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

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**AGENDA ITEM No. 15**

**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 the Big Creek, Bluffs, Caruthers, Easton, Laton, and Sierra Cedars Community Service Districts.**

**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 Reviews and Sphere of Influence Updates prepared for each of the Community Service 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 Spheres of Influence Updates, adopt the Municipal Service Reviews prepared for these Community Service Districts, 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**

**Big Creek Community Service District** encompasses approximately 29 acres and provides street lights, water, road maintenance, and snowplowing services to the 63 parcels in the Big Creek subdivision.

**Bluffs Community Service District** encompasses approximately 34 acres in northeast Fresno. They provide landscape maintenance and lighting services to the 53 parcels in the Bluffs subdivision.

**Caruthers Community Service District** encompasses approximately 361 acres and provides street lighting, water, sewer, storm drainage, recreation and park, and landscape maintenance services to the community of Caruthers.

**Easton Community Service District** encompasses approximately 701 acres and provides street lighting, storm drainage, recreation and park, and landscape maintenance services to the community of Easton.

**Laton Community Service District** encompasses approximately 500 acres and provides street lighting, water, sewer, solid waste, and fire protection services to the community of Laton.

**Sierra Cedars Community Service District** encompasses approximately 115 acres and provides water, snow removal, and road maintenance services to the community bounded by Bretz Mill Road, Black Oak Road, Hanging Branch, Saddleback Road, and Rockledge.

There does not appear to be a need nor are there any readily available opportunities to change the government structure. Consolidation would not appear to be practical due to the size and distance between the existing Districts.

# **EASTON COMMUNITY SERVICE DISTRICT**

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

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

Jeff Witte  
Candie Fleming  
Samantha Hendricks  
2115 Kern Street, Suite 310  
Fresno, CA 93721

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# 1. MUNICIPAL SERVICE REVIEW

## Description of District

The Easton Community Service District (District), formed in 1959, is located in the community of Easton approximately four miles south of the City of Fresno. The District provides street lighting and storm drainage services to Easton Village and lands outside Easton Village. Its boundaries contain about 701 acres and its Sphere of Influence about 785 acres, as shown on the enclosed map.

## District Services and Background

Street lighting services are provided through a contract with PG&E. Under this contract PG&E services, maintains, and installs light poles and street lights. Service provided is within designated service boundaries.

Storm drainage services are provided to one portion of the District. The District maintains the storm drainage basin.

The District provides service outside of its current Sphere of Influence. There are three areas receiving service that are not within the District's sphere of influence; one along Clayton Ave., one along Cherry Ave. and one along Jefferson Ave. These areas are relatively small compared to the overall district area and are already receiving service from the District. Additionally, these areas do not overlap with other service providers. Expansion of the District's sphere of influence to include these areas would not impact the District's efficiency as these areas are; 1) already receiving service from the District, 2) contiguous with the District and the District's SOI and, 3) there are no other service providers in the area overlapping with the District's area.

In 2008, the District activated its latent powers to provide landscape maintenance and parks and recreation services. Solid waste services to residents within the District are currently provided by a private hauler.

# 2. MSR DETERMINATIONS

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

## **Growth and Population Projections**

According to the 2000 US Census, the census-designated place (CDP) of Easton has a population of 1,966. District staff has noted that there is no expected growth or significant population increases within district boundaries, as the relocation of a nearby highway has resulted in economic decline in the Easton community, which has limited population growth in the community.

The County is currently studying the possibility of creating an Enterprise Zone that could stimulate economic and population growth. The District is currently attempting to assist in the economic revitalizing efforts by creating a Task Force and creating a non-profit organization to assist in the Main Street USA concept. The current rate of growth and population increase is not expected to change significantly in the near future. If economic revitalization efforts are successful, District staff does not know how much this will affect the District's growth, population, and demand for District services in the future.

### **Present and planned capacity**

The District currently does not own any infrastructure. Existing street lighting infrastructure, consisting of poles and street lights, are owned by the Pacific Gas & Electric Company (PG&E). PG&E installs the street lights on their existing electrical transmission power poles. The District has a monthly service agreement with PG&E regarding the maintenance and operation of the street lighting.

The District maintains a storm drainage basin in one portion of the District, by keeping the basin clear of debris and maintaining the landscape to retain the basin's capacity for storm runoff.

The District does not own any buildings.

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

The district has provided its approved 2010-2011 budget. No audits were made available; thus a comparison between projected budget items and actual revenues and expenditures is impossible at this time. All information provided by the District was reviewed to determine fiscal status, assess financial practices, and review pertinent management findings.

The primary source of financing for services is from property taxes, special assessments, and fitness center income. The FY 2010-11 operating budget states that revenues are expected to come from property taxes (\$20,240), special assessments (\$17,377), and fitness center income (\$26,572). Staff has requested additional information on how the fitness center income is generated. The total budgeted income is \$65,689. Expenses include: lighting costs (\$14,500), Personnel (\$18,500), special projects (\$31,050), and accounting services (\$7,000). The total budgeted expense is \$78,725, and is expected to result in a negative balance of \$13,036.

Separate property taxes are charged for lands within Easton Village and lands that are outside Easton Village, but within District boundaries. The District charges special assessments for all lands within the District boundaries. A special assessment for the drainage (ponding) basin is levied only on those lands served by the drainage system. The lighting, ponding basin special assessments, and property taxes are currently sufficient to provide adequate service.

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

The District is currently contracting out street lighting infrastructure and maintenance to PG&E. Since the District does not own any facilities, there are no opportunities for shared facilities.

## **Governmental Structure and Operational Efficiencies**

California Government Code section 61000 - 61934 enables the formation of Community Service Districts to provide various services to the community. The District currently provides street lighting and storm drainage services. 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). The District, under its current legal form, is able to function under its current government structure. Transitioning the CSD to an alternative service provider, such as another district or other form of local government, would be unlikely to result in significant efficiencies. Additionally such a transition to an alternative government structure would be extremely difficult due to the cost, time, and administrative complexity. The existing structure of the District as a community service district is sufficient to allow the District to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District that would affect the provision of service in the future. Therefore, a reorganization of the current government structure is not likely to significantly improve services. The current government structure is able to provide adequate service within district boundaries.

A body of five officials elected by voters serve as the Board governing the District. Members are elected to four year staggered terms, with two terms set to expire in 2011 and three terms set to expire in 2013. Board members are subject to recall by District voters through the recall procedures set forth in Chapter 2, Division 13 of the Elections Code.

Meetings are posted at the Easton Library and at two signs located within the District. Regular meetings are held on the second Tuesday of each month at 7:00pm in the Immanuel Lutheran Church Social Hall, located at 5955 S Elm Ave. in Fresno. There appears to be ample opportunities for public involvement and input at regularly scheduled meetings. Meetings are noticed consistent with Brown Act requirements, which include postings in public places.

The District employs one part time district manager.

## **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 contain about 701 acres and its Sphere of Influence about 785 acres, as shown on the enclosed map.

### Proposed Sphere Changes

This District sphere boundary was adopted in 1975 and re-affirmed in 2007. It is recommended that the Commission re-affirm the current sphere of influence.

### 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.

The current land uses within the District are primarily residential and agricultural. According to District Staff, future land uses are expected to remain the same as the present land uses. Expansion of the District's SOI to include areas within its boundaries, but currently outside its SOI will not affect present or future land uses.

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

Street lighting and storm drainage services are currently provided. The District does not anticipate additional demands for either service. Expansion of the District's SOI to include areas within its boundaries, but currently outside its SOI will not result in any additional demand for services.

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

Street lighting and drainage services currently provided are adequate to serve the existing community. There is no service provider for landscape maintenance or parks and recreation. Solid waste services to residents within the District are provided by a private waste hauler. Expansion of the District's SOI to include areas within its boundaries, but currently outside its SOI will not result in any additional demand for services.

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

The Easton Community Service District serves the unincorporated community of Easton and Easton Village.

#### 4. ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by Fresno LAFCo staff using information provided by the Easton Community Service District. 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.