

GARFIELD WATER DISTRICT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

Report to the
Fresno Local Agency Formation Commission

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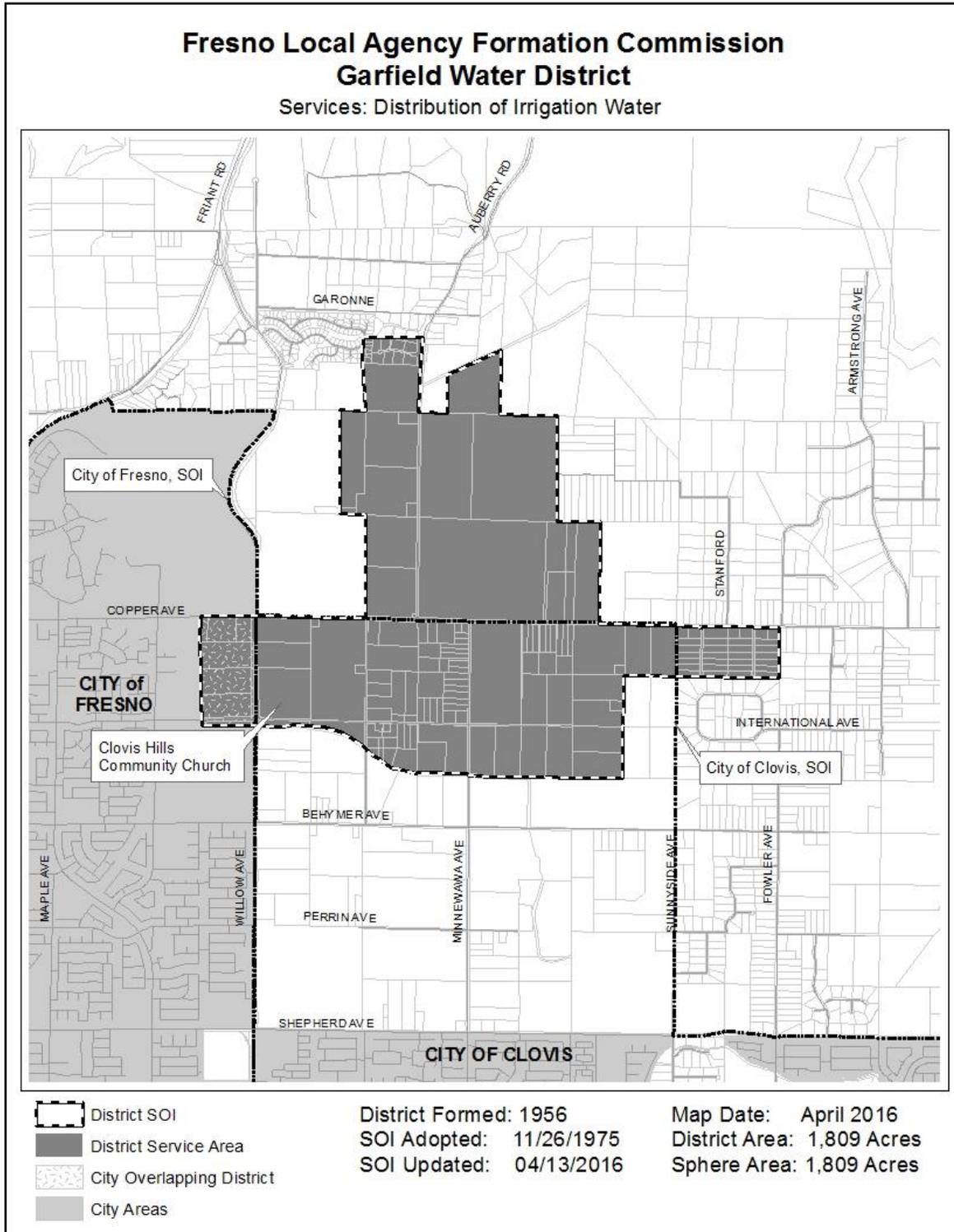
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Figure 1- Garfield Water District Map



1. MUNICIPAL SERVICE REVIEW

PRINCIPAL ACT

The Garfield Water District (District) was formed in 1956 to provide irrigation water to land within its boundaries. The District’s principal act is California Water Code sections 34000-38500, which enable the formation of Water Districts to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes.²

The District’s service area and sphere of influence (SOI) are coterminous measuring approximately 1,809 acres of primarily agricultural lands. The District distributes irrigation water to 21 landowners within the District boundaries. The District has a contract to receive up to 3,500 acre-feet of Class 1 water from the Friant-Kern Canal through its Central Valley Project contract with the United States Department of the Interior, Bureau of Reclamation (“USBR”).

The District is an independent special district, which has a five-member Board of Directors not governed by another legislative body (either a city council or a county board of supervisors). Candidates eligible to serve on the Board of Directors must be a holder of title to land within the District boundaries or the legal representative of the holder of title to land within the District boundaries.

FRESNO LAFCO MSR POLICY DESIGNATION

Fresno LAFCo MSR policy designates the District as a “level three” special district that provides “non-municipal” services to its constituency. Non-municipal special districts 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 three non-municipal local agency designation means, in Fresno LAFCo’s judgment, that services provided by the agency do not facilitate or induce population growth.

Given the City of Clovis’ interest in the District’s water entitlement, this topic is discussed in greater depth in later in this document.

In accordance with Government Code (GC) section 56066, Fresno County is the principal county. Fresno LAFCo is responsible for processing the agency’s request to reduce the Commission’s determined SOI for District. Fresno LAFCo has prepared this service review consistent with GC sections 56425(g) and 56430.

DISTRICT BOUNDARIES

The District is located in Fresno County near the intersection of International Avenue and Willow Avenue. The District is approximately one mile north of the City of Clovis limits at East Shepherd Avenue. The District’s 1,809 acre service area is generally bounded by Garonne Avenue to the north, North Chestnut Avenue to the west, the Enterprise Canal on the south, and North Fowler Avenue to the east. The District is three miles east of State Route (SR) 41 and approximately

² California Water Code Section 35401

two miles north of SR 168. The District's Sphere of Influence (SOI) is coterminous with the District's service area.

Approximately 90 acres of the District's SOI and service area overlap with the City of Fresno near the intersection of East Copper Avenue and North Willow Avenue.

DISTRICT BACKGROUND

The District was created in 1956 to provide irrigation water to agricultural lands located in northern Fresno County. The District's SOI was determined by the Commission on November 26, 1975, and has remained relatively unchanged. A review of Commission records indicate that District growth has historically been restricted due to several factors, one of which includes its close proximity to Fresno Irrigation District which serves land south of the District. Another constraint to service area growth, as noted earlier, is the restricted water supply contract with the USBR. The District delivers surface water for agricultural uses to approximately 1,774 acres of its total 1,809 acres service area.

Water deliveries to Garfield are made from a turnout on the Friant-Kern Canal, and metered delivery is made to the growers via a pipelined system. Land within the District boundaries produce grapes, almonds, citrus, olives and stone fruits. The District does not own nor operate any wells; all groundwater within the District is pumped by landowners from privately owned wells.³

On December 10, 2012, the District entered into an agreement with the USBR in which the District permanently contracted with the United States for an annual allocation of up to 3,500 acre-feet of Class 1 San Joaquin River water from the Central Valley Project operated by the USBR. To be able to receive the offer of a permanent contract, the District had to pay, in advance of the established payment date, all non-interest bearing capital cost debt not yet paid as of September 30, 2007. The District's payment amount was established at \$831,698. Water deliveries to District landowners are made through a turnout on the Friant-Kern Canal. All water deliveries are metered through the District's pipeline distribution system. The District informs LAFCo that its Board of Directors is currently developing a plan to address age and conditions of the distribution system. A maintenance program is anticipated to be developed to address the District's plan for pipeline replacement and repair.

DISTRICT GROWTH AND POPULATION PROJECTIONS

Approximately 825 acres of the District's service area lies within the City of Clovis SOI, approximately 90 acres within the City of Fresno SOI, and the balance (approximately 894 acres) in the unincorporated portion of Fresno County. The County of Fresno is the land use authority for unincorporated land within the District's service area. The Fresno County General Plan designates majority of the unincorporated portion of the District (approximately 1,770 acres) for Agricultural uses and approximately 39 acres for Rural Residential uses. The District does not have land use authority and does not provide direct municipal services to its population. Input from the City of Clovis indicates that they feel that the District's water entitlement is intended to

³ Fresno Are Regional Groundwater Management Plan. December 2006, page 2-9

support the growth of the City of Clovis. This topic is discussed in greater depth in the following section.

ISSUE OF CONCERN: INTER-AGENCY INTENTIONS FOR THE DISTRICT WATER SUPPLY

The District's responses to LAFCo's MSR questionnaire reveals a substantial difference between the District's plans for its water supplies and the City of Clovis' plan for a portion of the District's water supply to provide water for its long-term urban growth. This difference is of interest to the Commission because it has the potential either to truncate the City's growth plans or lead to reduction of the District's SOI and service area.

Though the District boundaries are, as yet, not in Clovis' city limits, roughly half of the District service area south of Copper Avenue between Willow and Sunnyside Avenue is situated within the Clovis SOI and is designated by the Clovis' General Plan as the Northwest Urban Community (NWUC). Clovis' General Plan estimates that build-out of the NWUC will result in approximately 42,000 new residents to Clovis. The growth area will accommodate approximately 14,000 housing units ranging from various residential densities and will generate approximately 9,000 new jobs. Implementation of the Clovis General Plan would result in the urbanization of this land.

The record reflects that the City has conducted several studies—some with the participation and cooperation of other water providers (including the District)—to assess water and groundwater service demand and reconcile the water demand of new growth. Most recently, Clovis General Plan environmental impact report discusses its assumption of the role of the District's water supply to serve development in the NWUC.

Some areas within the City's planned urbanized areas in the SOI and non-SOI Plan Area are not served by FID. Half of the Garfield Water District (GWD) is within these areas. The GWD holds a Class 1 CVP contract for 3,500 afy. The City expects half of this supply—the portion of the GWD within the City's SOI—to be added to the City's supply upon development. The City's (2011 Urban Water Management Plan) considers 1,170 afy of this available water supply for land likely to be developed.⁴

⁴ City of Clovis General Plan and Development Code Update DPEIR, Chapter 5 – Environmental Analysis, Utilities and Service System, page 5.17-7; table 5.17-1 in this document identifies, along with other surface water sources, 1,170 acre-feet of Garfield Water District water as “Current and Future Potable and Nonpotable Water Supply Sources.”

In addition, the City of Clovis 2011 Urban Water Management Plan states, “The City of Clovis optimizes many water management strategies and tools to maximize water resources and minimize the need for imported water. The City worked with the Fresno Irrigation District, Fresno Metropolitan Flood Control District, County of Fresno, City of Fresno, City of Kerman, Malaga County Water District, Pinedale County Water District, **Garfield Water District** and Bakman Water Company to develop the Fresno Area Regional Groundwater Management Plan in 2005. The plan was developed in accordance with California SB1938.” Emphasis added.

To the contrary, the District informed LAFCo that it foresees future agricultural land conversion requiring the need to withdrawal irrigation water deliveries provided by the District, and even amending its service area to add properties eligible for USBR water.

Timing

The time that the water would play a role in the implementation of the Clovis General Plan is important to the near-term use of the water supply. Pursuant to the 2000 City/County Memorandum of Understanding, growth and development of the City has been directed to the Southeast Urban Center (now Loma Vista); annexations north of Shepherd Avenue were not allowed in the Northwest Urban Center (NWUC) until 60% of the developable area of Loma Vista was committed to development.⁵ Comments from City of Clovis planning staff indicate that the city anticipates meeting the 60% threshold by 2020 or sooner. Using the city's 20-year historic growth (1996-2016) average of 225 acre per year, once growth in the NWUC commences it may take an additional 5-10 years before the City encroaches on to District's service area based on annexations in the NWUC alone. Thus, the timeframe of resolving the disposition of the District's water supply is in the 2025-2030, or sooner.

Perspective on Limitations of the USBR Water Supply Use

The District's contract with USBR designates its water allocation exclusively for agricultural use. The conversion of agricultural land to urban use could affect the nature and future disposition of the District's USBR contracted water supply. The City of Clovis has responded that it plans to develop procedures to secure the District's water supply and trade this water for a corresponding amount of surface water allowed to be delivered for Municipal and Industrial (i.e., urban) uses.⁶

The District expressed interest in contracting with the City of Clovis to secure a supply of treated municipal wastewater in the future. This could require LAFCo authorization for extension pursuant to GC sec. 56133.

Disadvantaged Unincorporated Communities

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. 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. Further, 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.

⁵ Per the City/County Memorandum of Understanding, "Committed to development," means either constructed upon, or subject to an approved tentative tract map or site plan review and an application to LAFCo.

⁶ Telephone conversation with Clovis Public Utilities Director Luke Serpa, January 22, 2016.

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.

Fresno LAFCo Policy designates the District as a "level three" special district that provides "non-municipal" services to its constituency. A level three non-municipal local agency means that, in Fresno LAFCo's judgment, services provided by the agency do not facilitate or induce population growth. Fresno LAFCo observes that services provided by the District would not directly benefit a DUC, no further analysis is provided for this section of the MSR.

DISTRICT ADMINISTRATION

District operations are managed by the Board of Directors. The District does not have any full or part-time employees at the time the MSR update was being conducted by LAFCo. The District informed LAFCo that it contracts its office administration with a Certified Public Accountant (CPA) Firm, The Woodworth Group. LAFCo was provided a copy of the District's October 28, 2010, adopted bylaws which are filed with the Fresno County Clerk to the Board of Supervisors. A review of the District bylaws indicates that although, the CPA is a contract consultant, LAFCo observes that the CPA fulfills the Secretarial and Assessor-Tax Collector-Treasurer responsibilities identified under the District's bylaws. Similarly, the District contracts its water engineering services with a consulting engineer company, Keller & Wegley Engineering. The consultants provide District staff support, while the Board of Directors governs District policy. The District informed LAFCo that its existing staff model adequately manages the operations of the District.

DISTRICT FINANCES

The District's primary source of funding comes from annual water sales to users and annual land assessments issued by the District. The District also generates revenue from its defined term lease of 1,000 acre-feet of its CVP water supply to Tri-Valley Water District (TVWD). The current District water distribution rate is \$120 per acre-foot. Additionally, the District issues two annual land based assessments of \$27.50 per acre and a supplemental assessment charge of \$66.42 per acre on 1,777.11 acres. The District is currently in the process of proposing an increase in the annual land assessment rate issued by the District through conducting a possible Proposition 218 election. The District representative informed LAFCo that the Board is exploring a shift of the District's fixed cost obligations to be covered in its annual land assessments.

The District adopts an annual budget that projects the District's expenses for the distribution, administration, and non-operational expenses for the upcoming year. A copy of the District's adopted 2015 Fiscal Year budget was provided in preparation of this MSR. The District's Fiscal Year (FY) 2015 budget was reviewed to determine the fiscal status, assess financial practices, and review pertinent management of the District.

The District's budget includes anticipated water sales under the variable revenues column. For FY 2015 the District anticipates \$39,840 from water sales to Tri-Valley Water District and \$194,400 from sales to District customers.

As fixed revenue, the District collects annual land assessments on 1,774.11 acres within the District at a rate of \$27.50 per acre generating \$48,788 in revenue. A supplemental land assessment charge of \$66.42 per acre to the same territory generates an additional \$117,829 in revenues.

The District receives an annual payment of \$10,000 from Tri-Valley Water District as an element of the lease for access to the annual 1,000 acre-feet of water supply. The TVWD's administration payment is shown as District fixed revenue. Additional sources of fixed revenues include \$22,857 of TVWD's pro-rata share of the Friant Water Authority/San Luis Delta Mendota Water Authority Operation and Maintenance financial obligations. Currently the District annually earns \$176 of interest income.

The District reports that its water sales are variable, however, are forecast to generate \$234,240 in revenue; and, its total fixed revenues generate \$199,650 in revenue for FY 2015.

Major sources of District expenditures in the adopted budget include \$139,440 for water purchases. Under fixed expenditures the District shows \$30,000 to be paid to the Friant Water Authority and \$50,000 to be paid to San Luis Delta Mendota Water Authority.

The District budgeted \$46,250 for the distribution of the water supply. The total distribution amount includes the water master salary, repairs and maintenance, and miscellaneous expenditures. The District budgeted \$19,200 for the administration of the District's responsibilities which includes secretary salary, office supplies, insurance, and utilities. Under other expenditures, the District budgeted \$37,000 that includes legal, audit, engineering, update of the groundwater management plan, and government water rights fees. The District does not currently have any outstanding debts.

The District's adopted 2015 Fiscal Year budget estimates that revenues will exceed expenses. The District's total fixed expenditures are \$199,650, and total fixed revenues are expected to be \$199,650. The District's total variable expenditures are estimated be \$232,240, while variable revenues are forecasted to be \$234,240. The District informed LAFCo that a possible annual land assessment increase could be considered, however the District has not scoped the likelihood or a timeline. District land assessments up to date have been sufficient to cover the District's operating costs.

The District provided LAFCo a copy if its financial statements for the two years ended February 28, 2013 and 2012. The auditor's report provides a representation on the District's basic financial practices. The District auditor's report states that assets of the District exceed its liabilities as of February 28, 2013 by \$373,184. Of this amount, \$245,225 was categorized as unrestricted net assets. As of February 2013, the District assets exceeded liabilities by \$215,865 with unrestricted net assets equaling \$93,993.

At the time the auditor prepared the financial statement, the District had \$364,839 cash in the bank and \$20,698 cash on hand, for total of \$385,537. The financial statement of the District conform 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.

OPPORTUNITIES FOR SHARED FACILITIES

The District does not share any facilities with other agencies. The District's water contract for surface water from the Friant Division of the CVP is specific for agricultural purposes. The District informed LAFCo that an incidental amount of contract water has been approved by the Federal Government to be distributed to Clovis Hills Community Church via an extension of service from the City of Fresno as authorized by Fresno LAFCo. The distribution of contract water for the church's use is treated by the City of Fresno prior to being delivered. The District's contract with the USBR does not contain provision that would enable water supply for municipal and industrial purposes.

The District owns a water distribution system located near the vicinity of Copper Avenue and Auberry Road and has a turn-out on an easement on the Friant-Kern Canal. The District board is currently evaluating cost estimates to upgrade pipelines which are scheduled to be identified for replacement. As noted earlier, the District has expressed interest in contracting with the City of Clovis to secure a supply of treated municipal wastewater. This supply would be utilized to balance the District's CVP contract due to loss of water associated with the settlement of litigation related to the San Joaquin River, to address loss of water due to lack of a solution for Sacramento - San Joaquin Rivers delta issues and to address the variable hydrology of the region's semi-arid conditions. The District owns no other public facilities, equipment, or machinery.

GOVERNMENTAL STRUCTURE

Accountability for community service needs, including governmental structure options 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 Fresno LAFCo, other local agencies, and the general public to examine the government structure of the District.

One of the indicators that Fresno LAFCo utilized to determine accountability for community service needs, governmental structure, and operational efficiencies is the agency's level of transparency and its participation with the Commission's MSR program.

As mentioned earlier, California Water Code section 34000-38500 authorizes the formation of Water Districts to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes.⁷ This District is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

⁷ California Water Code Section 35401

The District is a landowner-voter District and conducts its own elections, typically during odd years. A body of five elected officials serves as the Board of Directors governing the District's operations. Currently, two board members terms expired in 2019, and three members of the board have terms that will expire in 2017. Candidates for the District board must either hold title to land within the District or be the legal representative of a title holder of land within the District.

District board members are subject to election of four-year staggered terms; in the event that the number of candidates who file election papers is equal to the number of openings on the board, members are appointed in lieu of an election (pursuant to Elections Code sec. 10515 (a)) by the Fresno County Board of Supervisors based on recommendation made from the District's board of directors. If no candidates file election papers, the Fresno County Board of Supervisors may appoint directors pursuant to (Election Code sec. 10515 (c)).

The District board elects a president from its members and appoints the agency's secretary and staff to manage the daily operation of the District. The District contracts its administration with a Certified Public Accountant on an as needed basis. The District similarly contracts for management and engineering services with a consulting engineering company, and with a law firm for District legal counsel.

A review of the October 28, 2010, District bylaws notes the District principal office is located at 1990 West Shaw Avenue, Suite #A, Clovis, California, 93612. During the MSR update process the District revised its bylaws to relocate the District office to 475 Bullard Avenue, Clovis, California, 93612. The District holds its board meetings in a separate location than the District principal office. Board meetings are held at 2917 E. Shepherd Avenue, Clovis, Ca 93619 on the third Tuesday of each month at 12:30 p.m. The District posts all agendas and meeting information at least 72 hours before a regular meeting on the District posting board located at the Southeast corner of Shepherd and Willow Avenues. Opportunities for the public to address the board of directors are provided during the allotted time for public comments in each meeting agenda.

The District informs LAFCo that Board members receive training to ensure compliance with the Brown Act. The District's legal counsel provides assistance in the preparation of each board meeting agenda and also attends each board meeting to ensure compliance with the Brown Act. Additionally, the District is a member of the Association of California Water Agencies and California Special Districts Association. The District board members volunteer their time, and receive no compensation for attending District meetings.

OTHER MATTERS RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY

Fundamental Compliance with California Statutes and District Bylaws

LAFCo is concerned that, at least with respect to the preparation of this report, the District is not complying with the California Public Records Act. On multiple occasions LAFCo staff contacted the District contract manager to obtain public information. In fact, from the day of LAFCo's initial request for information, and numerous additional contacts, it took the District over 10 months to comply with LAFCo's information request to prepare this update MSR.

District officers' responsibilities are detailed within the District's adopted by-laws laws, which establish District organization and control of its affairs consistent with the Constitution and laws of the State of California.

During the early stages of the MSR update the District staff did not respond in a timely or effective manner to LAFCo's request for public information related to its operation and financial records. On December 12, 2014, LAFCo staff first contacted the District to inform it about the scheduled MSR update and to request public information necessary to update the District's service review. A four-week timeline was provided to respond to LAFCo's information request. LAFCo staff spoke with the District's consulting engineer, Dennis Keller of Keller/Wegley Engineering who seemed to be familiar with the MSR program. However, by the conclusion of the allotted four-week timeline the District did not provide LAFCo staff with the requested public information nor request additional time to comply with the information request. This lack of responsiveness by the District was repeated on several occasions thereafter:

- March 5, 2015: LAFCo staff called the District consultant, and was informed that the District engineer was in a board meeting and unavailable. LAFCo staff left a message with the office assistant and requested for the District engineer to contact LAFCo as soon as possible.
- March 12, 2015: LAFCo staff spoke with the District consulting engineer; he informed LAFCo that he would be able to comply with the public information request by the end of March or first week of April, 2015. LAFCo staff agreed to the District's request for additional time. However, the first week of April, 2015, expired without the District addressing LAFCo's information request.
- May 15, 2015: LAFCo contacted the District and was informed that the District engineer was out of the office. LAFCo staff left a message with the District engineering consultant's office requesting compliance with LAFCo's information request. The District did not demonstrate compliance with LAFCo's public information request.
- July 30, 2015, the District consultant and LAFCo established a timeline for the District to comply with LAFCo's public information request. LAFCo staff was aware that the District consultant was also managing two other special districts with scheduled work to update their MSRs: Tri-Valley Water District and Hills Valley Irrigation District. LAFCo provided the District consultant adequate time for his completion of all three LAFCo's information request. The District consultant and LAFCo agreed on October 23, 2015, for the deadline for all three MSR questionnaires to be complete and returned to LAFCo.
- On October 28, 2015, LAFCo received the requested public information from the District with a District letter head page, dated October 26, 2015, informing LAFCo that the District's operation, water contract, and distribution has relatively been unchanged since LAFCo's previous 2007 MSR.

The District's inability to comply with LAFCo's MSR program in a timely manner reflects critically on the District's ability to efficiently maintain District business records and to respond to requests for public information. The District is an agency of the state, formed pursuant to

California Water District Law (Water Code Section 34000) for the local performance of administration and distribution of irrigation water supplies within its limited boundaries. Water Code §34850 and the District's by-laws designate the District secretary as the "custodian of all records of proceedings had at meeting of the board. All records pertaining to district affairs shall be filed in the office of the District with the secretary and shall be open to inspection at all times by any person interested."

Given the extensive contacts with the District and the District's lack of responsiveness, LAFCo is concerned that, at least with respect to the preparation of this report, the District officers are not complying with responsibilities detailed under the District's principal act and adopted bylaws. Furthermore, the District consultant engineer and secretary's lack of timely compliance with LAFCo's information request is contrary to the California Public Records Act. The District's reluctance to disclose public information is unusual and not consistent with the District's by-laws, its principal act, and the Public Records Act.

Following a meeting of LAFCo staff with the District Board, in the spirit of cooperation, the District has requested of LAFCo that, with respect to future requests for information, it be clarified by LAFCo that such request(s) are being made pursuant to the provisions of the Public Records Act.

Existing Authorized Extensions of Service

As authorized by Fresno LAFCo (LAFCo File OS-10-01), the City of Fresno entered into a temporary emergency agreement to treat a portion of the District's entitled surface water for Clovis Hills Community Church (CHCC) usage. The CHCC property is located north of East International Avenue and east of North Willow Avenue. Prior to LAFCo approval, the CHCC property had two private wells that did not develop an adequate water supply. Furthermore, the property lies within the City of Clovis' SOI; however, the City of Clovis did not have water facilities available to serve the subject property at that time. The cost to extend Clovis water facilities to serve the CHCC property was also not economically feasible.

An extra-territorial emergency service and off-site infrastructure agreement between the CHCC and City of Fresno was a condition of approval established by LAFCo in order to authorize the extension of service. The temporary emergency agreement is effective through August 11, 2020. The agreement recognizes that if CHCC receives treated water for more than 10 years, the City of Fresno will consider CHCC as a permanent customer of the City and must also receive approval of permits and entitlements associated with future improvement to the property. The agreement recognizes that CHCC will ultimately connect to City of Clovis' water facilities once infrastructure becomes available to serve the subject property.

The agreement provided the framework for installation and maintenance of services; payment of appropriate fees, charges and other payments for connection; and the provision of a water "allocation agreement", which will provide for the allocation and delivery of CHCC rights to water categorized by the District's CVP contract as "other" water to the City of Fresno, in an amount equivalent to the Church's metered usage.

Future Amendment of the District SOI and Coordination of Resources

During the preparation of this MSR the District expressed its interest in expanding its SOI to encompass agricultural land north and east of the District's existing SOI. Using the timeframe established earlier in this MSR by LAFCo, by 2025-2030 it is anticipated that a portion of the District service area will be urbanized in accordance with the Clovis General Plan; in other words, agricultural land in the District will be converted to urban uses. The suggested SOI revision will address the District's intention to offset agricultural land loss to urbanization by annexing other agricultural lands that can use entitled USBR water.

Because the suggested SOI amendment is in response to urbanization of District land, it has the potential to conflict with City of Clovis General Plan growth policy. The two agencies' divergent long-term plans for the District's water supply is of interest to Fresno LAFCo as it relates to the efficiency of growth and service delivery of both local government agencies. Both would benefit from a consistent understanding of the disposition of the water entitlement: The District's master plan would not only facilitate resolution of this issue but would serve as a foundation for the exercise of the District's powers as enumerated in Water Code sec. 35400 – 35413; an understanding by the City of Clovis as to the disposition of the surface water supply will allow the city to either amend its growth plans or get an earlier start on alternative water supplies. Because LAFCo was not provided a copy of the District's master plan it is not known whether the plan addresses this situation.

Water Acquisition Agreement for Rural Developments

The District has executed a 2006 Water Acquisition Agreement with Omega Developers, LLC, to reduce the impact of groundwater consumption by a residential project on Auberry Road north of Copper Avenue. The agreement provides for an annual payment by Omega Developers, and its successor, the project's Home Owners Association, for 40 acre-feet of surface water to be delivered to other properties in the District for their agricultural use instead of those landowners pumping an equivalent amount of groundwater. The agreement also limits the residential development's groundwater extractions to 40 acre-feet per year.

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's service area and sphere of influence (SOI) are coterminous measuring approximately 1,809 acres of primarily agricultural lands. The District service area is generally bounded by Garonne Avenue to the north, N. Chestnut Avenue to the west, aligns with the Enterprise Canal on the south, and Fowler Avenue to the east.
- The District is designated as a level three non-municipal local agency. Non-municipal special districts 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 three non-municipal local agency designation means, in Fresno LAFCo's judgment, that services provided by the agency do not facilitate or induce population growth.
- The County of Fresno is the land use authority for territory within the District's boundaries. The Fresno County General Plan Land Use Elements designates territories as agricultural use within the District's boundaries.
- The District's service area overlaps with the City of Clovis' northwest growth area. The District boundaries are not in Clovis' city limits; however, half of the District service area is situated within the City's sphere of influence. Implementation of the Clovis General Plan would result in the conversion of county land currently zoned for agricultural use.
- LAFCo observes that the District's contract with USBR designates its water usage for strictly agricultural use. The conversion of agricultural land to urban use could affect the District's USBR contracted water supply.
- District irrigation water service growth is restricted by its water supply allotment contract with USBR.

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

- The District is designated by LAFCo policy as a level three non-municipal local agency, meaning that the District is authorized to provide non-municipal services.

- The District has no public facilities or provides services related to sewer, municipal and industrial water, or structural fire protection that would present opportunity to extend services to a disadvantaged unincorporated community.

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

- The District does not own public facilities, equipment, or machinery. The District indicated that it operates an aged distribution system located near the vicinity of Copper Avenue and Auberry Road, owned by the United States.
- The District Board is currently evaluating cost estimates to upgrade aged pipelines which are in the process of being replaced.
- Water deliveries to District landowners are made through a turnout on the Friant-Kern Canal. All water deliveries are metered through the District's pipeline distribution system. The District is currently developing a plan to address age and conditions of the distribution system. A maintenance program is anticipated to be developed to address the District's plan for pipeline replacement and repair.
- The District has expressed interest in contracting with the City of Clovis to secure a supply of treated municipal wastewater.
- Opportunities for shared facilities are limited due to the District's water contract with the USBR which establishes water provisions for agricultural use. LAFCo observes possible opportunities for shared facilities could arise with Fresno Irrigation District (FID) due to its close proximity to the District.
- The District entered into an agreement on December 10, 2012, with the USBR in which the District permanently contracted for an annual allocation of 3,500 acre-feet of Class 1 water from the San Joaquin River, a CVP operated by USBR.
- On March 1, 2012, the District leased the rights to its annual Class 1 water allocation in an amount of up to 1,000 acre-feet (of its total 3,500 acre feet) of water to Tri-Valley Water District for 20 years for \$835,848 and used the proceeds to pay its contract conservation obligation to the USBR.

4. FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES.

- The majority of the District's revenue comes from water sales and land assessments. District water deliveries area based upon the acreage that each landowner has within the District's service area.
- The current District water distribution rates price is \$120 per acre-foot. The District issues an annual land assessment of \$27.50 per acre on 1,777.11 acres. The District is currently in the process of proposing an increase in the annual land assessment rate issued by the District.

- The District adopts an annual budget that projects the District's expenses for the distribution, administration, and non-operational expenses for the upcoming year. A copy of the District's adopted 2015 Fiscal Year budget was provided in preparation of this MSR update.
- The financial statement of the District provided in preparation of this MSR conform 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.

- Opportunities for shared facilities are limited due to the District's water contract with the USBR which establishes water provisions for agricultural use. LAFCo observes possible opportunities for shared facilities could arise with Fresno Irrigation District (FID) due to its close proximity to the District.
- The District informed LAFCo that an incidental amount of contract water defined as "other" water has been approved by the Federal Government to be distributed to Clovis Hills Community Church. The water for the church's use is treated by the City of Fresno prior to being delivered.
- The District does not own public facilities, equipment, or machinery that would present an obvious opportunity for shared facilities with a neighboring agency. The District informed LAFCo that it operates an aged water distribution system owned by the United States.
- The District receives an annual allocation of up to 3,500 acre-feet of Class 1 water from the Friant-Kern Canal through its Central Valley Project contract with the United States Department of the Interior, Bureau of the USBR. The District leased the rights to an annual Class 1 water allocation of up to 1,000 acre-feet of water to Tri-Valley Water District for 20 years for \$835,848 and used the proceeds to pay-off its contract conversion obligation to the United States Bureau of Reclamation.
- Opportunity for possible shared facilities with similar agricultural related Districts is generally restricted.

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

- California Water Code section 34000-38500 authorizes the formation of Water Districts to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes.
- A body of five elected officials serves as the Board of Directors governing the District's operations.

- The District contracts its administration with a Certified Public Accountant: The Woodworth Group. Similarly, the District contracts its engineering services with Keller/Wegley Engineering.
- The District headquarters is located at 475 Bullard Avenue, Clovis, Ca 93216.
- The District holds its Board meetings in a separate location than the District office. Board meetings are held at 2917 E. Shepherd Avenue, Clovis, Ca 93619 on the third Tuesday of each month at 12:30 p.m. Opportunities for the public to address the Board of Directors are provided during the allotted time for public comments in each meeting agenda.
- The District's legal counsel provides assistance in the preparation of each board meeting agenda and also attends each Board meeting to ensure compliance with the Brown Act. Additionally, the District is a member of the Association of California Water Agencies and California Special Districts Association. The District Board members volunteer their time, and receive no compensation for attending District meetings.

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

- The Garfield Water District MSR is noted for the following characteristics:
 - Repeated and substantive delays in obtaining public records from the District;
 - District Secretary was not effectual in providing public documents;
- The District's reluctance to disclose public information is unusual and not consistent with the District's by-laws, its principal act, and the Public Records Act. In the spirit of cooperation, the District has requested of LAFCO that, with respect to future requests for information, it be clarified by LAFCO that such request(s) are being made pursuant to the provisions of the Public Records Act.

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 indicated, the District's boundaries and sphere of influence are coterminous measuring 1,809 acres. The District reports its sphere and boundary is correct at this time and no changes are requested. During the preparation of the MSR update the District expressed interest to request an expansion of the Commission's determined SOI to include additional agricultural land north

and east in the District's existing SOI. However, a plan for extension of District services or Master Plan has not yet been adopted and will be provided to LAFCo when available.

County of Fresno is the land use authority for land located within the District's service area. The Fresno County General Plan designates the land within the District for Agricultural uses. 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 include in this Municipal Service Review.

The District anticipates that a portion of its service area will be lost due to urbanization of land located within the City of Clovis' SOI north of the Enterprise Canal near the southeast intersection of Copper and Willow Avenues. The District informed LAFCo of its interest to request a SOI revision, annexation, and detachment proposal to LAFCo to address the District's need to offset agricultural land loss. The District anticipates that its request to LAFCo may occur within the next five years.

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 County of Fresno is the land use authority for territory within the District's boundaries.
- The Fresno County General Plan Land Use Elements designates territories as agricultural use within the District's boundaries.
- Current land uses are agricultural with limited rural residential.
- Approximately half of the District's SOI overlaps a portion of the City of Clovis' SOI/northwest growth area. The District boundaries are not in Clovis' city limits.
- In anticipation of the growth of the city of Clovis into the territory currently within the District's SOI, the District plans to request an adjustment of its SOI, adding territory further from the Clovis SOI and removing territory that lies within the Clovis SOI. The intent is to maintain the term of its USBR contract that limits water to agricultural purposes.
- The City of Clovis General Plan anticipates use of the District's water entitlement to serve development of its SOI.

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

- The District informs that it does not have a master plan.

- Current District facilities include one distribution pipeline and a turnout off of the Friant-Kern Canal.
- The District is developing a plan to address age and conditions of the distribution system. A maintenance program is anticipated to be developed to address the District's plan for pipeline replacement and repair.
- District services appear adequate.

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. The District has a fixed water supply through its contract with the United States Bureau of the USBR. The District informed LAFCo that it cannot support additional water demands due to the limits of its contracted water availability.

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 non-municipal local agency, meaning that the District is authorized to provide non-municipal services. The District has no public facilities or provides services related to sewer, municipal and industrial water, or structural fire protection that would present opportunity to extend services to a disadvantaged unincorporated community.

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. Recommend to the District that:
 - 4.1. It achieve and maintain effective communications with the City of Clovis regarding the City's current plans for the District's CVP contract water supply so that the City's plans can reflect the policies of the District with respect to the future disposition of its CVP water supply contract

5. ACKNOWLEDGEMENTS

This Municipal Service Review was prepared by Fresno LAFCO staff. The Garfield Water District provided information included in this evaluation of the agency's service provisions.

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. GARFIELD WATER DISTRICT MSR/SOI, ADDENDUM

In LAFCo's original Garfield Water District MSR/SOI update, staff recommended the affirmation of the District's SOI boundaries. LAFCo staff recommended these actions because at the time that the MSR/SOI update process was underway the District was conceptualizing its own evaluation for a possible SOI revision request. The District expressed interest on a SOI revision however there was no environmental review conducted by the District or a formal application timeline to submit an application to the Commission.

On March 22, 2016, LAFCo staff attended a special meeting of the District to discuss the draft MSR/SOI update. LAFCo staff has since learned from the District that it intends to retain its Class I Central Valley Project water supply contract held with United States Bureau of Reclamation (USBR), as described in the MSR. As a result, the District intends to request LAFCo to adjust its boundaries to maintain its USBR irrigable acreage and its USBR water supply. The District identified the possible territories that would be detached from the District, and identified the properties planned to be annexed into the District. The District's SOI would be revised to coincide with the new service area boundary proposal. In anticipation of a future application, LAFCo staff identified the possible areas that the District would likely request to reorganize in the near future. The possible affected areas are shown in the attached exhibit for illustrative purposes. LAFCo staff notes that if the District submits a complete application prior the next scheduled MSR update, the Commission has the discretion to reference this MRS/SOI determination and recommendations.

On a long-term basis, the District intends to reorganize each time land use conversions occur within City of Clovis' Northwest Urban Center plan area. LAFCo recommends the District to start work on a comprehensive SOI evaluation that anticipates foreseeable changes to the District's service area in response to City of Clovis growth. Any future application made to LAFCo should include the necessary environmental assessments prepared by the lead agency, and should list the Fresno Local Agency Formation as a responsible agency.

Given the District's interest in adjusting its irrigable acreage as the City of Clovis grows north, staff recommends that the Commission find that a district master plan for growth will be a condition of a complete application for future SOI and/or service area modification.

Figure 2-Conceptual District Reorganization

