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

AGENDA ITEM No. 17

DATE: **September 28, 2011**

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.'s 1, 7, 10, 14, 30, 31, 32, 33, 34, 43, 44, 47, 49, and 51.**

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 six criteria:

1. Growth and population projections for the affected area.
2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
3. Financial ability of agencies to provide services.
4. Status of, and opportunities for, shared facilities.
5. Accountability for community service needs, including governmental structure and operational efficiencies.
6. 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. 1 encompasses approximately 24 acres generally located east of Tollhouse Road (SR 168) at Flintridge Drive, approximately nine miles south of Huntington Lake. The District boundaries and its sphere of influence are not coterminous. The District provides water, sewer, and snow removal services for the Tamarack Heights tract.

County Service Area No. 7 provides storm drainage and street lighting to approximately 75 acres in three non-contiguous areas. One area contains approximately 56 acres including portions of Alluvial, Buena Vista, Charles and Laguna Vista Avenues in northwest Fresno. Another is approximately 13 acres east of and adjacent to Palm Avenue, south of Magill Avenue in north central Fresno. The final area is known as Zone "D" and encompasses approximately 6.5 acres located south of and adjacent to Clinton Avenue at Marty and Selland Avenues.

County Service Area No. 10 encompasses approximately 211 acres in two non-contiguous portions. The Cumorah Knolls portion is about 134 acres and located north of and adjacent to Shaw Avenue, just west of Academy Avenue. The Mansionette Estates No. 3 was annexed to the district in 2001 and is about 77 acres and is located south of and adjacent to Herndon Avenue at Leonard Avenue. The District is just to the east of the City of Clovis and provides water, street lighting, landscape and road maintenance, and wetlands monitoring services.

County Service Area No. 14 encompasses approximately 19 acres and provides water, street lighting, and storm drainage services in the Belmont Manor subdivision (Tract 2031). The District is located at Belmont and Leonard Avenues.

County Service Area No. 30 encompasses approximately 29 acres and provides water, sewer, street lighting, and garbage removal services in the El Porvenir subdivision. The District is located west of Derrick Avenue near Clarkson Avenue.

County Service Area No. 31 provides fire protection and recreation to approximately 8,518 acres. Zone "B" provides sewer service to approximately 600 acres which include the Shaver Lake Village area and Camp Edison. Zone "C" provides open space maintenance to 1,160 acres off Highway 168 in South Shaver Lake. Zone "D" provides open space maintenance to the 348 acres of the Bretz Mountain Village subdivision. Zone "E" provides open space and out lot maintenance to the 40 acres of the Timber Ridge subdivision. Zone "F" provides open space and out lot maintenance to 99 acres generally located near Bretz Road and Blue Canyon Road. Zone "G" provides open space and out lot maintenance to the 72 acres known as the Shaver Lake Bretz Mountain Village area.

County Service Area No. 32 encompasses approximately 21 acres and provides water, sewer, street lighting, and garbage removal services to the Cantua Creek farm labor housing development. The District is located on the north side of Clarkson Avenue west of San Mateo Avenue.

County Service Area No. 33 encompasses approximately 170 acres and provides street lighting to the Malaga area. The District is located north of Central Avenue and both east and west of Willow Avenue.

County Service Area No. 34 provides a full range of extended governmental services for the Millerton New Town community. The District is located north of the City of Clovis' wastewater treatment plant near the intersection of Auberry and Millerton Roads.

County Service Area No. 43 provides water, street lighting, and park maintenance services to approximately 214 acres in the unincorporated community of Raisin City. The District is located north and south of Manning Avenue at Henderson Road.

County Service Area No. 44 encompasses approximately 381 acres in the Friant area. The original area provides street lighting to 228 acres, Zone "A" provides sewer to 24 acres, Zone "C" provides retail water to 30 acres, and Zone "D" provides both water and sewer service to 24 acres.

County Service Area No. 47 provides community water and sewer services to the Quail Lake Estates subdivision. The District consists of 375 acres generally located between Ashlan and Shaw Avenues, east of McCall Avenue.

County Service Area No. 49 provides water for the farming community of O'Neill. It includes about 81 acres in five non-contiguous areas adjacent to the Fresno-Coalinga Road (SR 145), approximately three miles southwest of the community of Five Points.

County Service Area No. 51 was formed in 2007 to provide water service for the Dry Creek Rural Community. It is north of the City of Clovis and outside of the City's sphere of influence. The District contains 1,782 acres. The District has completed the design of the water system infrastructure and is in the process of completing the Assessment Engineer's Report. Once completed, a Proposition 218 hearing will be scheduled. Provided an assessment is approved by the property owners, construction of the necessary water infrastructure would be expected to begin in the 2012-13 fiscal year.

COUNTY SERVICE AREA No. 47

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

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

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September 2011

1. MUNICIPAL SERVICE REVIEW

Description of District

County Service Area No. 47 was formed in 1995 to provide community water and sewer services to the Quail Lake Estates subdivision. The District consists of 375 acres generally located between Ashlan and Shaw Avenues, east of McCall Avenue. The District's boundaries and Sphere of Influence are coterminous as shown on the enclosed map.

District Services and Background

The District is governed by the County Board of Supervisors and is administered by the Special Districts Administrator Office of the Fresno County Public Works and Planning Department. The Special Districts Office monitors, maintains and repairs District infrastructure. The Office also provides administrative services to a total of 23 CSAs and six Waterworks Districts within Fresno County.

There are 707 residential lots within the District boundaries. 577 receive water which is activated at the time building permits are issued and 550 receive sewer which is activated at the time residences are granted occupancy. Services are also provided to a community clubhouse and an elementary school. The commercial lot is not developed and is not charged for services at this time.

The District is engaged in groundwater recharge by helping administer a recharge facility in conjunction with the Fresno Irrigation District and Quail Lake Estates Homeowners Association.

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 subdivided into 707 residential lots, a clubhouse lot, 1 school, and 1 commercial lot. Approximately 129 residential lots are undeveloped.

Present and planned capacity

The District provides retail water supply produced from District wells and distributed to parcels within the District. It also collects, treats and disposes of wastewater using the District's on-site tertiary treatment plant. Existing and planned District infrastructure is sufficient to meet anticipated uses. However it is anticipated that the wastewater treatment facility will replace two lift station pumps in the 2011-2012 fiscal year.

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.

It is noted that CSA 47 purchases approximately 400 acre feet of surface water annually from Fresno Irrigation District (FID) for recharge in the groundwater recharge facility located within the CSA’s boundaries. Construction of this facility was a requirement for County approval of the Quail Lake Estates Subdivision.

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 (\$775,080). The total budgeted income is \$784,865. Major expenditures are expected to go to professional and specialized services (\$329,784), maintenance (\$172,675), agriculture (purchase of surface water from FID for groundwater recharge) (\$30,000), and utilities (\$127,435). The total budgeted expense is \$760,116. The budget is expected to be balanced, with a net addition to the reserve funds of \$24,749.

The District is financed for services through service fees. Existing services fees and District reserve funds finance Capital Improvement projects as well as 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 Board of Supervisors governs the District. It meets on Tuesdays and Board agendas are posted on the County website. The District has a Citizens Advisory Committee (CAC) made up of District members who act as the liaison between the District and the property owners. Their role is advisory and instrumental in determining the level of service provided to the District.

The District's CAC has initiated an investigation to determine whether water and sewer services may be provided more efficiently by a private water and sewer utility provider that is regulated by the Public Utilities Commission. County staff are working with the CAC and a potential utility provider to provide the information necessary to make such a determination. Before a private utility were to take over provision of services, district members would have the opportunity to vote on the potential transition pursuant to state law. The District would also be dissolved.

CSA 47 is located approximately 1 $\frac{3}{4}$ miles east of the City of Clovis. 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 Clovis to participate in a joint investigation of the best mechanism for providing existing necessary services to County Service Area No. 47, among other County Services Areas located near to the City of Clovis. Such investigation should include consideration of various management options of the CSAs including, but not limited to, management by the City of Clovis or a consortium of public agencies through contractual arrangements entered into and approved by the City, County and, if applicable, other affected public agencies.

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 as shown on the enclosed maps.

Proposed Sphere Changes

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

Sphere of Influence Recommendation and Determinations

It is recommended the Commission approve the following determinations and re-affirm the Sphere of Influence.

1. Present and planned land uses in the area, including agriculture and open-space.

Present and planned land uses within the District are primarily residential with an existing elementary school, and planned commercial facilities.

2. Present and probable need for public facilities and services in the area.

The probable need for public services and facilities reflect existing and anticipated land uses within the District, which are predominantly residential.

3. Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide.

District facilities are sufficient for the services provided.

4. Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

Territory within the District is a residential development just east of the City of Clovis.

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. Approve the Sphere of Influence determinations and re-affirm the current Sphere of Influence.
4. Encourage the County and City of Clovis 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 Clovis or a consortium of public agencies through contractual arrangements entered into and approved by the City, County and, if applicable, other affected public agencies.