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

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**AGENDA ITEM No. 15**

**DATE:** June 6, 2012

**TO:** Fresno Local Agency Formation Commission

**FROM:** Jeff Witte, Executive Officer

**SUBJECT:** **Consider Adoption – Municipal Service Review and Sphere of Influence Update Prepared for County Service Area No.39 and Fresno County Library District. (Continued from the May 9, 2012 Hearing)**

**Recommendations:**

- A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Reviews and Sphere of Influence determinations under consideration are Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and Section 15320, "Changes in Organization of Local Agencies".
- B. Find that the Municipal Service Review and Sphere of Influence Update prepared for each of the Districts are complete and satisfactory.
- C. Find that the written determinations within the Municipal Service Reviews and Sphere of Influence Updates satisfy State Law.
- D. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Reviews and District Spheres of Influence, adopt the Municipal Service Reviews prepared for each District, and update the Sphere of Influence for said Districts by reaffirming their current boundaries or approving the recommended changes.

**Summary / Background**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update, as necessary, special district Spheres of Influence (SOIs) every five years. Prior to, or in conjunction with an agency's SOI update, LAFCo is required to conduct a *Municipal Service Review (MSR)* for each agency.

Municipal Service Reviews provide a comprehensive review of the services provided by a city or district and present recommendations with regard to the condition and adequacy of these services and whether or not modifications to a city or district's SOI are necessary. MSRs can be used as informational tools by LAFCo and local agencies in evaluating the efficiencies of current district operations and may suggest changes in order to better serve the public.

Sphere of Influence updates may involve an affirmation of the existing SOI boundaries or recommend modifications to the SOI boundaries. LAFCo is not required to initiate changes to an SOI based on findings and recommendations of the service review, although it does have the power to do so.

State law requires that the Commission adopt written MSR determinations for each of the following seven criteria:

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities,
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by commission policy.

As part of the SOI update, the Commission is required to consider the following four criteria and make appropriate determinations in relationship to each:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

### **Environmental Determination**

The California Environmental Quality Act ("CEQA") requires that the Commission undertake and review an environmental analysis before granting approval of a project, as defined by CEQA. The MSRs are categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation section 15306), which states: "Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded." Indeed, these MSRs collect data for the purpose of evaluating municipal services provided by the agencies. There are no land use changes or environmental impacts created by such studies.

Furthermore, the MSRs qualify for a general exemption from environmental review based upon CEQA Regulation section 15061(b)(3), which states: "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." Additionally, the SOI updates qualify for the same general exemption from environmental review based upon CEQA Regulation section 15061(b)(3).

There is no possibility that these MSR or SOI updates may have a significant effect on the environment because there is no land use changes associated with the documents. If the Commission approves and adopts the MSR and SOI updates and determines that the projects are exempt from CEQA, staff will prepare and file a notice of exemption with the County of Fresno, as required by CEQA Regulation section 15062.

### **Discussion / Summary of Determinations**

**County Service Area No. 39** encompasses approximately 80 acres and provides water services to 140 residences and the West Park School. Zone A is north and south of Beran Way between Marks and Valentine Avenues and Zone B is on both sides of Prospect Avenue between Church and Jensen Avenues.

**Fresno County Library District** encompasses 3,842,343 acres to the portion of Fresno County not served by the Coalinga-Huron Library District. The District provides public library services through the Central Resource Library, 35 Branches, and 2 Mobile Units.

# **COUNTY SERVICE AREA No. 39**

## **MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE**

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

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# 1. MUNICIPAL SERVICE REVIEW

## Description of District

County Service Area No. 39 (Beran Way and Prospect Avenue) was formed in 1991. It encompasses about 80 acres in two segments south and west of the City of Fresno.

- Zone A is north and south of Beran Way between Marks and Valentine Avenues; and
- Zone B is on both sides of Prospect Avenue between Church and Jensen Avenues.

The District's boundaries and Sphere of Influence are coterminous as shown on the enclosed map.

The Board of Supervisors governs the District. The Special District Administrator within the County Public Works and Planning Department manages the District.

## District Services

The District provides water service. Excluding the school, there are 166 parcels within the District. Two of these parcels are exempt and two are unbuildable. The remaining 162 parcels have 164 meters on them but only 140 of them are receiving water.

# 2. MSR DETERMINATIONS

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews.

## **Growth and Population Projections**

District services do not affect the rate or location of population development. The area is fully subdivided and largely built out.

## **Location and Characteristics of any Disadvantaged Communities**

The district encompasses two disadvantaged areas. Beran Way in Zone A and West Park in Zone B. The district purchases water from the City of Fresno and distributes it to these two communities.

## **Present and planned capacity**

The District funds retail water service. Water purchased from the City of Fresno is distributed and metered to individual parcels within the District. Existing infrastructure is sufficient for this purpose.

Water is a vital, but finite resource for the entire Fresno region. It is acknowledged that individual agencies each have their own interests, which sometimes compete with the interests of others for this limited resource. The Fresno/Clovis Metropolitan Area, among other areas of the County, has been experiencing groundwater overdraft for many years. A significant amount of study of this resource issue is already underway. LAFCO should encourage the County of Fresno and other affected local governmental agencies to:

- 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 and reorganization.

The dependable availability of water resources will be one of the issues LAFCO carefully considers when reviewing proposed Sphere of Influence and boundary changes.

Further, recognizing the historic nature of groundwater overdraft, LAFCO should encourage the County and other concerned public agencies, including, but not limited to the City of Clovis, City of Fresno, Fresno Irrigation District and Fresno Metropolitan Flood Control District, to cooperatively investigate and implement strategies, to the extent feasible, that will result in a net increase in groundwater in the Fresno/Clovis Metropolitan Area.

### **Financial Ability of Agencies to Provide Services**

The County of Fresno has provided its approved 2011-2012 budget for the district. All budget information provided by the District was reviewed to determine fiscal status, assess financial practices, and review pertinent management findings.

The FY 2011-12 operating budget states that major revenues are expected to come from service charges (\$71,461). The total budgeted income is \$72,471. Major expenditures are expected to go toward utilities (\$28,456), professional and specialized services (\$35,374), and maintenance (\$7,893). The total budgeted expense is \$76,254. The budget is expected to be balanced, with a net use of the reserve funds of \$3,783.

The District is financed for services through service fees. Existing revenue sources and District reserve funds finance Capital Improvement projects as well as regular operations and maintenance costs.

## **Status of, and Opportunities for, Shared Facilities**

There do not appear to be opportunities to share facilities with other agencies.

## **Governmental Structure and Operational Efficiencies**

The County Public Works and Planning staff administers all CSAs. They exhibit the characteristics of agencies operating efficiently utilizing a common staff. The District does not have a Citizen Advisory Committee at this time.

The County has expressed a desire to work with the City of Fresno to investigate whether it could manage CSA No. 39, among other County-governed Districts, more effectively than the County due to the District's close proximity to the City, the capacity of City staff and possible economies of scale.

Recognizing that the California State Legislature has found and declared that "a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas" (Govt. Code 56001), the Commission should encourage the County and City of Fresno to participate in a joint investigation of the best mechanism for providing existing necessary services to County Service Area No. 39, among other County Services Areas located near to the City of Fresno. Such investigation should include consideration of various management options of the CSAs including, but not limited to, management by the City of Fresno or a consortium of public agencies through contractual arrangements entered into and approved by the City, County and, if applicable, other affected public agencies.

Should the District area be annexed to the City of Fresno in the future, the District will be dissolved and its assets and liabilities transferred to the City. No other government structure options were identified.

## **3. SPHERE OF INFLUENCE REVIEW AND UPDATE**

Government Code Section 56076 defines Sphere of Influence as "A plan for the probable physical boundaries and service area of a local agency, as determined by the commission."

### Description of Current Sphere of Influence

Its boundaries and Sphere of Influence are coterminous.

### No Proposed Sphere Changes

The District proposes no changes in its Sphere of Influence or boundaries.

## Sphere of Influence Determinations

Inasmuch as no changes in the sphere of influence are proposed at this time, it is not necessary for the Commission to adopt or approve any sphere of influence update determinations.

## 4. ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by Fresno LAFCo staff using budgetary and District operational information provided by the County of Fresno Department of Public Works and Planning. Responsibility for any errors related to the District's budget or scope of operations rests with those who provided information for the report.

## 5. RECOMMENDATIONS

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

1. Accept public testimony regarding the proposed Municipal Service Review.
2. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.
3. Affirm the current Sphere of Influence and that it not be revised at this time.
4. Encourage the County and City of Fresno to participate in a joint investigation of the best mechanism for providing existing necessary services to County Service Areas within the vicinity of the City. Such investigation should include consideration of various management options of the CSAs including, but not limited to, management by the City of Fresno or a consortium of public agencies through contractual arrangements entered into and approved by the City, County and, if applicable, other affected public agencies.