Tranquillity Irrigation District's (TID) office building/conference room on a monthly basis to hold its regular scheduled board meetings. The District also shares the TID shop facility for incidental equipment storage.
- It is unlikely that additional shared facilities will result in a significant improvement in service within the community of Tranquillity.

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

- The District is governed by a three-member board of directors, voted at-large, and functions independently from the County.
- The board of directors creates District policy by adopting resolutions and ordinances through duly noticed public meetings. Active District board members receive do not receive per diem, and volunteer their time for each board meeting attended.
- The District does not have any full-time employees, or a general manager; however, the District contracts specific job tasks with three contract employees. The District contracts its office administration work with an administrative secretary employee, the District's legal work is contracted with a general counsel law firm, and management of the District's wastewater treatment plant is contracted with Geirsch & Associates Civil Engineers.
- The District does not have a physical office location, however the District's secretary is available via phone or electronic mail to answer customer questions, billing questions, or service requests. The District's secretary is responsible for the daily administrative operation of the District, and reports directly to the board of directors.
- If the District secretary is unavailable, the District president or any board member can provide assistance to any community concern regarding the District.
- The District board meets on the third Monday of each month at 5:00 p.m. in the Tranquillity Irrigation District Office Building, located at 25390 West Silveria Street, Tranquillity, California 93668.
- District board meetings are open to the public and residents are invited to attend the monthly board meetings. Opportunity to address the District board on items not on the agenda is provided on each meeting agenda.
- The District informed LAFCo that it does not have adopted rules that identified how the District conducts its proceedings. The does not have District policies, rules of order, or by-laws in place. However, the District secretary informed LAFCo that the District is in the process of working on adopting by-laws or guiding policies in the near future. The District informed LAFCo that it has adopted a Conflict of Interest Code.
- The District is a member of the California Special Districts Association. The CSDA is the association that provides a strong voice for all independent special districts in the State by promoting legislative representation, educational resources, and special district support and collaboration.
- The District's government structure is appropriate to ensure adequate services are provided and managed. The District's challenges, noted as LAFCo's "issues of concern,"

are not the result of the structure of the District but of the day-to-day, and long-term governance by the board.

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

- The District does not pump groundwater nor provides agricultural irrigation services.
- In the 1980s, the District purchased land that was under contract with the United States to receive agricultural irrigation water deliveries. A portion of that land was eventually developed into the District's existing wastewater treatment plant. The water contract provides for the annual delivery of up to 70-acre feet of Schedule 2 irrigation water to the District made in two delivery increments through Central Valley Project facilities and distribution systems. The District informed LAFCo that it resells its contracted irrigation water to local growers within the Tranquillity area.

3. SPHERE OF INFLUENCE REVISION

Fresno LAFCo has prepared this service review consistent with GC sec. 56430 in order to update the District's sphere of influence in accordance with Government Code sec. 56425. The purpose of the service review is to get a "big picture" of the public service provided in the county or specific designated geographic area, determine service need, and make recommendations in order to promote the orderly development of local agencies.

Chapter one of this Municipal Service Review was prepared in conjunction with this proposed sphere update. In summary, the service review found that the District is efficiently providing its various services within its existing service area, and has capacity to support growth within its existing SOI.

The District's service area and sphere of influence (SOI) are not coterminous. The District's service area encompasses 157 acres, while the SOI encompasses approximately 274 acres. The District has approximately 117 acres identified within the District's SOI; Fresno County general plan and Tranquillity Community Plan designates Agriculture (Medium Density Residential) and Reserve (General Industrial) for land identified within the District's SOI. The District informed LAFCo that it provides sewer service to various parcels outside of the District service area that are contiguous to the District's service area, many of which are existing rural residential units.

During the MSR process, LAFCo observes that actual opportunity for District growth is limited to approximately 44 acres of Reserve (Medium Density Residential) and approximately six acres of Reserve (General Industrial). New development within the community of Tranquillity would require land use entitlement or building permit approvals by the Fresno County Planning Commission and/or Fresno County Board of Supervisors.

The District informed LAFCo that it does not actively plan to annex land currently designated within the District's SOI. The District informed LAFCo that any substantial revisions to the SOI or annexation requests made to LAFCo would likely be initiated and funded by the development proponent. The District would look to the County of Fresno to process the appropriate permit review or environmental assessment analysis. The District board would also have an opportunity to evaluate whether new development proposals or extension of District services would create an impact on existing District service capacities.

Sphere of Influence Analysis

LAFCo staff reviewed the District's existing sphere boundary in light of the data collected during the MSR process, as well as, meeting with the District, and conducting a comprehensive review of previous LAFCo actions. Furthermore, LAFCo staff reviewed the County's General Plan, Tranquillity Community Plan, and assessed the District's service area and SOI as it relates to the County's land use plans.

Based on new information in the MSR, this LAFCo staff recommends a conservative revision of the District's SOI intended to recognize two locations already receiving District sewer service; however, are currently outside the existing District SOI. The proposed SOI revision will add approximately six acres into the District SOI, and would not change the District service area.

The first area proposed to be in the District SOI is located immediately south of West Morton Avenue and east of South Sacramento Avenue (APN 030-150-35). The District informed LAFCo that it has historically provided sewer service to a portion of agriculture property, which consists of a rural residential home, agricultural related storage units, and agricultural operation. The entire parcel amounts to approximately 61 acres, however the existing residential and storage unit area only encompasses less than four acres. Over 57 acres of the subject parcel is actively being farmed.

Likewise, the second area proposed to be included in the District SOI is a portion of APN 030-150-18. The property is located immediately south of West Lincoln Avenue and west of South James Road. The entire parcel amounts to approximately 37 acres, however there are two existing residential units that encompasses less than two acres. Approximately 35 acres of the subject parcel is actively being farmed.

In both situations, the District SOI revision is proposed to encompass only the residences receiving District sewer service, and not the full parcel on which those residences lay. In both situations, the parcels are designated for Agricultural use by the Fresno County General Plan, and identified in the AE-20 Exclusive Agricultural zone district. LAFCo notes the subject territories are not depicted in Tranquillity Community Plan. As intended, the revised SOI will recognize that the District provides sewer service to areas outside the District service area, however within the updated District SOI, as shown on Figure 3.

When Fresno LAFCo updates a sphere of influence for a local governmental agency within its purview, 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's service area lies completely in the unincorporated areas of Fresno County. The County of Fresno is the land use authority for land located within the District. Fresno County maintains the Tranquillity Community Plan to guide future growth within the plan area and the District's boundaries.
- The District's service area encompasses 157 acres, while the SOI encompasses approximately 274 acres. The District has approximately 117 acres identified within the District's SOI; Fresno County general plan and Tranquillity Community Plan designates Agriculture (Medium Density Residential) and Reserve (General Industrial) for land identified within the District's SOI.
- Land outside of the District service area is designated for agricultural uses.
- New development within the community of Tranquillity would require land use entitlement or building permit approvals by the Fresno County Planning Commission and/or Fresno County Board of Supervisors.
- According the Fresno County General Plan, rural settlement areas surrounded by agricultural and open space, such as the unincorporated community of Tranquillity, have historically experienced little growth since their establishments. Substantial population growth in the unincorporated community of Tranquillity is not anticipated in the future.

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

- The District contracts its public street lighting service with Pacific Gas and Electric Company (PG&E). PG&E bills the District a monthly utility bill to provide service in Tranquillity.
- The District performs street sweeping service through individual contracts with private service providers. Once per year, generally in the spring if the budget allows, and street sweeps are only performed within the District's service area.
- Within the District service area, some curbs/gutters are in need of repair, and visible drainage infrastructure improvements are needed in the north and northeastern areas of Tranquillity.
- The most critical need for the District at this time is complete the technical report required by the Central Valley Regional Water Quality Control Board. The District's report will need to describe actions taken by the District, or planned actions to address its 66 violation citations.
- The District's technical plan will need to state how the District intends to prevent future violations of its Order permit and it must include a plan and schedule for necessary wastewater treatment plant repairs and/or upgrades to provide adequate treatment and meet its service demand.
- The District informed LAFCo that its delinquent customers have not financially affected the day-to-day ability of the wastewater collection or treatment operations, but District management acknowledges that this lack of revenue exposes the District to the risk of having insufficient capital funds available to address unforeseen emergencies such as major facility failures.
- 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

- The District currently has sufficient capacity to meet existing demands for public street lighting.
- The District has capacity to provide street sweeping is limited to no more than once a year.
- The District's storm drainage infrastructure is in need of repair. It is not known whether this might have a substantive effect on the actual function of the ability of the storm drainage system to convey water out of the community.
- The District has numerous wastewater treatment process violations.

- The District is impacted by limited capital funding which impairs its ability to respond to unexpected capital repairs or improvements.
- The District has suffered from a significant number of non-paying sewer customers.
- The District does not own Tranquillity Park, nor provides park maintenance services. The park is owned by Tranquillity Irrigation District (TID) and Tranquillity Union High School, and TID maintains the park area.

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

- As observed by LAFCo, there no social or economic communities of interest exist near the District relevant to the District’s services provided.

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 service area and SOI encompass various census tracts and block groups that meet the Water Code definition of Disadvantaged Communities based on reported MHI levels. The community of Tranquillity satisfies at least two DUC criteria as defined by Commission policy.
- Tranquillity is located within U.S. census tract 82.00-block group 2. According to the US census data, census tract 82.00-block group 2 had a MHI of \$24,113 between years 2010-2014. For that same period, census tract 82.00-block group 2 showed an estimated population of 736 residents and 216 households.
- The disadvantaged community benefits at the same level as other populations in the TPUD.

4. RECOMMENDATIONS

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

1. Receive this report and any public testimony regarding the proposed Municipal Service Review and proposed sphere of influence update.
2. Find that the Municipal Service Review is exempt from the California Environmental Quality Act pursuant to section 15306 (Information Collection).
3. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.
4. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that the proposed SOI revision is Categorically Exempt from the provisions of CEQA under Section 15061(b) (3), "General Rule" where it can be seen with certainty that a revision of the District SOI will not have an effect on the existing environment.
5. Approve a SOI revision, as described in Chapter 3 of this report, which will add six acres into the District SOI.
6. Direct staff to work with the District to plan for annexation of territories served by the District.
7. Request that the District complete its technical report addressing the wastewater treatment plants violations, as required by the Central Valley Regional Water Control Board.
8. Request that the District evaluate the necessity of park maintenance services in Tranquillity, consider its park maintenance options, determine whether it intends to reinstate park maintenance program, and make the necessary determinations to address its park maintenance service inactivity.
9. Request that the District evaluate its 2007 fee schedule, establish District policy that addressed delinquencies, and explore its service options to delinquent customers.
10. That the District establish rules for its meetings and legislation proceedings, as required by PUC section 16071.

5. ACKNOWLEDGEMENTS

This Municipal Service Review update was prepared by Fresno LAFCO. Supporting documentation was made available through the effective partnership between District staff and LAFCo. LAFCo extends its appreciation to the District for their assistance in the development of this Municipal Service Review.

Available Documentation – documents used for the preparation of this report consist of public records and 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 Municipal Service Review is available on Fresno LAFCo's website, <http://www.fresnolafco.org/default.asp>

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