

PINEDALE COUNTY WATER DISTRICT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

Report to the
Fresno Local Agency Formation Commission

MSR-16-11

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June 8, 2016

PROFILE: PINEDALE COUNTY WATER DISTRICT

Water, Wastewater, and Solid Waste Collection

Contact Information

Manager: Jason Franklin, GM
Address: 480 W. Birch Avenue
Pinedale, CA 93650
Phone: (559) 439-2362
Website: http://pcwdonline.com/index.php?option=com_content&

Management Information

Governing Body: Five-member board of directors
Board Members: David Rodriguez Elected 2013 Expires 2018
Gloria DelaPena Elected 2011 Expires 2016
Eva Valdez Elected 2011 Expires 2016
Kent Baucher Elected 2013 Expires 2016
Brad Peranick Appointed 2014 Expires 2018

Board Meetings: First Tuesday of each month, 5:00 p.m., at the District office
Staffing: Six employees

Service Information

Principal Act: County Water District Law (Water Code Section 30000-33901)
Empowered Services: Prescribed under Water Code Section 31000-31016

Services Provided: Water, wastewater collection, and solid waste collection

General location: North central City of Fresno

Population Served: 16,000 residents, estimated

Water SOI: 886 acres **Water Service Area:** 886 acres
Sewer SOI: 700 acres **Sewer Service Area:** 604 acres
N/A: **Solid Waste Service Area:** 120 acres

Infrastructure: Four wells, water mains, and sewer lines, district office facility

Fiscal Information

Budget: \$2,270,819

Sources of Funding: Utility rates, state and federal grants, and district special assessments

Rate Structure: \$23.90/month for flat rate water service (metered rate for water varies, depending on size of service lines), \$25.75/month for sewer service, \$27.08/month minimum for solid waste disposal service. (Rates revised January 2016)

Administrative Policies

Master Plan: Yes **District Rules/Regulation:** Yes **SOI Updated:** 2016

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Figure 1- Pinedale County Water District

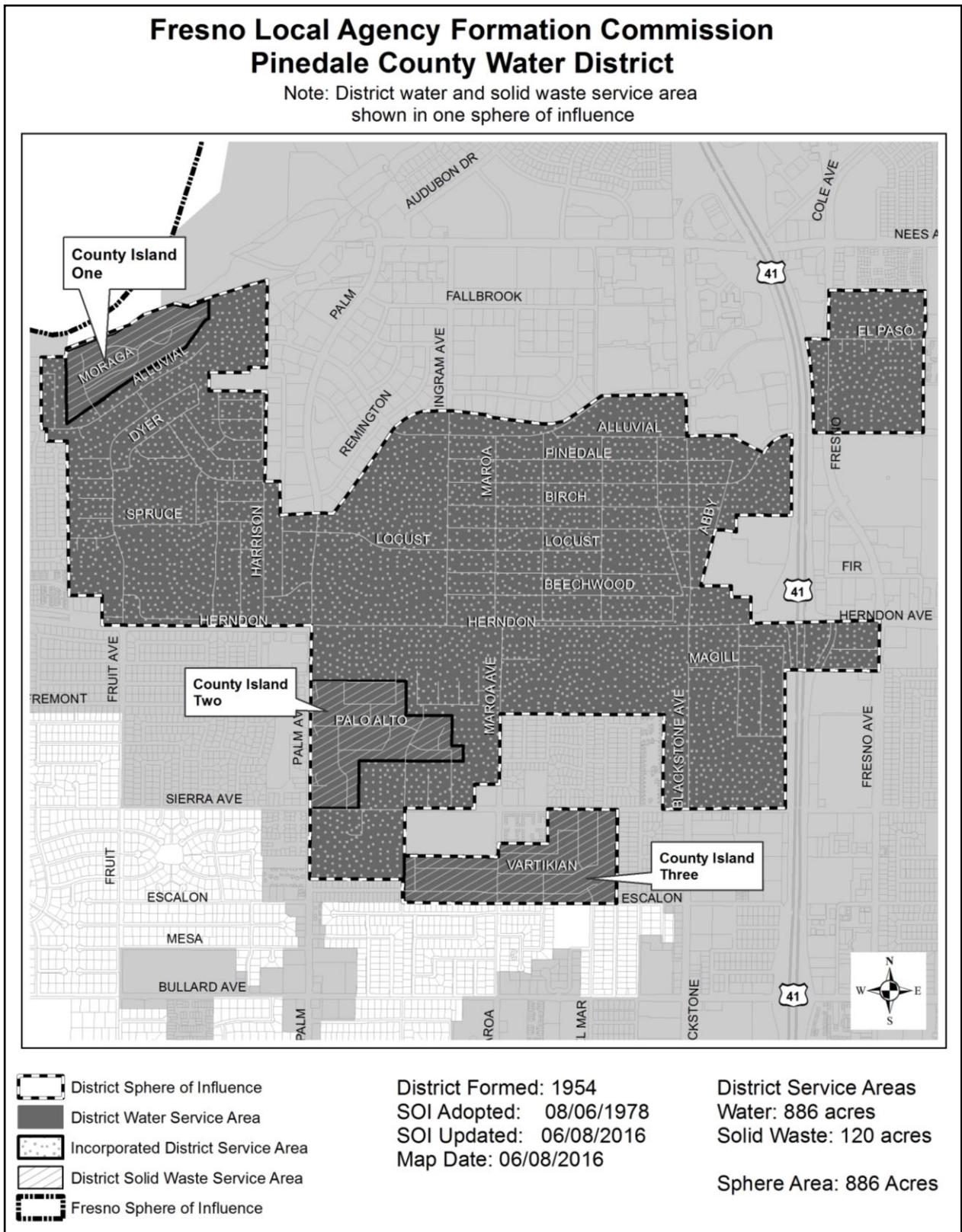
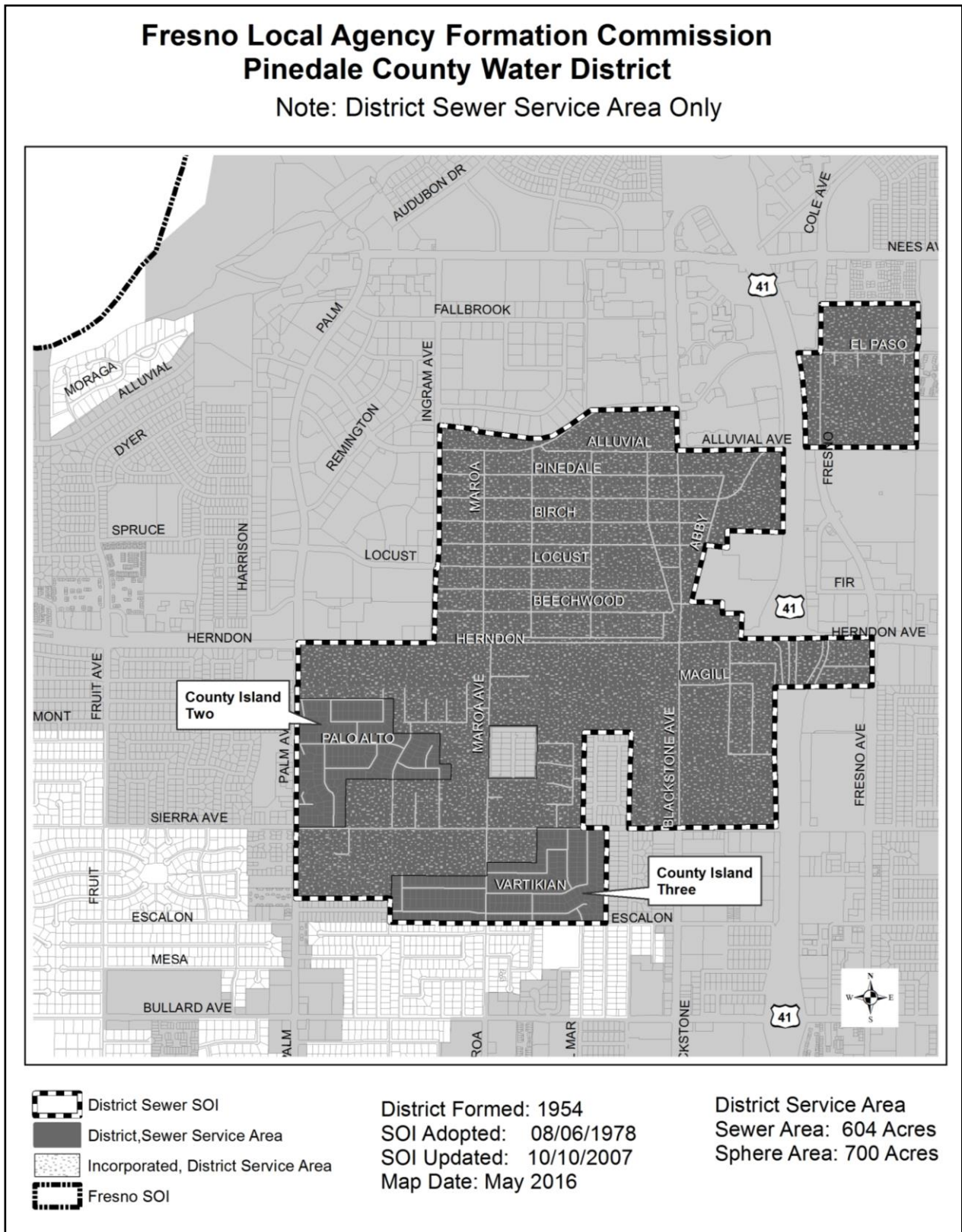


Figure 2- Pinedale County Water District – Sewer Service and SOI*



*Figurative Illustration, see page 9 of MSR

1. MUNICIPAL SERVICE REVIEW

INTRODUCTION

The District has submitted a proposal in cooperation with the City of Fresno to correct mapping and service area discrepancies that have occurred over time between these two agencies. The proposed sphere of influence (SOI) and water service area revision will correct these agencies' respective water service boundaries.

This Municipal Service Review (MSR) evaluates the subject proposal as it will require a revision to the District's water SOI. The water service area revision proposes both detachments from the District to be annexed to the City of Fresno and detachments from the City of Fresno to be annexed to the District service area.

The Commission's determination of the water service areas of the two agencies will address service delivery efficiencies.

The District provides water, sewer, and solid waste collection. District services are not all uniformly provided within the District boundaries. LAFCo designates the District with two SOIs, one for water service and a second for sewer service. It was LAFCo's practice to illustrate the District's solid waste collection services area using the District's water SOI. Over time, LAFCo notes that this practice has the potential to result in misinterpretation or confusion about the District's service area and multiple SOIs. This MSR observes that LAFCo's 2007 District maps illustrate the District's sewer service area measuring the same size as the water service area. However, this MSR update notes that the District's sewer service area was incorrectly depicted in the 2007 maps. The District's sewer service area is substantially smaller than the District's water service area. The District's sewer service and SOI are illustrated on Figure Two of this MSR. During the MSR update process, LAFCo and the District worked together to adequately identify the District's sewer service area based on District records. LAFCo encourages the District to continue working with the City of Fresno to undertake a similar feasibility analysis that will formally identify the District's and City's sewer service areas.

Through preparation of this report, LAFCo observed that the District has reached its plan for service area. Opportunities to revise the District's SOI's are limited to proposals intended to correct the agencies' service area as it relates to water or sewer service areas. Maintaining the District's SOI is purely representative and recognizes the District as a service provider within its limited boundaries. This MSR considers several revisions to the District's water SOI boundary, and figuratively rectifies the District's sewer service area.

The District's 2007 boundaries cover approximately 915 acres; approximately 795 acres are within the Fresno City limit and approximately 120 acres are within in the unincorporated areas of Fresno County, which is also within the City of Fresno's SOI.

Not all three District services are equally provided throughout the District boundaries meaning that properties within the District could receive services from a combination of service providers such as District water, City of Fresno solid waste collection, or Pinedale Public Utilities District wastewater collection.

The proposal requests detach approximately 90 acres from the District’s water service area currently served by the City of Fresno’s Water Department and at the same time, nine District boundary corrections will lead to the annexation of approximately 126 acres currently served by the District into its water service area. The revised District water SOI and water service area are coterminous and measure approximately 886 acres.

As previously noted, this MSR recognizes that the District’s sewer service area may include similar boundary discrepancies identified in the water service boundaries and recommends that the District and City undertake a cooperative boundary assessment to officially identify its sewer service areas. The District and LAFCo estimate that the current District’s sewer service area measures approximately 604 acres while the sewer SOI includes 700 acres. The sewer service area estimates rectify previous LAFCo maps; nevertheless, the District should program a sewer service assessment to confirm its sewer service boundaries and acreage. Besides resolving the District’s sewer service area LAFCo maps, there are no proposed revisions to the District’s sewer service boundaries at this time.

PRINCIPAL ACT

Pinedale Country Water District (PCWD, “District”) was formed in 1954 to provide water to properties within a developed area north of the City of Fresno, in Fresno County. The District’s formation was authorized pursuant to California’s County District Law (Water Code Section 30000-33901). Currently, the District provides municipal water, wastewater collection (“sewer”) service, and solid waste collection service. The District is an independent special district governed by a five-member board of directors. The District is not governed by other legislative bodies such as a city council or a county board of supervisors.

FRESNO LAFCO MSR POLICY DESIGNATION

Fresno LAFCo MSR policy designates the District as a “level two” special district that provides municipal services to its constituency. It is LAFCo’s observation that level two municipal local agencies typically do not request or experience modifications to their district service area or request an update or revision to the Commission’s adopted SOI for the agency. A level two municipal local agency designation means, in Fresno LAFCo’s judgment, that services provided by the agency support, facilitate, or induce population growth.

The District is located within the City of Fresno’s SOI and a majority of the land within the District has already been incorporated into the City with the exception of three county islands. As a matter of Commission policy, cities should be the provider of urban services within their SOI due to their higher visibility, their substantially broader sources of revenue, and their historical and legal right to provide services and controls to citizen within their incorporated boundaries, particularly in land use planning service and controls.¹ LAFCo notes that the District’s growth has peaked primarily due to City growth substantially surrounding the District. Further analysis will be provided in this MSR update and Chapter 3, SOI determinations.

In accordance with Government Code section 56066, Fresno County is the principal county. Fresno LAFCo is responsible for updating both SOIs for the District consistent with Government

¹ Fresno LAFCo Policies, Standards and Procedures Manual – Policy 102 (03), page 14

Code section 56425(g). In order to revise the water SOI, and update the sewer service SOI, Fresno LAFCo has prepared this service review in accordance with Government Code section 56430.

DISTRICT BOUNDARIES

The District's boundaries span approximately 1.5 square miles between both the City of Fresno and unincorporated residential islands in Fresno County. The District does not equally provide water, sewer, and solid waste services throughout its boundaries because historically there has been service areas overlap between the District, City of Fresno, and Pinedale Public Utilities District.

The District's water and sewer SOIs are situated within the City of Fresno's SOI which creates an overlap of agency boundaries. When the LAFCOs were created in 1963, the intent of the state legislature was to discourage certain problems from recurring, which include disorderly agency boundaries and proliferation of overlapping and competing local agencies. As previously noted, this proposal is the result of a joint effort between the District and City of Fresno to address service redundancies. The outcome of the water service SOI revision proposal will memorialize the District's and City's water service area boundaries.

The District service area boundaries generally overlap each other and are enclosed by Nees Avenue to the north, Fruit Avenue to the west, Escalon Avenue on the south, and Fresno Street to the east. The District's sewer service area and SOI are substantially smaller than the District water service area.

SPHERES OF INFLUENCE

The District is distinctive in that the Commission has determined a separate SOI for water and sewer services. The revised water SOI is approximately 886 acres, while the sewer SOI is approximately 700 acres. The District's solid waste service area is typically illustrated using the District's water SOI. This method was employed during the preparation of the District's 2007 MSR. However, it is Fresno LAFCo's observation that over time this mapping method creates confusion in that it appears the District also has a solid waste SOI. This is not the case; the District provides solid waste collection service to three unincorporated areas within the water SOI as depicted in Figure One – Pinedale County Water District. The City of Fresno provides solid waste collection within the incorporated areas of the District. The services provided by the District are summarized below.

DISTRICT SERVICES

Water Service

The water service area is approximately 850 acres and provides water service to 2,400 residential connections and 550 commercial accounts. The District's supply infrastructure consists mainly of four wells sunk at depths from 300 to 450 feet drawing from the Kings River Basin. The District sold a fifth well site (well #3) in 2015.² The District wells are located in an

² PCWD Independent Auditor's Report for years Ended on June 30, 2015 and 2014.

area bounded by Alluvial Avenue south to Sierra and Fruit Avenues east to Fresno Street near the community of Pinedale in the City of Fresno. The City of Fresno provides water to approximately 20 parcels located within the District's water SOI. The District's water distribution system includes 2,950 connections of which approximately 300 are metered commercial connections.

The District pumps groundwater at a historic average of 2700-2800 AF/Y. However, when applying its conservation goals, pumping is roughly 27% lower (based on 2013 when it pumped in excess of 2800 AF) which results in a projected extraction figure of approximately 2100 AF/Y.³

The District delivers water supply through a distribution system connected to wells dispersed across the District service area. The District utilizes direct liquid chlorine injection between the wellhead and the pressure tank using a metered pump that only operates when the pump is turned on for operation. The District switched to the water chlorination process circa 2010 as part of the Drinking Water Program, California Department of Public Health (CDPH) that required all districts maintain continuous chlorination of its deliverable water. As of July 1, 2014, the Drinking Water Program transferred from CDPH over to the State Water Resource Control Board which is tasked with the same responsibilities to monitor drinking water quality, however under the authority of the State Water Resource Control Board. The District is considered a T1 water treatment operation. The District informs that it employs two operators and a General Manager with T2 certifications that oversee the District's water distribution system. Current water demands require the District to run three wells from the four wells available to the District with the fourth well on standby.

The District informed LAFCo that aging water mains have been identified by the District and the District has begun to replace various water mains within its service area. The District has begun to install water meters on residential connections to track daily customer water usage. The District has an on-going improvement plan that addresses the agency's infrastructure maintenance program. The District notes that its on-going improvement plan assists the District to operate at adequate levels and to continue providing water service to its customers.

Sewer Service

LAFCo's 2007 District MSR depicts the District's sewer service area at approximately 699 acres. During the 2016 MSR update process, LAFCo and the District recognized that there are illustrative discrepancies on the District's sewer service area map. For example, LAFCo's 2007 maps illustrate the District's sewer service area to measure 850 acres, while the sewer SOI measures 699 acres. LAFCo notes that the District's sewer service area has historically been substantially smaller than the water service area; however, prior to the 2016 MSR update the District's sewer service area was mistakenly illustrated using the water service area. Over time, it had been LAFCo's practice to show the District's sewer service area using the sewer SOI imposed over the water service area.

During the preparation of this MSR, LAFCo reviewed records and worked with the District Manager to adequately provide a figurative representation of the District's sewer service area shown on Figure Two - District Sewer Service Area. LAFCo records indicate that the Commission

³ LAFCo Communication with PCWD General Manager via email, June 6, 2016.

determined the District's sewer SOI on September 6, 1978. This sewer SOI was substantially smaller than the water service area because sewer services were already being provided by the Pinedale Public Utilities District (PPUD) for the area generally west of Ingram Avenue, south of the Alluvial Avenue, east of Fruit Avenue, and north of Herndon Avenue.

On September 18, 2015, LAFCo met with the District's general manager to map the District's sewer service area using available District records to illustrate the District's sewer service area. Based on the District's input and LAFCo's use of the Geographic Information Systems (GIS) software, staff shaped the District's sewer service area as illustrated on Figure Two of this MSR. Estimates show that the District sewer service area measures approximately 604 acres, and the sewer SOI measures approximately 700-acres. The District provides sewer service to approximately 3,000 connections within its sewer boundaries. The District does not treat wastewater but conveys it to the City of Fresno's sewer system for treatment at the Fresno-Clovis Regional Wastewater Treatment Facility.

As previously mentioned, the sewer service area illustration rectifies LAFCo's 2007 District's sewer service map. LAFCo encourages the District to continue working with the City of Fresno to conduct a similar analysis of its boundaries so it could officially identify the District's and City's sewer service areas. LAFCo anticipates that such an analysis could trigger a revision to the sewer SOI, and could also lead to the corrective reorganization of both agencies' sewer service areas.

Solid Waste Service

The District provides solid waste services to an area approximately 120 acres in size and serves approximately 438 county parcels. District solid waste customers are generally residential parcels located in three County islands. It is not anticipated that the District's solid waste service area will grow larger than its existing size. In 1994, the City of Fresno became the solid waste collection provider for the incorporated lands within the District. It is envisioned that the City will continue to serve the incorporated portions and the District will continue to provide solid waste collection to the three County islands until such time as the subject islands annex to the City.

DISTRICT BACKGROUND

The Community of Pinedale, California, was established as a company town for the Sugar Pine Lumber Company of Fresno March 24, 1923. At that time, the Sugar Pine Lumber Mill of Pinedale was the largest and most modern mill in operation in the San Joaquin Valley. As noted, the District was formed in 1954 to provide water to rural residents in and around Pinedale north of the City of Fresno in Fresno County. In 1963 the District also began providing sewer services. In 1976, the District began providing solid waste collection.

In 1978, in two separate actions the Commission determined two SOIs for District services due to area growth patterns that created service overlaps with neighboring agencies. The Commission determined the water service SOI first, then the smaller sewer service SOI. The sewer SOI was smaller than the water SOI because the Pinedale Public Utilities District (PPUD), located west of the District, was already providing sewer services west of Ingram Avenue, south

of Alluvial Avenue, east of Fruit Avenue, and north of Herndon Avenue, but was not providing water service for this same area.⁴

In 1994, the City of Fresno assumed solid waste collection services for customers within the incorporated portions of the District. As previously noted, customers located in the three unincorporated islands are the only customers receiving solid waste services by the District. As illustrated in Figure One, the District provides water and solid waste collection to County Island One, while Areas Two and Three receive water, sewer, and solid waste collection services.

Over time, the City of Fresno's growth enclosed the community of Pinedale and eventually developed around the community with commercial, office, and residential land uses. The District now has a notably fixed service area completely surrounded by the Fresno City limits with no probable growth of its service area. Several hundred acres of unincorporated developed land continue to exist within the District; however, it is LAFCo's observation that the City of Fresno is in the best position to become the principal municipal service provider in this area. Given the terms of the City/County Memorandum of Understanding, future land use changes within the District would require the City of Fresno's approval, but most likely will continue to be a District customer. District growth is limited by the City/County MOU Section 4.1, which states that the County shall refer any new development proposals within one-half mile of the City's boundary [SOI] to the City for its consideration for annexation.

The District service area is primarily classified as built-out, meaning that most of the land inside its service area is already developed with urban land uses.

The District does not have land use authority within its SOI boundaries; however, the District coordinates land use planning efforts with the City of Fresno. The City consults with the District on project proposals that affect the District's service provisions.

It is important to note that the 2007 Fresno MSR identified several governmental reorganizational structure options that included dissolution, merger, or creation of a subsidiary District within the city system. None of the 2007 MSR options were pursued by either agency since 2007 and as the 2016 MSR was prepared, neither agency expressed interest to pursue a governmental reorganization of the District.

DESCRIPTION OF WATER SPHERE OF INFLUENCE AND SERVICE AREA REVISION

The District's water service area and water SOI are irregular and generally bounded by North Fresno Street to the east, East Alluvial Avenue and slightly up to West El Paso to the north, Fruit Avenue to the west, and West Escalon Avenue to the south.

Currently, the City of Fresno serves a small portion of the District's water service area (about 20 to 28 service connections) west of State Route 41 along East Sierra Avenue. Per an inter-agency agreement, the City of Fresno delivers water directly to these customers located in the Pinedale service area through City water mains. The District bills the customers at the City of Fresno

⁴ Fresno LAFCo Resolution No. RSOI-25-A, Making Determination and Approving Revised SOI for PCWD.

water rate and retains 40% of the revenue to cover its costs.⁵ Although, the agreement does not state a maximum amount of water to be provided to the District, in the event of a water shortage water deliveries to the District would be reduced in proportion to the reduction required for other City water customers. Potential reductions for water deliveries would be based on the City's Water Shortage Contingency Plan.⁶ In 2011, the District purchased from the City of Fresno approximately 26 acre-feet of municipal and industrial water which is delivered via both agencies' water distribution system interties. Water purchased by the District is billed at a flat rate.

Areas served by the City of Fresno to be detached from the District water service area

In addition to this service by agreement, over time there have been extensions of water service by the District across the city limits. This report will first identify the areas currently served by the City of Fresno that are proposed to be detached from the District water service area. The District proposes to detach approximately 90 acres of land currently identified in the District's water service area and SOI but served by the City of Fresno. Because these properties are currently within the Fresno city limits it is not necessary to annex them to the City. Appendix A, Pinedale County Water District Reorganization Map illustrates these areas:

- Area B, approximately 3.3 acres: located north of the Herndon Avenue frontage road west of Fruit Avenue. The area to be detached from the District service area consists of three parcels. The water SOI will be reduced to align with the detachment.
- Area D, approximately 57 acres: located north and south of Sierra Avenue east of Wishon Avenue. Area D is enclosed by Del Mar Avenue on the west, Palo Alto on the north, Colonial Avenue to the east, and Ellery Avenue on the south. The area to be detached from the District service area consists of over 100 parcels proposed. The water SOI will be reduced to align with the detachment. Area D is immediately north of Area E, more details are provided under item Area E in the next section.
- Area F, approximately 9.8 acres: located north of Sierra Avenue and west of Blackstone Avenue. Area F contains condominiums located between N. San Pablo Avenue and backing on the west side of the Sierra View Plaza shopping center. Area F is located immediately west of Area G which will be described later in this section. Although Area F had been shown in the District service area, LAFCo maps did not depict Area F in the water SOI.
- Area K, approximately 0.032 acres: located near the intersection of E. Pinedale Avenue and N. Abby Street. Area K includes a minor portion of the right-of-way; the detachment will correct the District's service area. Area K will correct a portion of the District's boundary line along APN 303-650-39.

⁵ City of Fresno USBR Water Management Plan Final Report May 15, 2013.
http://www.usbr.gov/mp/watershare/wcplans/2013/City_of_Fresno.pdf

⁶ City of Fresno USBR Water Management Plan Final Report May 15, 2013.
http://www.usbr.gov/mp/watershare/wcplans/2013/City_of_Fresno.pdf

- Area M, approximately 19.8 acres: located along the south side of Nees Avenue, between Fresno Street and Angus Street. Area M consists of office and residential land uses. Although Area M had been shown in the District water service area, LAFCo maps did not depict Area M in the water SOI.

Areas served by the District to be annexed to the District Water Service Area and SOI

In addition, the District requests annexation to its service area and SOI of approximately 126.59 acres that are currently not shown in the District’s water service area but are receiving District water service. Appendix A, Pinedale County Water District Reorganization Map illustrates these areas:

- Area A, approximately 9.32 acres: located along Alluvial Avenue, between Carruth Avenue on the east and Teilman Avenue to the west. The area served by the District in Area A primarily includes residential parcels that are proposed to be annexed into the District service area.
- Area C, approximately 43.44 acres: located along the south side of Herndon Avenue, between Maroa Avenue on the east and Palm Avenue to the west. The area served consists of commercial parcels Area C is located within the existing water SOI.
- Area E, approximately 1.73 acres: located along the north side of Ellery Way, between Maroa Avenue on the west and Bergeron Avenue to the east. The area is not in the City of Fresno, and it is served by the District. Area E consists of residential parcels. Area E is located within the existing water SOI and is in size.
- Area G, approximately 29.5 acres: located along the west and portions of the east side of Blackstone Avenue, between Herndon Avenue on the north and Sierra Avenue to the south. Area G is served by the District; however, currently it only provides water service to commercial structures on the front of The Sierra View Plaza shopping center. The District informed LAFCo that Area G will include the entire Sierra View Plaza into the District. The water SOI will be revised by 10 acres to include the entire shopping center west of Blackstone Avenue and north of Sierra Avenue.

In addition, water service is provided by the District to seven parcels north of Sierra Avenue along the east side of Blackstone Avenue. Area G primarily includes Commercial parcels within the existing water SOI that are proposed to be annexed into the District service area.

- Area H, approximately 4.24 acres: one parcel located along the south side of Los Altos Avenue, between Effie Street on the west and State Route 41 to the east. The parcel is served by the District, Area H hosts a Derrel’s Storage Facility proposed to be annexed into the District service area. Area H is located within the existing water SOI.
- Area I, approximately 7.56 acres: located along the north side of Herndon Avenue on the east side of Blackstone Avenue/Abby Street alignment. Consists of three commercial parcels. Area I is located within the existing SOI.

- Area J, approximately 22.28 acres: located along the east and west side of Abby Street (Blackstone Avenue) alignment south of Alluvial Avenue within the existing water SOI. Consists of five commercial parcels.
- Area L, approximately 7.30 acres: located along the west side of Fresno Street north of Alluvial Avenue within the existing water SOI. Consists of five commercial parcels.
- Area N, approximately 1.22 acres: located along the north side of Alluvial Avenue between Blackstone Avenue on the east and San Pablo Avenue to the west within the existing water SOI. Consists of three commercial frontage parcels.

DESCRIPTION OF SEWER SERVICE AND SPHERE OF INFLUENCE

The District's sewer service area generally coincides with the area within the water service area; however, the sewer service area and sewer SOI are smaller in size. The District's sewer SOI is approximately 700 acres and its sewer service area is estimated to measure 604 acres in size. The District sewer service area is located within the City of Fresno and immediately east of the Pinedale Public Utility District which also provides sewer collection service.

The District provides approximately 3,000 sewer connections. Wastewater collected within the District is discharged into the City's sanitary sewer system for transport to the Fresno-Clovis Regional Wastewater Treatment Facility. The District contracts through an existing service agreement with the City of Fresno to provide wastewater treatment. Wastewater collected within the District boundaries are discharged into the City's Herndon trunk sewer line for transport to the Regional Wastewater Reclamation Facility southeast of the City. The District informed LAFCo that its current sewer service capacities are adequate to handle collection requirements. The District invests on an on-going basis to procure grant funding to finance necessary infrastructure improvements. The District currently does not have scheduled plans for infrastructure or facilities upgrades. The District does not anticipate need for an expansion of the sewer system.

During the preparation of this MSR, the District expressed its interest in updating its sewer service area boundaries indicating the need to adequately assess all locations currently receiving District sewer services. The analysis would be similar to the effort currently being invested in its water distribution system. Although there is no scheduled timeline, LAFCo encourages the District and City to conduct the sewer service area analysis in order to assist both agencies to identify sewer service areas, customers base, service redundancies, and update agency map information.

DESCRIPTION OF SOLID WASTE COLLECTION SERVICE

The District provides solid waste collection within three unincorporated areas identified in Figure One. The District's solid waste service is not anticipated to grow. The three county islands combined total approximately 120 acres in size. The proposed water SOI revision will not affect the solid waste service area. The City of Fresno provides solid waste services within the incorporated territories of the District. The District provides solid waste collection through contract with Waste Management Incorporated, a private service provider.

The three county islands in the District receiving solid waste collection are:

- County Island One: includes 53 customers located north of W. Alluvial Avenue at N. Toletachi Road, residents along W. Moraga Road.
- County Island Two: includes 165 customers located north of W. Sierra Avenue and east of N. Palm Avenue, residents south of W. Magill Avenue, and west of N. Roosevelt Avenue.
- County Island Three: includes 220 customers located east of N. Colonial Avenue, south of W. Sierra Avenue, west of N. San Pablo Avenue, and north of W. Sample Avenue.

The probable growth of solid waste service is limited by the complete envelopment of the District's solid waste collection service area by the City of Fresno. In fact, the three solid waste service areas can be expected to be reduced over time if annexation of these County islands were to materialize. At that point the City of Fresno would be the only solid waste service provider within the District's boundaries.

During the preparation of this MSR, the District informed LAFCo that County Island Two and Three are the only locations within the entire District that receive all three District services (water, sewer, and solid waste).

POPULATION GROWTH

The City of Fresno is the land use authority for incorporated land located within the District's service area. The City of Fresno's General Plan designates the land within the District service area with various land uses including but not limited to residential, office, and commercial. Though once a developed unincorporated area, the greater Pinedale community has largely been annexed to the City of Fresno. The District service area is considered by LAFCo to be built-out which means the majority of the land within the District is substantially developed. Estimates show that approximately 8,495 residents reside within the District,⁷ though the District estimates a much higher population number at approximately 16,000 residents.

Considering the unincorporated areas within and around the District, some discussion of the County's land use authority is warranted. The County of Fresno is the land use authority for the unincorporated portions of the District. County General Plan Policy LU-G.7 states, "...The County shall establish and maintain land use controls on unincorporated land within the spheres of influence consistent with the policies of the County community plan...." The unincorporated portions of the District are within the County's Bullard Community Plan and are designated for residential uses. Staff notes that the last amendment to the County's Bullard Community Plan land use diagram was in 1991, and the policy document was in 1994.

⁷ City of Fresno, Metropolitan Water Resources Management Plan Update, Appendix A "Non-Fresno Water Demands" report prepared by WRIME. <http://www.fresno.gov/NR/rdonlyres/E1DC4121-EB84-46B5-812C-9351C60C246C/29042/ANonFresnoDemand.pdf>

The District area is identified in the City's general plan and land use is regulated by the City's adopted Pinedale Neighborhood Plan and its Bullard Community Plan.⁸ Both policy documents anticipate minimal growth and support existing land uses within the District's boundaries.⁹ The Pinedale Neighborhood Plan is consistent with the Bullard Community Plan and the City of Fresno's General Plan.

Using a 20-year planning horizon, the District expressed that it does not anticipate a future need to revise the water SOI. As noted previously, the District expressed the need to conduct a successive boundary assessment to adequately identify its sewer service area. Such a study could potentially revise the District's and City's sewer service areas. Such a study would assist both District and City to adequately identify sewer service areas. Overall, the District's boundaries are not anticipated to require substantial revisions.

LAFCo notes that as a matter of Commission policy, the cities should be the provider of urban services due to their high visibility, substantially broader resources of revenue, and their historical and legal right to provide services and controls to citizens within their boundaries, particularly land use planning services and controls.¹⁰ At the time this MSR was prepared the majority of the District was already in the City and receiving city services. District growth is virtually restricted by the City of Fresno. Population growth has been appropriated to the City of Fresno¹¹ and it is anticipated that the District will experience minimal modifications to its existing service areas in the future.

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 SOI updates of a local agency (city or special district) that provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection, the Commission shall consider and prepare written determinations regarding the present and planned capacity of public facilities and adequacy of public services, and infrastructure needs or deficiencies for any disadvantaged unincorporated community within of contiguous to the SOI of a city or special district.¹²

Government Code sec. 56033.5 defines a DUC as: i) "inhabited territory" (12 or more registered voters), as defined by sec. 56046, or as determined by commission policy, that constitutes ii) all or a portion of a "disadvantaged community" as defined by sec. 79505.5 of the Water Code.

⁸ Bullard Community Plan, <http://www.fresno.gov/NR/rdonlyres/2AFA54D2-7F75-419E-9EBD-DA3378D53EA3/0/BullardCommunityPlan.pdf> .

⁹ Pinedale Neighborhood Plan, <http://www.fresno.gov/NR/rdonlyres/F3BB2F7F-7FE6-4ABF-ACAA-DB4C31B50BE5/0/PinedaleNeighborhoodPlanMarch312009.pdf>

¹⁰ Fresno LAFCO Policies, Standards, and Procedures, Policy 102-03.

¹¹ County of Fresno and City of Fresno Memorandum of Understanding, Section 4.1, which states that the County shall refer any new development proposals within one-half mile of the City's boundary.

¹² Government Codes section 56425(e) 5, Present and Probable need; disadvantaged unincorporated communities

Water Code sec. 79505.5 defines “disadvantaged” as a territory with an annual median household income (MHI) that is less than 80 percent of the statewide annual median household income. On January 9, 2013, Fresno LAFCo exercised its powers and adopted policy that refined the DUC definition to include, a DUC shall have at least 15 dwelling units at a density not less than one unit per acre.

This section of the report uses County of Fresno’s Geographic Information System (GIS) parcel mapping information and U.S. Census data to quantify the economic composition of the census block groups within the vicinity of the District’s boundaries. Geographic Information System (GIS) files were derived from the U.S. Census Bureau’s American Community Survey (ACS) compiled for the five-year period 2006-2010 to identify the demographic composition within the District’s service area. Although the ACS provides annual, three-year estimates, and five-year reports; the five-year demographic reports provide the most precise demographic data and census mapping information available for analyzing small populations. The five-year ACS reports are the most reliable form of available information generated by the U.S. Census.¹³ California’s statewide MHI reported for years 2006 through 2010 was \$60,883, the DUC threshold is any geographic unit with a MHI that is less than \$48,706.

The majority of the District’s service area resides in the City of Fresno’s incorporated boundaries. The exceptions are the three County islands; however, they are all served by District services. The census block group data for the three County islands indicate that all three islands had a MHI level higher than established for DUCs; the MHI threshold is \$48,706.¹⁴ As of April 22, 2016, no DUCs as defined by Fresno LAFCo Policy 106, Government Code Section 56046, and Water Code 79505.5 exist within the District’s boundaries.

PLANNED CAPACITY OF PUBLIC FACILITIES

Water Service

The District maintains its water systems on an ongoing basis. The District informed LAFCo that many of its water mains are in need of replacement and that it has begun replacement of those systems. The District’s infrastructure includes four groundwater wells located near the Pinedale Community. Current water demands require the District to run three wells available to the District. The District retains one well on standby. The District plans to activate the standby well in anticipation of future demands.

The District growth is constrained due to the City surrounding the entire District. Prior to the 2012 District rate reassessment, the District user rates were last increased in the 1990’s. The District performed a rate study in 2012 that included the cost of installing meters and water main replacements. The rate study estimated the necessary rate increase to be paid by customers who receive District water services. Starting in 2013, user rates were increased by 20% and will continue to increase by 20% for the next five years, thereafter. The current water rate for Fiscal Year 2015-16 is \$23.90. Future maintenance and construction of wells, if necessary, will be financed through loan opportunities.

In the 2007 District MSR, LAFCo encouraged the District and other affected local agencies to:

¹³ US Census Bureau, http://www.census.gov/acs/www/guidance_for_data_users/estimates/

¹⁴ Pursuant to Water Code 79505.5

- As required by State law, consider and mitigate groundwater overdraft during the mandated environmental review process for all “projects” as defined by CEQA, that would result in new or increased demands on water resources and/or intensification of urban uses; and
- Work together to collectively identify and implement feasible strategies to eliminate groundwater overdraft in the Fresno/Clovis Metropolitan Area, including territories that may be the subject of future applications to LAFCo for a change of organization an reorganization.

Water availability within the Central Valley will be one of the various issues Fresno LAFCo will carefully consider when reviewing sphere of influence updates. The District has adopted a summer watering schedule (starting March 2 and ending October 31) that limits outdoor watering to two specified days per week depending on property address number. A violation citation structure has been adopted by the District, and citation penalties are identified in the District’s Master Fee schedule. The District encourages water conservation measures and provides watering saving strategies on the District website. According to the District, implementation of District’s watering schedule and water conservation strategies would assist the District to reach the 36% water reduction goal for years 2016-2017.

Water is a vital, but finite resource for the entire Fresno region. With the recent passage of California’s Sustainable Groundwater Management Act of 2014, Fresno LAFCo observes that the District’s participation with groundwater management will be essential within the greater region. Inversely, it is also probable that the City of Fresno could ultimately assume responsibility for the District’s service area. It is acknowledged that individual water agencies each have their own interests, which sometimes compete with the interests of others for water resources. As noted in the District’s 2007 MSR, the County has further expressed concern that groundwater overdraft in the area may affect the ability of smaller service providers with limited resources and minimal surface water entitlements to continue to provide water service to its customers.

The Department of Water Resources (DWR) has developed a Strategic Plan for its Sustainable Groundwater Management (SGM) Program. DWR’s SGM Program will implement the new and expanded responsibilities identified in the 2014 Sustainable Groundwater Management Act (SGMA). Some of these expanded responsibilities include: (1) developing regulations to revise groundwater basin boundaries; (2) adopting regulations for evaluating and implementing Groundwater Sustainability Plans (GSPs) and coordination agreements; (3) identifying basins subject to critical conditions of overdraft; (4) identifying water available for groundwater replenishment; and (5) publishing best management practices for the sustainable management of groundwater.¹⁵

The Sustainable Groundwater Management Act (SGMA) defines sustainable groundwater management as the management of groundwater supplies in a manner that can be maintained during the planning and implementation horizon without causing undesirable results. This responds to the DWR’s California Statewide Groundwater Elevation Monitoring (CASGEM) “high” priority ranking for San Joaquin Valley groundwater basins.

¹⁵California Department of Water Resources: <http://www.water.ca.gov/groundwater/sgm/index.cfm>.

The District participates in several metropolitan water supply groups including the Fresno County SGMA working group and is actively working with metropolitan water supply agencies to form a Groundwater Sustainability Agency (GSA) by the statutory deadline of June 30, 2017. The District intends to participate in the GSA's development of the Groundwater Sustainability Plan due to DWR by January 31, 2020.

Sewer Service

Wastewater collected within the District is discharged into the City's Herndon trunk sewer line for transport to the City's regional wastewater plant for treatment. The City of Fresno provides wastewater treatment to the District through an existing service agreement. The District informed LAFCo that the existing sewer pipeline infrastructure adequately provides sewage transfers for existing and future demands. The District maintains sewer service lines on an ongoing basis, and replaces sewer lines as necessary. In the near term, sewer service is anticipated to remain unchanged. Fresno LAFCo recognizes that the District has limited opportunities for growth outside of its existing service area.

Solid Waste Collection

The City of Fresno provides solid waste collection services to the majority of the residents within the District's service area. The District provides solid waste collection to three county islands described earlier in this report, and as shown on Figure One. The District contracts solid waste collection services with a private waste hauler; service contracts with the hauler company are renewed on a five-year basis. It appears that the contract renewal process assists the District to maintain its solid waste services operation at an adequate service level.

FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICE

This section of the MSR includes financial information provided by the District. The District provided financial data to determine if the District has sufficient revenues and financial systems to continue its provision of services to its customers. The following information and analysis section is based on financial statements, annual budgets, and supportive documents provided by District management. The District's primary sources of financing are user rates charged to customers and special assessments. The District board of directors adopts an annual budget which projects operational and maintenance costs on an annual basis.

The primary source of revenue for the District is obtained through utility fees charged to customers for water, sewer, and solid waste disposal services. The District informed LAFCo that its adopted budget for FY 2013-14 identified a total income of \$2,219,174. The District states that total operating revenues were \$2,223,701, which is greater than the total operating expenses of \$1,693,058. General and administrative expenses of \$562,672 resulted in a decrease in net assets of \$30,734 for the same year. At the end of FY 2013-14, District assets appear to exceed its liabilities.

The District's total operating revenues were estimated at \$2,497,558 which was greater than its operating expenses of \$1,171,593. The District's total general and administrative expenses were \$628,519 which resulted in a decrease in net assets of \$157,446. The District anticipates net

assets to exceed liabilities at the end of the year to approximately \$3,538,014. At the time this MSR update was prepared, the District indicated that it had no outstanding loans or debts.

Residential water user rates are \$23.90 per month for flat rate water service (metered water for water varies depending on size of service line). Commercial water users are billed a flat rate ranging from \$19.90 up to \$88.20. The District charges a sewer service flat rate for residential customers, \$25.75 per month. Seventy percent of the wastewater rates are paid to the City of Fresno for its sewer line and facility usage. Residential solid waste collection customers pay a flat rate of \$27.08 per month. District fees to commercial users are adjusted according to land uses.

LAFCo staff also was provided a copy of the District's most current independent auditor's report, financial report, and supplementary information for fiscal years ending June 30, 2014 and 2015. The auditor's report states that the District's total operating income for FY 2015 totaled \$2,472,421 which was greater than the total operating expenses of \$1,703,437 and general administrative expenses of \$701,610.¹⁶ The District generated the following revenues during FY 2015 from the following utilities fees:

- Water sales \$1,076,500
- Sewer usage \$1,209,226
- Disposal Sales and Services \$148,576
- Delinquency Changes and other income \$38,118

LAFCo observes that that District adequately maintains a steady stream of revenue for District services. Based on available financial information it appears that the District is able to meet its financial obligations as a service provider. The District utility user rates provide the main source of revenue for the District which finances operation and administrative expenses.

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 the municipal services within the region.

LAFCo's 2007 MSR included a determination to encourage the District and the City of Fresno to participate in a joint investigation of the best mechanism for providing existing necessary services to the area served by the District, including the possible dissolution of the District and transfer of agency services to the City. Similarly, the City of Fresno's 2016 MSR acknowledge that greater economies of scale and enhanced service efficiencies may be achieved by dissolving the District and transferring its assets and service obligations to the City of Fresno. During the preparation of the District and City of Fresno 2016 MSRs, LAFCo staff notes that this broad course of action currently lacks political support from either agency. LAFCo staff observes that this course of action requires both parties' support in order to ensure the successful transfer of services.

Nonetheless, the City of Fresno's MSR observes the need to review the long-range assumptions about unification of the urban area.

¹⁶ PCWD Independent Auditor's Report for years Ended on June 30, 2015 and 2014

The District currently has an agreement with the City to discharge sewage collections into the City's sewer collection system. The mutual agreement enables the District to transport sewer discharges to the Fresno-Clovis Regional Wastewater Treatment Plant for treatment. The City of Fresno Solid Waste Division provides residential and commercial solid waste services to the majority of the parcels within the District.

The District provides solid waste services to three County islands, as shown on Figure One of this MSR. The District provides solid waste services to approximately 438 parcels through a contract with a private solid waste hauler company. The District periodically renews its contract with the waste hauler company to keep user cost rates low. The District informs customers of upcoming service and potential cost changes associated with solid waste. This allows the District to select offers from multiple haulers at a lower cost for its customers. The District bills its customers that receive solid waste services to cover the complete costs. The District indicated that there are no additional cost avoidance opportunities which could significantly reduce costs to the District. No additional opportunities for shared facilities have been identified by LAFCo.

The District is located in north central Fresno County, within the City of Fresno's SOI. The District is located within or immediately adjacent to the following local agencies:

- City of Fresno – enclosed by the City of Fresno
- Clovis Cemetery District and the Clovis Memorial District- portions of the District fall in these special districts
- Fresno Metropolitan Flood Control District
- Fresno Mosquito and Vector Control District
- West Fresno County Red Scale Protective District
- Pinedale Public Utilities District

Though there may be little support for shared facilities at the time this MSR was prepared, the District and City should be commended for seeking greater service delivery efficiencies as it relates to water services by cooperating on this proposal and encouraged to continue this positive communication.

GOVERNMENTAL STRUCTURE

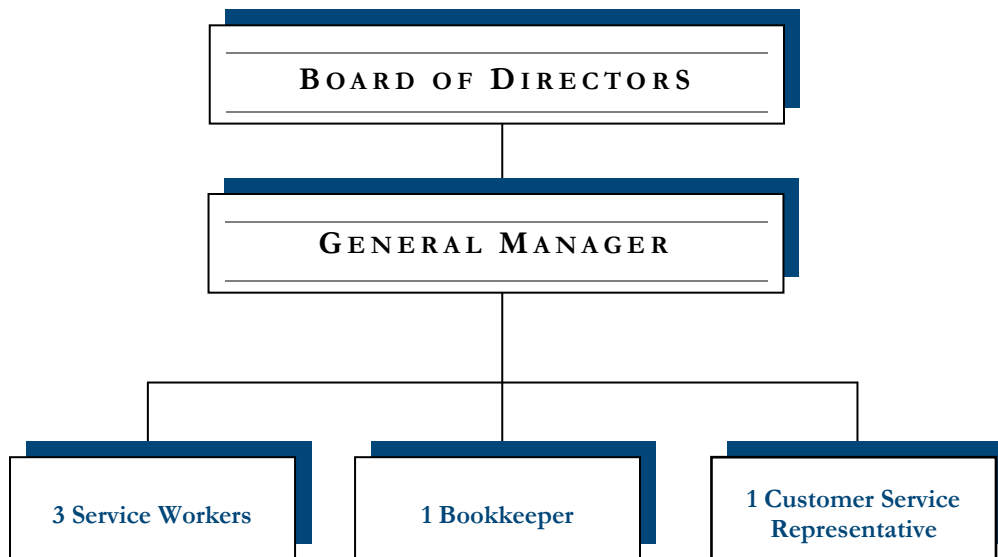
This section of the MSR considers the adequacy of the District’s current boundaries, SOI, and governing structure under which the District was formed and operates. California Water Code section 30000-33900 enables the formation of County Water Districts to provide a variety of municipal services. However, the California Government Code offers very few government structure options for County Water Districts.

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 five elected officials serves as the governing body of the District. The five members of the board are elected by voters within the District boundaries. Citizen participation in the election of District board members is an essential component of local government accountability.

Three District board members’ terms will expire in 2016, and the remaining two will expire in 2018. Board members are subject to recall by District voters through the recall procedures set forth in Chapter 2, Division 13 of the Elections Code. During preparation of the MSR update, the District board of directors adopted a resolution to move the District’s elections to coincide with the statewide general election to reduce the expense of off-year elections. The District shifted from a Uniform District Election Law (UDEL), odd-year election to even years at the same time as the statewide general elections conducted by the Fresno County Clerk/Registrar of Voters.¹⁷

The Board creates policies by adopting resolutions or District ordinances through duly-noticed public hearings. District meetings are held once a month, on the 1st Tuesdays at 5:00 p.m., at the District office located on 480 W. Birch Street in Pinedale. Meetings are noticed consistent with Brown Act requirements, which include postings in public places, such as the District office and the District website.

Figure 3 - Pinedale County Water District Organizational Chart



¹⁷ PCWD Board Resolution No. 2015-4, signed March 3, 2015

The District is managed by a General Manager and staffed with six District employees. The District's government structure is illustrated as Figure Three, and appears to be appropriate to ensure services are adequately provided and managed. The District and City of Fresno's partnership to implement the proposed water service reorganization and SOI revision represent the efficient collaboration of two local agencies working together to identify municipal service redundancies from occurring within their respective boundaries.

**ANY OTHER MATTERS RELATED TO EFFECTIVE OR
EFFICIENT SERVICE DELIVERY, AS REQUIRED BY
COMMISSION POLICY**

None at this time.

2. MSR DETERMINATIONS

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

1. GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA.

- The District provides domestic water, wastewater collection, and solid waste collection services. Not all properties in the District receive all three services; District customers may benefit from other service providers such as the City of Fresno solid waste collection, or Pinedale Public Utilities District wastewater collection.
- Fresno LAFCo MSR policy designates the District as a “level two” special district. It is LAFCo’s observation that level two municipal local agencies typically do not request modifications to their service area or the Commission’s adopted SOI for the agency. A level two municipal local agency designation means, in Fresno LAFCo’s judgment, that services provided by the agency may support, facilitate, or induce population growth.
- The City of Fresno is the land use authority for District land located within the city limit. The City of Fresno’s General Plan designates the land within the District service area with various land uses including but not limited to residential, office, and commercial.
- The District area is identified in the City’s general plan and augmented by the City adopted Pinedale Neighborhood Plan and the Bullard Community Plan. The County of Fresno is the land use authority for the unincorporated portions of the District. The County General Plan designates the land within the District service area with various land uses including but not limited to residential, office, and commercial.
- The District service area is considered as built-out which means the majority of the land within the District contains substantially developed parcels.
- District growth is limited and it is anticipated that the District will experience minimal modifications to its existing service areas. LAFCo estimates that approximately 8,495 residents reside within the District. However, the District estimates its population served to be near 16,000 residents.

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

- Majority of the District service area resides within the City of Fresno’s incorporated boundaries. The exceptions are the three County islands; however, they are all served by at least one of the District services. As of August 28, 2015, no DUCs as defined by

Fresno LAFCo Policy 106, Government Code Section 56046, and Water Code 79505.5 exist within the District's boundaries.

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

- The water service area is approximately 886 acres and provides water service to approximately 2,400 residential connections and 550 commercial accounts. The District's water distribution system includes 2,950 connections of which approximately 300 are metered commercial connections.
- The District informed LAFCo that several of its water mains are in need of replacement. The District notes that aging water mains have been identified by the District and the District has begun to replace various water mains within in its service area.
- The District's sewer service area is approximately 604 acres and provides sewer service to approximately 3,000 connections. The District does not treat wastewater but conveys it to the City of Fresno's sewer system for treatment at the Fresno-Clovis Regional Wastewater Treatment Facility. The City of Fresno provides wastewater treatment services with the District service area through an existing service agreement.
- The District relies entirely on groundwater for its supply and has no other water source, either physical or contractual.
- The CASGEM has identified the San Joaquin Valley ground water basins as "high" priority basins for timely development of Groundwater Sustainability Agencies by the statutory deadline of June 30, 2017, and Groundwater Sustainability Plans by January 31, 2020.
- The District is actively participating with other metropolitan water supply agencies in the development of the Groundwater Sustainability Agency by June 30, 2017.
- The GSA has until January 31, 2020 to develop a Groundwater Sustainability Plan that demonstrates that the basin is operated within its sustainable yield within the 50-year planning and implementation horizon established by SGMA.
- The District informed LAFCo that its current sewer service capacities are adequate to handle collection requirements. The District invests on an on-going basis to procure grant funding to finance necessary infrastructure improvements.
- During the preparation of this MSR, the District expressed interest in updating the District's sewer service area boundaries. The District indicated there is need to adequately assess all locations currently receiving District sewer services.
- The District provides solid waste services to three noncontiguous County islands, which combined amounts to approximately 120 acres, for 438 county parcels.
- The District's solid waste customers are generally residential parcels. It is not anticipated that the District's solid waste service will grow larger than its existing size.

- The potential growth of the District is restricted by the City of Fresno. The City completely surrounds the District's boundaries.

4. FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES.

- The primary source of revenue for the District is obtained through utility fees charged to customers for water, sewer, and solid waste disposal services. The District informs LAFCo that its adopted budget for FY year 2013-14 identified a total income of \$2,219,174.
- Residential water user rates are \$23.90 per month for flat rate water service. Commercial water users are billed depending on the connection pipeline size; these flat rates range from \$19.90 up to \$88.20 for the largest connection.
- District sewer service customers are billed a flat rate of \$25.75 per month for residential connections. Seventy percent of the wastewater rates are paid to the City of Fresno for its sewer line and facility usage.
- Residential solid waste collection customers pay a flat rate of \$27.08 per month, depending on garbage container size. District fees charges to commercial users are adjusted according to land uses.
- The District appears to maintain an adequate revenue stream for District services. Based on available financial information it appears that the District is able to meet its financial obligations as a service provider.
- The District's financial statement used in preparation of this MSR conforms to accounting principles generally accepted in the United States of America and with policies and procedures of the office of the State Controller, State of California.

5. STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES.

- LAFCo's 2007 MSR included a determination to encourage the District and the City of Fresno to participate in a joint investigation of the best mechanism for providing existing necessary services to the area served by the District, including the possible dissolution of the District and transfer of agency services to the City. During the MSR update process LAFCo observed that this is a significant course of action that currently lacks political support from either agency.
- The District currently has an agreement with the City to discharge sewage collections into the City's sewer collection system. The mutual agreement enables the District to transport sewer discharges to the Fresno-Clovis Regional Wastewater Treatment Plant for treatment.

- LAFCo staff notes that while there may be little support for shared facilities at the time this MSR was prepared, the District and City are commended for seeking greater service delivery efficiencies related to water services.

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

- California Water Code section 30000-33900 enables the formation of County Water Districts to provide a variety of municipal services. However, the California Government Code offers very few government structure options for these Districts.
- 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 five elected officials serves as the governing body of the District. The five members of the board are elected by voters within the District boundaries.
- District meetings are held once a month, on the 1st Tuesday at 5:00 p.m., at the District office located on 480 W. Birch Street in Pinedale. Meetings are noticed consistent with Brown Act requirements, which include postings in public places, such as the District office and the District website.
- The District's government structure appears to be adequately structured, operates, and fulfills its role as a services provider within the Fresno area. The District and City of Fresno's partnership to implement the proposed water SOI revision represents the efficient collaboration of two local agencies working together to identify municipal service redundancies from occurring within their respective boundaries.

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

- None at this time

3. SPHERE OF INFLUENCE REVIEW AND UPDATE

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

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

1. The present and planned land uses in the area, including agricultural and open space lands;
2. The present and probable need for public facilities and services in the area;
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency;
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Government Code section 56425 (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

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

When adopting, 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. The Commission may require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

Chapter one of this MSR provides the foundation for the SOI determinations. As previously noted, the Commission has adopted two SOIs for the District, one for Water and a second for Sewer. The District's boundaries span approximately 1.5 square miles between both the City of Fresno and the unincorporated residential areas in north Fresno. The District does not evenly provide all three services within its boundaries to each property, however; the City of Fresno and Pinedale Public Utilities District also provide overlapping municipal services. The District's

2007 water SOI is sized at approximately 915 acres. The MSR evaluates the District's water service area that leads to this water SOI revision that will reduce the District's size. The District/City evaluation of water services will amend the District's service area and SOI by approximately 29 acres, resulting in the 2016 new water SOI measuring approximately 886 acres.

As noted in Chapter One, this 2016 MSR update rectifies the District's sewer service area that was misrepresented in LAFCo's 2007 District sewer service area map. There are no revisions proposed to the District's sewer service area or sewer SOI. This report recognizes that the District's sewer service area may have similar boundary discrepancies identified in the water service boundaries. LAFCo recommends that the District and City undertake a cooperative boundary assessment study to officially identify its sewer service areas. The District and LAFCo estimate the District's sewer service area to measure approximately 604 acres while the sewer SOI includes approximately 700 acres.

The District expressed interest to partner with the City to conduct the sewer service area boundary assessment. Although no scheduled timeline was identified, LAFCo encourages such a boundary assessment to be conducted in cooperation with the City, District, and Pinedale Public Utilities District. Such a Study will assist the agencies to clearly identify sewer service customers, redundancies, and update map information.

In accordance with Government Code Section 56066, Fresno is the principal county and Fresno LAFCo is responsible for preparing the following determinations for the Sphere of Influence included in this Municipal Service Review.

When Fresno LAFCo updates a sphere of influence it must adopt specific determinations with respect to the following factors:

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

- The City of Fresno is the land use authority for land located within the District's service area. The City of Fresno's General Plan designates the land within the District service area with various land uses including but not limited to residential, office, and commercial.
- The County of Fresno is the land use authority for the unincorporated portions of the District.
- The Pinedale community has largely been annexed to the City of Fresno. The District service area is classified as built-out which means the majority of land within the District hosts substantially developed parcels.
- The District does not have land use authority; however, the District coordinates land use planning efforts with the City of Fresno. The City consults with the District on project proposals that affect the District.

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

- City of Fresno’s growth encloses the Pinedale community. The District now has a fixed service area with boundaries completely enclosed by the Fresno City limits.
- Several hundred acres of unincorporated developed land exist within the District.
- The District informed Fresno LAFCo that its on-going improvement plans maintain the agency’s infrastructure operating at adequate levels to continue providing water services to its customers.
- The District informed LAFCo that several of its water mains are in need of replacement. The District notes that aging water mains have been identified by the District and the District has begun to replace various water mains within its service area.
- The District does not treat wastewater but conveys it to the City of Fresno sewer system for treatment at the Fresno-Clovis Regional Wastewater Treatment Facility. The City of Fresno provides wastewater treatment services to the District service area through an existing service agreement. The District informed LAFCo that its current sewer service capacities are adequate to handle collection requirements. The District invests on an on-going basis to procure grant funding to finance necessary infrastructure improvements.
- During the preparation of this MSR/SOI update, the District expressed interest in updating the District’s sewer service area boundaries.
- LAFCo observes that the District has reached its plan for service area. Opportunities to revise the District’s SOIs are limited to proposals intended to correct the agencies’ service area as it relates to water or sewer service areas. Maintaining the District’s SOI is purely representative and recognizes the District as a service provider within its limited boundaries. This MSR/SOI update considers several revisions to the District’s water SOI boundary, and figuratively rectifies the District’s sewer service area.

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

- Present capacity of District facilities and services appear adequate. District provides services consistent with its principal act and as authorized by the Fresno LAFCo.

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

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

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

- The District is designated by LAFCo policy as a municipal local agency, meaning that the District is authorized to provide municipal services associated with municipal water and sewer treatments. However, the majority of the District's service area resides in the City of Fresno's incorporated boundaries. As of August 28, 2015, no DUCs as defined by Fresno LAFCo Policy 106, Government Code Section 56046, and Water Code 79505.5 exist within the District's boundaries.

4. RECOMMENDATIONS

In consideration of information gathered and evaluated during the 2016 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. Approve an update of the District's sphere of influence.
5. Recommend to the District that it conduct a similar boundary assessment with the City of Fresno for its sewer service area with the goal to adequately identify sewer service customers, redundancies, and update service area information.
6. That the District continue to participate in the SGMA process to develop a Groundwater Sustainability Agency and participate, as feasible, in the implementation of Groundwater Sustainability Plans.

5. ACKNOWLEDGEMENTS

This Municipal Service Review was prepared by Fresno LAFCo staff. The Pinedale County Water District provided substantial information included in this evaluation of the agency's service provisions. Supportive documentation and input was made available through an effective partnership between the District, City of Fresno, and LAFCo. This MSR is the result of a joint effort between the District and City of Fresno to address service redundancies. The outcome of the water service SOI revision memorializes the District's and City's water service area boundaries.

Staff extends its appreciation to Pinedale County Water District General Manager Jason Franklin, and City of Fresno Water Division Project Manager Martin Wendels for their assistance and constructive participation in the development of this service review.

This document and supportive information is available in the Fresno LAFCo office located at:

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



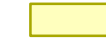
The Municipal Service Review is available on Fresno LAFCo's website under documents open for public review and comment: <http://www.fresnolafco.org/Public%20Review.asp>

6. APPENDIX A - PINEDALE COUNTY WATER
DISTRICT REORGANIZATION MAP

Pinedale County Water District

Area Map

Legend

-  Existing PCWD Boundary
-  Proposed Annexation
-  Proposed Detachment

