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

CONSENT AGENDA ITEM No. 6

DATE: August 22, 2007
TO: Fresno Local Agency Formation Commission
FROM: Rick Ballantyne, Executive Officer
Darrel Schmidt, Deputy Executive Officer
SUBJECT: **Consider Adoption** – Municipal Service Review and Sphere of Influence Update Prepared for Reclamation District No. 1606

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) before January 1, 2008, and every five years thereafter. Prior to, or in conjunction with an agency's SOI update, LAFCo is required to conduct a *Municipal Service Review* (MSR) for each agency.

On December 13, 2006, the Commission directed staff to enter into a contract with Braitman & Associates to prepare MSRs and SOI Updates for numerous cities and special districts. The attached MSR and SOI Update have been prepared for Reclamation District No. 1606.

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 nine criteria:

1. Infrastructure needs or deficiencies
2. Growth and population projections for the affected area
3. Financing constraints and opportunities
4. Cost avoidance opportunities
5. Opportunities for rate restructuring
6. Opportunities for shared facilities
7. Government structure options, including advantages and disadvantages of the consolidation or reorganization of service providers
8. Evaluation of management efficiencies
9. Local accountability and governance

As part of the SOI update, if the Commission determines that modifications to a district's SOI boundary is appropriate, it is required to consider the following four criteria and make appropriate determinations in relationship 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

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 MSR is 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, this MSR collects data for the purpose of evaluating municipal services provided by the agency. There is no land use change or environmental impact created by such a study.

Furthermore, the MSR qualifies 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 update qualifies for the same general exemption from environmental review based upon CEQA Regulation section 15061(b)(3).

There is no possibility that this MSR or SOI update may have a significant effect on the environment because there are no land use changes associated with either document. If the Commission approves and adopts the MSR and SOI update and determines that the project is 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

Reclamation District No. 1606 encompasses approximately 18,521 acres (28.94 square miles) in central Fresno County, encompassing the City of San Joaquin and surrounding lands. The District's boundary and Sphere of Influence are coterminous.

The District owns and maintains the Fresno Slough and Fresno Slough Bypass, including the levees protecting these facilities which convey Kings River floodwater and local storm water. The District obtains and provides water for agricultural uses. District facilities are also used by James Irrigation District for regulating reservoirs and for groundwater recharge.

The District's three-member Board of Directors is elected at large. The District does not have any employees.

The District's FY 2006-07 operating budget was \$41,342. Projected revenues were \$84,596, exceeding projected expenses by \$43,254.

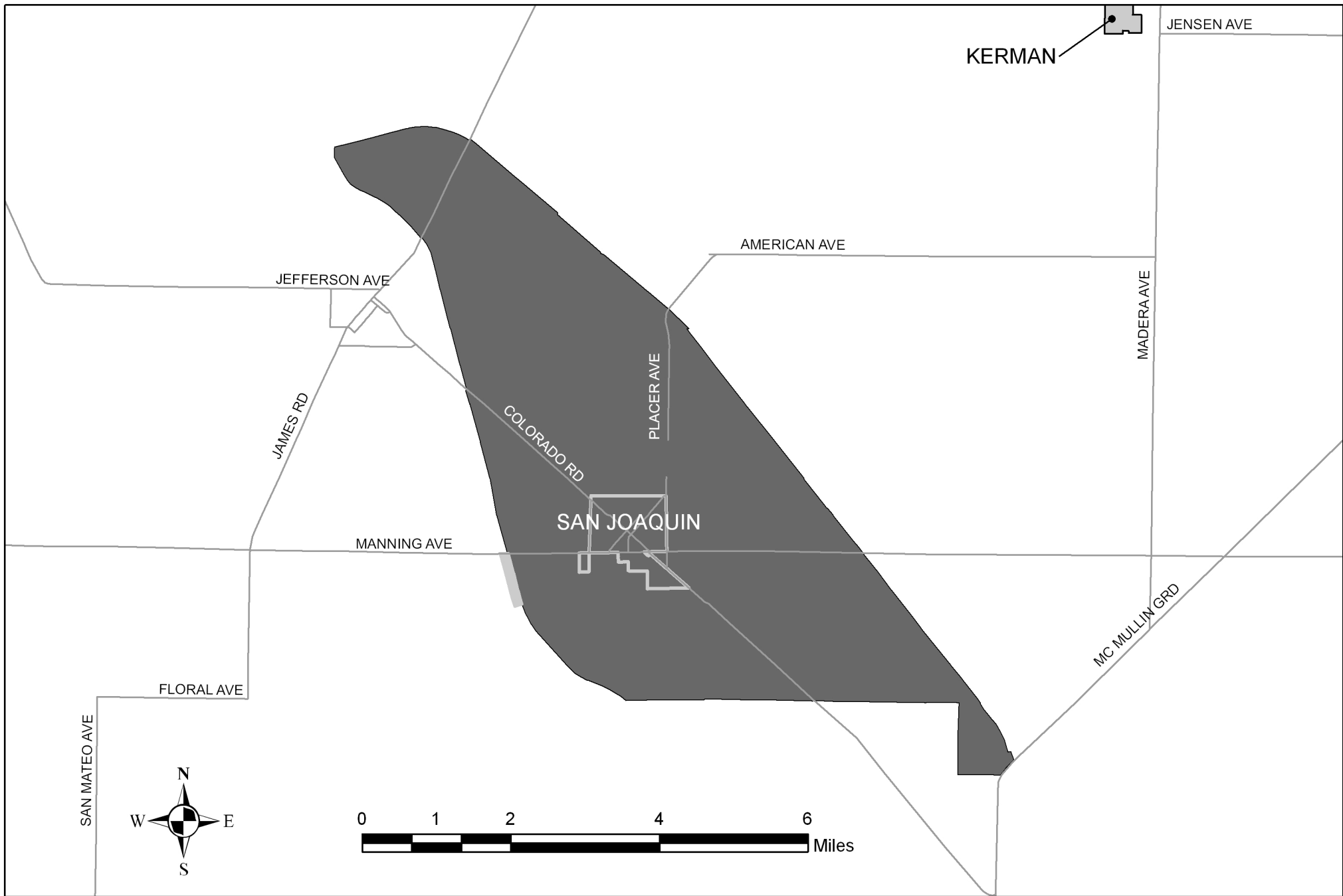
The District shares office, part-time staff, and contracts with James Irrigation District for flood control operations and maintenance. The District has previously considered consolidation with James Irrigation District, but determined that the resulting savings could not be justified due to consolidation costs. The District states that LAFCo costs related to consolidation were only a relatively small portion of the total cost of consolidating the two Districts.

The MSR did not identify any obvious opportunities for rate restructuring or shared facilities, other than sharing that already occurs with the James Irrigation District.

The District has not proposed any Sphere of Influence or boundary changes.

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 Review 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 the general exemption from environmental review, CEQA Regulation Section 15061(b)(3), and find that the SOI Update qualifies for the same general exemption from environmental review based upon CEQA Regulation Section 15061(b)(3).
- B. Find that the Municipal Service Review and Sphere of Influence Update prepared for Reclamation District No. 1606 are complete and satisfactory.
- C. Find that the written determinations within the Municipal Service Review and Sphere of Influence Update satisfy State Law.
- D. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Review and District Sphere of Influence, adopt the Municipal Service Review prepared for Reclamation District No. 1606 by Braitman and Associates, and update the Sphere of Influence for said District by reaffirming the current boundary.



Legend

- District Area and SOI
- City Areas

**Fresno Local Agency Formation Commission
Reclamation District No. 1606**

District Formed: 1914
 SOI Adopted: March 24, 1976
 Map Date: July 2007
 District Area: 18,521 Acres

RECLAMATION DISTRICT No. 1606

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

Report to the
Fresno Local Agency Formation Commission

Prepared By:

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August 2007

1. MUNICIPAL SERVICE REVIEW

Description of District

Reclamation District No. 1606 was formed in 1914. It operates under the provisions of the Water Code (Section 50000 et seq.).

The District includes approximately 18,520 acres (28.94 square miles). It is located in central Fresno County. It encompasses the City of San Joaquin and surrounding lands extending from the Fresno Slough on the south to the Fresno Slough Bypass on the north.

The District is governed by a three-member Board of Directors elected at large. It has no employees and administrative services are obtained by contract.

Its boundaries and Sphere of Influence are coterminous, as shown on the enclosed map.

District Services

The District owns and maintains the Fresno Slough and Fresno Slough Bypass, including the levees protecting these facilities to convey Kings River floodwater and local storm water. There is livestock grazing and limited farming on District lands. Through a contract with the Federal Bureau of Reclamation the District obtains and provides water to about 170 acres of District property with one agricultural tenant.

District facilities are utilized by the James Irrigation District for regulating reservoirs and for groundwater recharge.

2. MSR DETERMINATIONS

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

Infrastructure Needs and Deficiencies

The District owns approximately 2,500 acres of land comprising the Fresno Slough and Fresno Slough Bypass and related levees within the District boundaries. The District has no plans to acquire additional property.

Growth and Population Projections

District services do not affect rates or location of development or population growth.

Financing Constraints and Opportunities

The District's operating budget for FY 2006-07 is \$41,342. Services and supplies are \$26,317 and other costs, including administration, are \$15,025. Projected revenues are \$84,596. Rents, concessions and royalties constitute \$75,332 (or 90%) of the total; interest and other sources comprise the remainder of the revenue.

Projected revenues this year exceed expenses by \$43,254. There is no District debt.

Cost-Avoidance Opportunities

The District shares office space with and contracts with James Irrigation District for part-time staff, and contracts with the James Irrigation District for flood control operations and maintenance. In the past consideration was given to consolidating with the James Irrigation District, but projected savings did not justify this change due to the various costs of consolidating the two Districts. The District states LAFCo related consolidation costs were only a relatively small portion of the total costs of consolidating the two districts.

The District obtains liability insurance through the Association of California Water Agencies Insurance Joint Powers Authority.

Opportunities for Rate Restructuring

There are no obvious opportunities for rate restructuring in the operations of the District.

Opportunities for Shared Facilities

There are no obvious opportunities for shared facilities in the operations of the District other than the current cooperation with the James Irrigation District in the common use of District facilities.

Government Structure Options

There are no obvious opportunities for a different government structure.

Management Efficiencies

The District exhibits characteristics of an agency that is operating efficiently.

Local Accountability and Governance

The District board is elected. Regular meetings are held quarterly, on the third Thursday.

Meeting notices are posted at the District office in the newspaper.

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.

Sphere of Influence Recommendation and Determinations

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

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

Land uses within the District are largely agriculture with some urban uses within the City of San Joaquin. No changes will result from affirming the Sphere of Influence.

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

Land uses within the District require an array of services and facilities. The probable need for public facilities and services reflect existing land use plans which are to retain agriculture and open space for most of the District.

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

The capacity of District facilities is sufficient for the services it provides.

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 lands within the District represent part of the agricultural community of interest within Fresno County.

4. ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by Braitman & Associates working at the direction of the Fresno LAFCO staff. Responsibility for any errors or omissions rests with those who prepared the report.

Reclamation District No. 1606 provided information upon which the evaluation is based. District Manager John Mallyon was instrumental in providing data.

Available Documentation

The “Request for Information for Municipal Service Reviews” submitted by the District and supporting documents referred to therein are available in the LAFCO office.

5 . R E C O M M E N D A T I O N S

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 recommended Sphere of Influence determinations and affirm the current Sphere of Influence.

