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

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.

SIERRA CEDARS COMMUNITY SERVICE DISTRICT

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

The Sierra Cedar Community Service District (District), formed in 1964, is located near the Shaver Lake area, in Fresno County. The District is bounded by Bretz Mill Road, Black Oak Road, Hanging Branch, Saddleback Road, and Rockledge. The District provides water, snow removal, and road maintenance to the residents of the District. Its boundaries contain about 115 acres and its Sphere of Influence about 4,804 acres, as shown on the enclosed map.

Services provided are within the District's powers as authorized in their enabling legislation, codified in Government Code 61000 - 61934.

District Services and Background

The District currently provides water service to 250 customers. Additional services consist of snow removal service and road maintenance.

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 District currently has approximately 250 customers with water connections.

The District is under the jurisdiction of the State Board of Health and the County of Fresno. The District has limited land available for development and currently water rights have been secured for all land within the District.

Present and planned capacity

The District upgraded its water facility by adding two additional wells and two water tank reservoirs with a total storage capacity of 500,000 gallons.

The District's roads are maintained with a fog seal every three to five years and are repaired as needed. Additionally, after each season a snow removal contractor repairs the roads.

The District did not provide information related to any additional infrastructure, including storm drainage facilities, nor did the District elaborate on its condition. Additionally the District did not provide information related to permitting and compliance history.

Financial Ability of Agencies to Provide Services

As of June 30, 2011, the District's total net assets amounted to \$1,102,866, and liabilities in the form of accounts payable amounted to \$6,300. Operating revenue amounted to \$212,838, with the majority of this from water and snow removal fees. The District's operating expenses totaled \$208,594. Most of this expense was due to \$131,900 for snow removal costs.

The District, as of June 30, 2011, had collected \$713,426 for the Capital Improvement Program. A total of \$546,399 has been spent. The District is authorized to collect approximately \$88,000 annually for its Capital Improvement Program. Additionally, the District has \$63,459 in its General Reserve Fund which is not allocated for any specific purpose.

The District does not have any debt.

The District is financed by service fees through the County. These fees currently generate adequate revenue to sustain the District and the required services. Each parcel pays approximately \$1,000 a year in fees. The fee structure was last updated in 2003.

The District's homeowners passed a resolution to increase their County fees for a specified time period, between five and seven years, to fund a capital improvement project to upgrade the current infrastructure.

A cost reducing strategy that the District currently employs is participation in the Association of California Water Agencies Joint Powers Insurance Authority ACWA/JPIA, a pooled risk insurance managed by the Association of California Water Agencies, for automobile and general liability insurance.

Status of, and Opportunities for, Shared Facilities

The District is not currently sharing any facilities due to a lack of available space.

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 provides water, snow removal and road maintenance 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). Its five-member Board includes a President, Vice-president and a Secretary. The District did not provide information regarding the election or appointment of Board Members. The District, under its current legal form is able to function under its current government structure. The current government structure is able to provide adequate service within district boundaries.

The County of Fresno has indicated it is interested in investigating whether it might be beneficial to consolidate a number of special districts in the Shaver Lake area into County Service Area (CSA) No. 31. These Districts include Sierra Cedars Community Service District, as well as Waterworks District No. 41W, and Waterworks District No. 41S. The boundary of CSA No. 31 encompasses the boundaries of each of these other Districts. Any potential change of organization of Sierra Cedars Community Service District would require approval of the District's Board of Directors and/or approval of the voters within the District. There has not been a formal evaluation to determine specific benefits or detriments that might result from a consolidation with CSA No. 31. A formal evaluation would be necessary before initiating any change of organization. No additional government structure options have been identified.

The Board of Directors is responsible for appointing a General Manager who also acts as a Controller, Treasurer, and Recording Secretary. The Water Master, who is responsible for maintaining and monitoring the water system, is a contracted position.

Board of Directors meetings are held the first Monday of each month, and notices are sent out via email and posted on a sign board at the entrance to the District.

The District does not have an official structure in place for measuring customer satisfaction. In addition to regularly scheduled meetings, the District holds an annual meeting of all homeowners in the District, on Labor Day, in which customers concerns can be presented.

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 115 acres and its Sphere of Influence about 4,804 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 and future land uses in the Sierra Cedars Community Service District are residential and commercial.

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

According to District staff, the planned upgrades and the existing capital improvement plan will allow the Sierra Cedars Community Service District to provide adequate services to the District's customers.

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

The Sierra Cedars Community Service District continues to upgrade its infrastructure to continue to serve the District's residents.

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

There are no communities of interest within the District.

4. ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by Fresno LAFCo staff using information provided by the Sierra Cedars 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.
4. Encourage the County and Sierra Cedars Community Service District to participate in a joint investigation of the best mechanism for providing existing necessary services to Sierra Cedars Community Service District and County Service Area No. 31, including possible consolidation or other change of organization. Further, the County should investigate whether consolidating County Service Area No. 31 and Waterworks District Nos. 41W and 41S would be beneficial to the Districts and their customers.