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

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**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. 34**

## **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. 34 was formed in 1986 to provide a full range of extended governmental services for the Millerton New Town community. Zone “A” was formed in 1989 to provide services to the 442 acres in the Brighton Crest subdivision. Zone “B” was formed in 2004 to provide water service to the Ventana Hills Estates subdivision. Zone “B” is not located within the Millerton New Town boundaries. Zone “C” was formed in 2004 to provide services to the Granite Crest Estates subdivision. The boundaries and Sphere of Influence are coterminous as shown on the enclosed maps.

## District Services and Background

County Service Area (CSA) No. 34 (Millerton New Town) encompasses approximately 2,414 acres in two non-contiguous sections located south and east of Millerton Lake, and adjacent to Millerton Road and Auberry Road. The community of Friant is located one and one-half miles to the west of the District.

The District was formed to provide a full range of extended services for the future community of Millerton New Town. At this time, Millerton New Town is largely undeveloped, though a number of tract maps have been approved for the area. The District currently provides water, wastewater, street sweeping, and street lighting services to the Brighton Crest subdivision, designated as Zone “A” by the District. This zone includes a golf course with a club house and 152 single-family parcels, 86 of which are developed with single-family residences. The remaining 66 residential lots will be provided service at the time they are developed.

The District provides water service to Zone “B”, Ventana Hills Estates. Currently service is provided to three residential lots. An additional 88 undeveloped lots will be provided service as they are developed.

Zone “C”, Granite Crest Estates, is currently being developed and the first homes are expected to be completed during FY 2011-12. Zone “C” includes a total of 161 residential lots. The District will begin providing water, sewer, street lighting, and road maintenance to Zone “C” at the time the first homes are granted occupancy.

The District does not provide any direct services to the remainder of CSA 34, but does administer contracted water reservations to provide water for parcels within its boundaries when they are developed in the future. Water used by the District is obtained from Millerton Lake, with the exception of Zone “B”, which utilizes groundwater.

District infrastructure includes pumps which draw water from Millerton Lake, a raw water line, water treatment plant and distribution system, storage tank, and secondary wastewater treatment plant. Wastewater is pretreated at each lot located within Zone “A” before entering the District’s wastewater collection system. A tertiary wastewater treatment plant has been constructed and will begin operations at the time residences are

granted occupancy in Zone “C”. Wastewater currently received at the secondary wastewater treatment plant will be redirected and begin to be processed at the tertiary wastewater treatment plant once this plant begins operations.

Zone “B” is provided groundwater from two wells. Its water system is separate from the remainder of CSA 34, Zone “A” and Zone “C”. There is no plan to connect the systems.

Approximately 3,500 homes and some limited commercial development are anticipated to be constructed within the District in the future. It is not known when this development will occur. Existing infrastructure and service levels are adequate to serve the District’s current needs.

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.

## **2 . MSR DETERMINATIONS**

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

### **Growth and Population Projections**

The area within the District is subdivided. Of the 152 single family lots in Zone “A” only 86 have existing homes, so it is projected that the area within Zone A will continue to build out. Zone “B” has 3 existing homes and an additional 88 undeveloped lots. Zone “C” has a total of 161 undeveloped lots with construction anticipated to begin during FY 2011-12. Up to 3,500 residences are anticipated to be constructed within the entire District area in the future, though it is not known when this development will occur.

### **Present and planned capacity**

Zone “A” distributes water to parcels within its boundaries, collects, treats and disposes of wastewater using pretreatment at each lot and a secondary treatment plant, funds street lighting and street sweeping.

Zone “B” provides water service to parcels within its boundaries from two wells.

Zone “C” will begin providing water, sewer, street lighting, and road maintenance services to parcels within its boundaries at the time occupancy is granted to the first constructed residence. A total of 161 residences will be provided services.

Facilities including pumps drawing water from Millerton Lake, raw water line, water treatment plant, storage tank and telemetry controls were transferred to the District by the developer of the project in 2002 subject to certain financial considerations.

In September 2009 the County and the Table Mountain Rancheria Band of Indians (Table Mountain) entered into an agreement where Table Mountain would provide up to \$2,000,000 in materials and cash toward improvements for the water system. Phase one included four new submersible water pumps and an emergency tee connection and was completed in the fall of 2010. Phase two includes a water main from the pumps to approximately Millerton Road and other associated work and materials and is an ongoing project. It is anticipated that the lake pumps' master control center will also be replaced in the near future.

Existing facilities are adequate for the current level and range of services provided.

### **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 (\$412,841). The total budgeted income is \$835,162. Major expenditures are expected to go professional and specialized services (\$282,750), maintenance (\$164,784), agriculture (\$477,058), and utilities (\$129,654). The total budgeted expense is \$1,105,206. The budget is expected to be balanced, with a net use of reserve funds of \$270,044.

The District is financed for services through annual assessments and service charges. Existing assessments, service charges 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 Board of Supervisors governs the District. It meets on Tuesdays and Board agendas are posted on the County website. Zone "A" has a Citizens Advisory Committee 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 other zones of benefit do not have Citizens Advisory Committees.

There are no other readily apparent government structure options.

### 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 largely residential and include many vacant residential parcels or land designated for residential development. Land uses also include a golf course. Planned uses for the future include commercial development and a school.

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

The probable need for public services and facilities reflect existing land uses within the District, which are largely residential. Public facilities will need to be extended as currently undeveloped lands within the District are developed.

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. Capacities will be increased as necessary to serve proposed development within the District area.

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

Territory within the District is somewhat isolated residential development.

### 4. ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by Fresno LAFCo staff using information provided by the County of Fresno Department of Public Works and Planning. Responsibility for any errors or omissions 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.