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

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**AGENDA ITEM No. 14**

**DATE:** February 9, 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 Waterworks District No.'s 18, 37, 38, 40, 41 and 42.**

**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 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's 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 MSR's 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 MSR's 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's 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's 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**

**Waterworks District No. 18** encompasses approximately 425 acres generally located at the base of Friant Dam and Millerton Lake. The District boundaries and its sphere of influence are not coterminous and it is recommended that the sphere be revised to include all portions of the district. The District owns a water treatment plant and water distribution facilities. When the County approves the Friant Ranch development, the district will need to apply to LAFCo for a sphere of influence revision and an annexation to the district. The County would like to consider consolidation of County Service Areas 34 and 44 and Waterworks District No. 38.

**Waterworks District No. 37** encompasses approximately 77 acres generally located near Meadow Lakes and includes a portion of Bald Mountain Road near Auberry Road. The sphere of influence and district boundaries are coterminous. The District owns two production wells, a storage tank, and fire suppression hydrants. The District has indicated that there are no changes to the district boundary or sphere of influence anticipated in the foreseeable future.

**Waterworks District No. 38** encompasses approximately 154 acres located approximately six miles north of the where Sky Harbour Road intersects from Millerton Road. The District boundaries and its sphere of influence are coterminous. The District owns one production well and storage tank system, fire suppression hydrants; extended aeration and spray fields for wastewater. The County would like to consider consolidation of County Service Areas 34 and 44 and Waterworks District No. 18.

**Waterworks District No. 40** encompasses approximately 278 acres but only provides service to Improvement Zone 1 which is 23 acres generally located near the intersection of Tollhouse Road and Shaver Springs Road. The sphere of influence and district boundaries are not coterminous but the County has requested that the sphere not be increased to include the 255 acres that include rural residential that is not being served at this time. The District owns one production well and storage tank system, fire suppression hydrants, and extended aeration and spray fields for wastewater. The District has indicated that there are no changes to the district boundary or sphere of influence anticipated in the foreseeable future.

**Waterworks District No. 41** is divided into two parts. The water service area encompasses approximately 1,975 acres and the sewer service area encompasses approximately 1,585 acres generally located south of Shaver Lake, along Highway 168, with the bulk of the District's area occurring to the east of the highway. The District's boundaries are irregular and include areas of development along Bretz Mill Road, Outcrop Road and Woody Lane, Littlefield Road, Ridge Road and Woodland Road. The sphere of influence and district boundaries are not coterminous as shown on the enclosed maps. The District owns 15 water wells, storage tanks, and a distribution system for water, aeration ponds for wastewater, and fire hydrants. The District has indicated that there are no changes to the district boundary or sphere of influence anticipated in the foreseeable future.

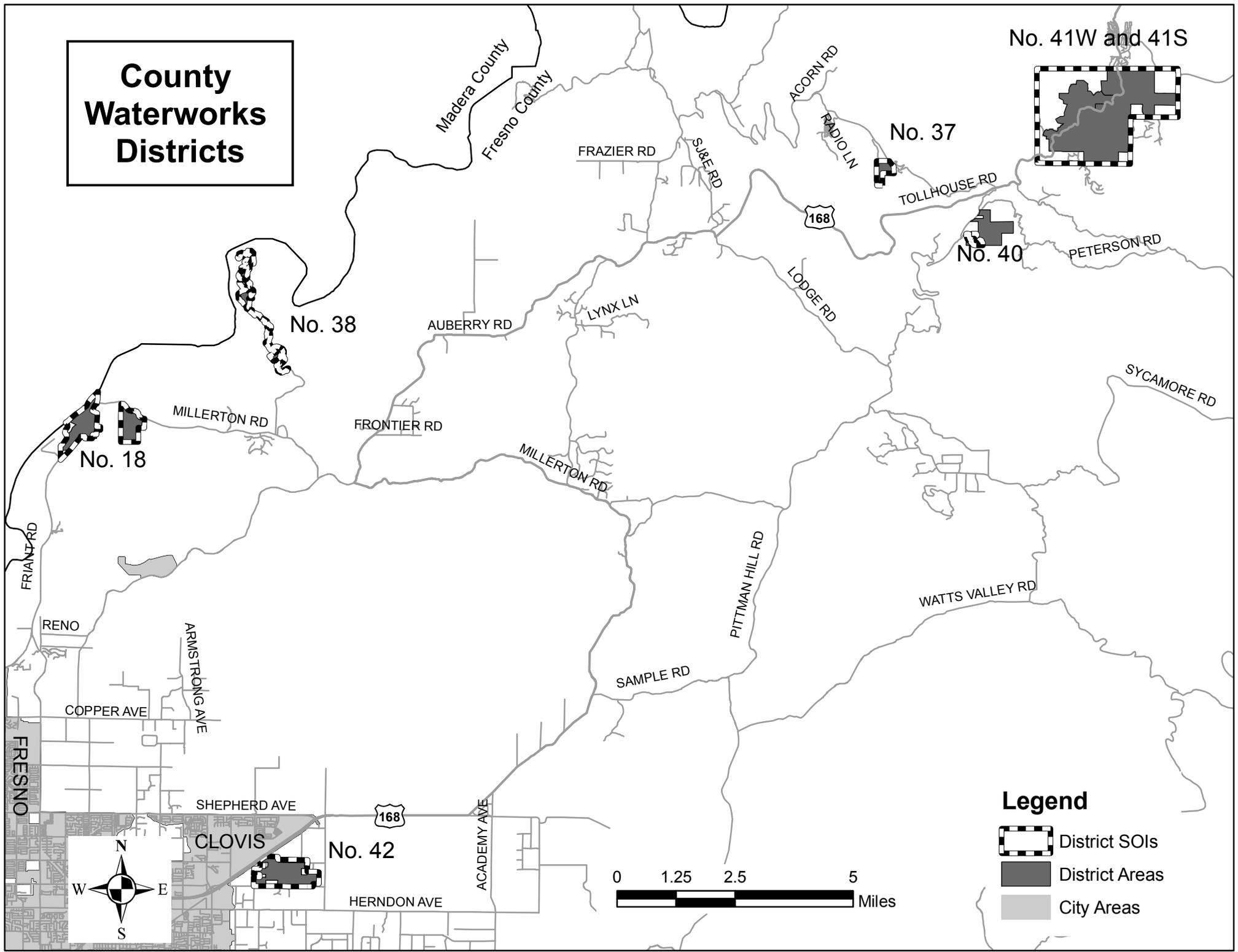
**Waterworks District No. 42** encompasses approximately 367 acres generally located northeast of the intersection of Alluvial and DeWolf Avenues, southeast of State Route 168, east of the City of Clovis. The sphere of influence and district boundaries are not coterminous as shown on the enclosed map. The District owns one production well and storage tank system, fire suppression hydrants, and extended aeration and spray fields for wastewater. The District has indicated that there are no changes to the district boundary or sphere of influence anticipated in the foreseeable future.

### **Recommendations:**

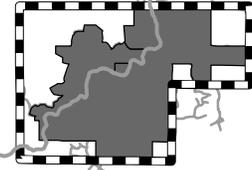
- A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Reviews and Sphere of Influence determinations under consideration are Categorically Exempt from the provisions of the California 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 Cemetery 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 Waterworks District, and update the Sphere of Influence for said Districts by reaffirming their current boundaries or approving the recommended changes.
- E. All Waterworks Districts with only one well should consider a plan for an alternate water supply in case of an emergency.

# County Waterworks Districts



No. 41W and 41S



No. 37

No. 40

No. 38

No. 18

No. 42

## Legend

-  District SOIs
-  District Areas
-  City Areas



FRESNO

CLOVIS

Madera County  
Fresno County

168

168

**REVISED**

**RESOLUTION NO. MSR-11-2**

**FRESNO LOCAL AGENCY FORMATION COMMISSION  
FRESNO COUNTY, CALIFORNIA**

**In the Matter of**

**LAFCo Determination**

<b>RESOLUTION MAKING DETERMINATIONS )</b>	<b>MADE DETERMINATIONS AND</b>
<b>AND ADOPTING MUNICIPAL SERVICE )</b>	<b>ADOPTED MUNICIPAL SERVICE</b>
<b>REVIEW FOR WATERWORKS DISTRICTS )</b>	<b>REVIEW FOR WATERWORKS</b>
<b>NOS. 18, 37 38, 40, 41 AND 42 )</b>	<b>DISTRICTS NOS. 18, 37 38, 40, 41</b>
<b>)</b>	<b>AND 42</b>

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**WHEREAS**, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56425 et. seq.) the Fresno Local Agency Formation Commission is required to review and update, as necessary, Spheres of Influence of local agencies not less than once every five years; and

**WHEREAS**, Government Code Section 56430 directs the Commission to conduct a review of municipal services not later than the time it considers an action to establish or update a Sphere of Influence (SOI); and

**WHEREAS**, the Executive Officer prepared Municipal Service Reviews (MSRs) for Waterworks Districts No. 18, No. 37, No. 38, No. 40, Mo. 41, and No. 42; and

**WHEREAS**, notice of this Commission’s hearing of said request was duly given in a publication of general circulation as required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and State law, and at the time and in the form and manner provided by law; and

**WHEREAS**, the Commission has heard, discussed and considered all relevant evidence, including but not limited to the Executive Officer’s *Municipal Service Reviews*, environmental documentation, applicable land use plans and all testimony, correspondence and exhibits received during the public hearing process, all of which are included herein by reference.

**NOW, THEREFORE, BE IT RESOLVED that the Local Agency Formation Commission of the County of Fresno does HEREBY STATE, FIND, RESOLVE, DETERMINE, AND ORDER as follows:**

**Section #1.** Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, this Commission finds 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”.

**Section #2.** This Commission finds that the Municipal Service Review and Sphere of Influence Updates prepared for each of the Waterworks Districts are complete and satisfactory.

**Section #3.** This Commission finds that the written determinations within the Municipal Service Reviews and Sphere of Influence Updates satisfy State Law.

**Section #4.** Pursuant to Government Code Sections 56425 and 56430, this Commission makes the required determinations for the Municipal Service Reviews and District Spheres of Influence, adopts the Municipal Service Reviews prepared for each Waterworks District, and updates the Sphere of Influence for said Districts by reaffirming their current boundaries and approving the recommended sphere of influence change for Waterworks District No. 18 as shown on Exhibit "A".

**Section #5.** This Commission finds that all Waterworks Districts with only one well should consider a plan for an alternate water supply in case of an emergency.

**Section #6.** This Commission finds that Districts should post meeting times and dates at the location where the meetings are held.

**Section #7.** This Commission finds that Districts need to follow the Brown Act in respect to meetings and the business activity of the districts.

\* \* \* \* \*

**ADOPTED THIS 9<sup>th</sup> DAY OF FEBRUARY, 2011, BY THE FOLLOWING VOTE:**

- AYES: Commissioners Fortune, Silva, Lujan, Perea, Anderson**
- NOES: None**
- ABSENT: Commissioner Lopez**

STATE OF CALIFORNIA)  
COUNTY OF FRESNO )

**CERTIFICATION**

I, Jeff Witte, Executive Officer, Fresno Local Agency Formation Commission, hereby certify that the foregoing resolution was adopted by the Commission on the 9<sup>th</sup> day of February, 2011.

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**Jeff Witte, Executive Officer  
Fresno Local Agency Formation Commission**

# **WATERWORKS DISTRICT No. 18**

## **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

February 2011

# WATERWORKS DISTRICT NO. 18

Water, Wastewater, and Storm Drainage

## Contact Information

**Manager:** Dan Pearce  
**Address:** PO Box 92, 17836 N Friant Road "D"  
Friant, CA 93626  
**Phone:** (559) 822-3575

## Management Information

**Governing Body:** Board of Directors  
**Board Members:** Mark A. Sharer, President Life  
James L. Carlton, Vice President Life  
Bert A. Tipton Life  
Debra Hiner Life  
Billy Newman Life  
**Board Meetings:** Last Tuesday of Each Month at 6:00 pm  
**Staffing:** One General Manager, One Operations Manager, Three Water Operators,  
and One Bookkeeper.

## Service Information

**Empowered Services:** Water, Wastewater Treatment, and Storm Drainage  
**Services Provided:** Water  
**Area Served:** Community of Friant, Lakeview Estates (Mira Bella).  
**Population Served:** 800  
**Acres Served:** 425  
**Infrastructure:** Water treatment plant and water distribution facilities

## Fiscal Information

**Budget:** \$290,000  
**Sources of Funding:** Rates charged and property assessments.  
**Rate Structure:** Minimum \$31 per month for residential, \$45 per month for commercial and industrial. This is for 22,000 gallons.

## Administrative Policies

**Master Plan:** Yes                      **Policies/Procedures:** Yes                      **By-laws:** Yes  
**Boundary Updated:** 1984                      **SOI Updated:** 2007                      **Other:** No

# 1. MUNICIPAL SERVICE REVIEW

## Description of District

Waterworks District No. 18 (District), formed in 1954, is located in the north central portion of Fresno County at the base of Friant Dam and Millerton Lake. The District provides surface water treatment and water distribution. Service provided is within designated service boundaries. The District's sphere of influence and district boundaries are shown on the enclosed map.

## District Services and Background

Water services provided are within the District's powers as authorized in their enabling legislation, as codified in Water Code 55000 - 55991. District staff has expressed interest in activating several latent powers; specifically wastewater and storm drainage service, for which there is no current service provider within the District. To activate these latent powers, the District would apply to LAFCo for re-activation under the provisions of SB 135.

# 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 2010 US Census, Friant has a population of 850. Presently, the District has 414 customers receiving water service. The land uses in the District are primarily residential, with some commercial and industrial uses.

District staff is currently anticipating significant growth and population increases to the area due to a new proposed development, Friant Ranch. The proposed Friant Ranch is anticipated to add an additional 2,500 new homes to the area. The Friant Ranch development is anticipated to be annexed into the District. Significant growth will cause a significant increase in demand for public services the District is authorized to provide. The Friant Ranch development project has not yet been approved by the County. The development, if approved, is required to help finance additional infrastructure and facilities.

Additionally, the County of Fresno has expressed interest in consolidating or otherwise reorganizing a number of County Service Areas (CSAs) and Waterworks District No. 38 which are located within the vicinity of the District, with the District to remain the service provider for all of these areas.

The District does not have any formal projection for future population and growth. Land use decisions are provided by the County in the Friant Community Plan.

## **Present and planned capacity**

Due to the anticipated growth, the District has stated that it will need to expand the water treatment system, construct a wastewater treatment plant, lay in sewer trunk lines and laterals and install a pumping station and related facilities. The District currently has engineering designs for the proposed new facilities. The planned facilities are expected to accommodate the proposed new development. The proposed new development is dependent on these new facilities to be constructed. The proposed development, if approved, is required to help finance additional infrastructure and facilities.

Currently, residents within the District primarily use septic systems for wastewater. Once the wastewater treatment plant is complete, residents will hook-up to the wastewater treatment plant, abandoning existing septic systems.

The District will be applying for a wastewater treatment permit and a storm drainage permit to accommodate the proposed Friant Ranch development.

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

Waterworks District No. 18 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 FY 2010-11 operating budget states that major revenues are expected to come from residential water charges (\$100,000), commercial water charges (\$150,000), industrial water charges (\$25,000), and other revenues. The total budgeted income is \$294,700. Major expenditures are expected to go towards salaries (\$45,000), professional fees (\$43,500), PG&E (\$25,000), water treatment supplies (\$12,000), and other various expenses. The District anticipates water purchases to total \$10,000. The total budgeted expense is \$253,121. The budget is expected to be balanced, with a net income of \$41,579.

Rates for water service were last updated in 2007. Rates for water service are currently at \$31 per month for residential uses, and \$45 per month for commercial uses. Water usage over 22,000 gallons per month are billed an additional charge under a tiered system.

The District's primary source of financing is from utility fees charged to customers and property tax assessments. The District currently receives \$15 - \$30 per parcel through the taxation process. The remainder of operating funds comes directly through monthly billing of the residents of Friant for the water used. These funds have been sufficient to cover the costs of providing services to Friant, but not enough to cover any future development or upgrades.

Funding for the new facilities required by the proposed Friant Ranch development project will be provided entirely by the project developers. The District is currently pursuing additional funding from grants associated with Indian gaming impacts. The District does not have any outstanding debt. And no additional cost avoidance opportunities have been identified.

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

The District does not share facilities with any other agencies. No additional opportunities for shared facilities have been identified.

### **Governmental Structure and Operational Efficiencies**

California Water Code section 55000 – 55991 enables the formation of County Waterworks Districts to provide various services to the community. The District currently provides water services and anticipates providing wastewater and storm drainage services in the near future. This district is considered a dependent special district, which is governed by another legislative body, the county board of supervisors, who appoints the District's board members. Provisions in the California Water Code that existed prior to 1967 allowed the County Board of Supervisors to appoint registered voters and real property owners within the District to become the District's Board of Directors. Other than appointing the Board of Directors for indefinite terms, the County Board of Supervisors has no direct governance over the District.

The District, under its current legal form, is able to function efficiently and properly under its current government structure. The cost, time, and administrative complexity of changing the current government structure makes transitioning to an alternative government structure extremely difficult. The existing structure of the District, a county waterworks district, is sufficient to allow the District to continue service provision in the foreseeable future. Therefore, a reorganization of the current government structure is not likely to significantly improve services if the District does not expand its boundaries or seek to provide additional services. The current government structure is able to provide adequate service within district boundaries.

The Fresno County Department of Public Works and Planning, Resources Division, which manages Waterworks District No. 38 and a number of County Service Areas (CSAs), in the vicinity of Waterworks District No. 18, indicates that it would like to pursue discussions with the District regarding possible reorganizations or consolidation of service providers with the District. Specifically, the County is interested in exploring consolidation of CSA No. 34 (Millerton Newtown), CSA No. 34A (Brighton Crest), CSA No. 34B (Ventana Hills – inactive), CSA No. 34C (Granite Crest – inactive), CSA No. 44 (Friant Lighting), CSA No. 44A (Friant Mobile Home Park), and Waterworks District No. 38 (Millerton Lake Park Estates – Sky Harbor) with the District. The District would become the service provider for all areas currently occupied by the County managed Districts. With the exception of CSA No. 44 (Friant Lighting), these CSAs and the waterworks district provide water and/or wastewater services. A change in the type of

special district might be necessary if the District were to provide lighting services currently provided by CSA No. 44.

The District currently employs six employees. The District utilizes consultants for a district engineer and a district attorney. The District has indicated that current employees are adequate for the current services provided.

The budget is usually an indicator of management efficiency. According to information contained in the FY 2010-11 budget, the District's budget is balanced. The District does not have any outstanding debt and projected income exceeds projected expenses.

A body of five officials appointed by the County Board of Supervisors serves as the governing board of the District. Members are appointed for indefinite terms.

Meeting notices are posted outside the District's office, near the Friant Trading Post, and at the local Post Office. Regular meetings are held on the last Tuesday of each month at 6:00 pm in Suite B of the Depot Development office complex 17836 N. Friant Road. There appear to be ample opportunities for public involvement and input at regularly scheduled meetings. Meetings are noticed consistent with Brown Act requirements.

The District mails an annual survey to residents within the District to solicit comments about the services provided in the District.

### 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

The District encompasses approximately 425 acres. Its Sphere of Influence encompasses approximately 443 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 update the sphere to include the portions of the district that are currently outside of the sphere.

#### Sphere of Influence Recommendation and Determinations

It is recommended the Commission approve the following determinations and approve the changes in the Sphere of Influence.

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

The current land uses are primarily residential. Future land uses within the District are expected to remain primarily residential.

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

Water services are currently provided by Waterworks District No. 18. Development may occur outside District boundaries. A developer may request annexation into the District, but is required to pay for needed facilities to accommodate the new growth, including new wastewater and storm drainage facilities and water facility upgrades. Additionally, if the District were to consolidate with the County managed CSAs and waterworks district in the vicinity, the County or users within those CSA and waterworks district areas would be responsible for any necessary system upgrades or connections.

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

Water services currently provided by Waterworks District No. 18 are adequate to serve the existing community. Wastewater and storm drainage services are currently not provided by the District. A study would be necessary to determine what effect consolidation with the County managed CSAs and waterworks district might have on the capacity of the District's existing system.

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 social or economic communities within the boundaries of Waterworks District No. 18 include the community of Friant.

#### 4. ACKNOWLEDGEMENTS & REFERENCES

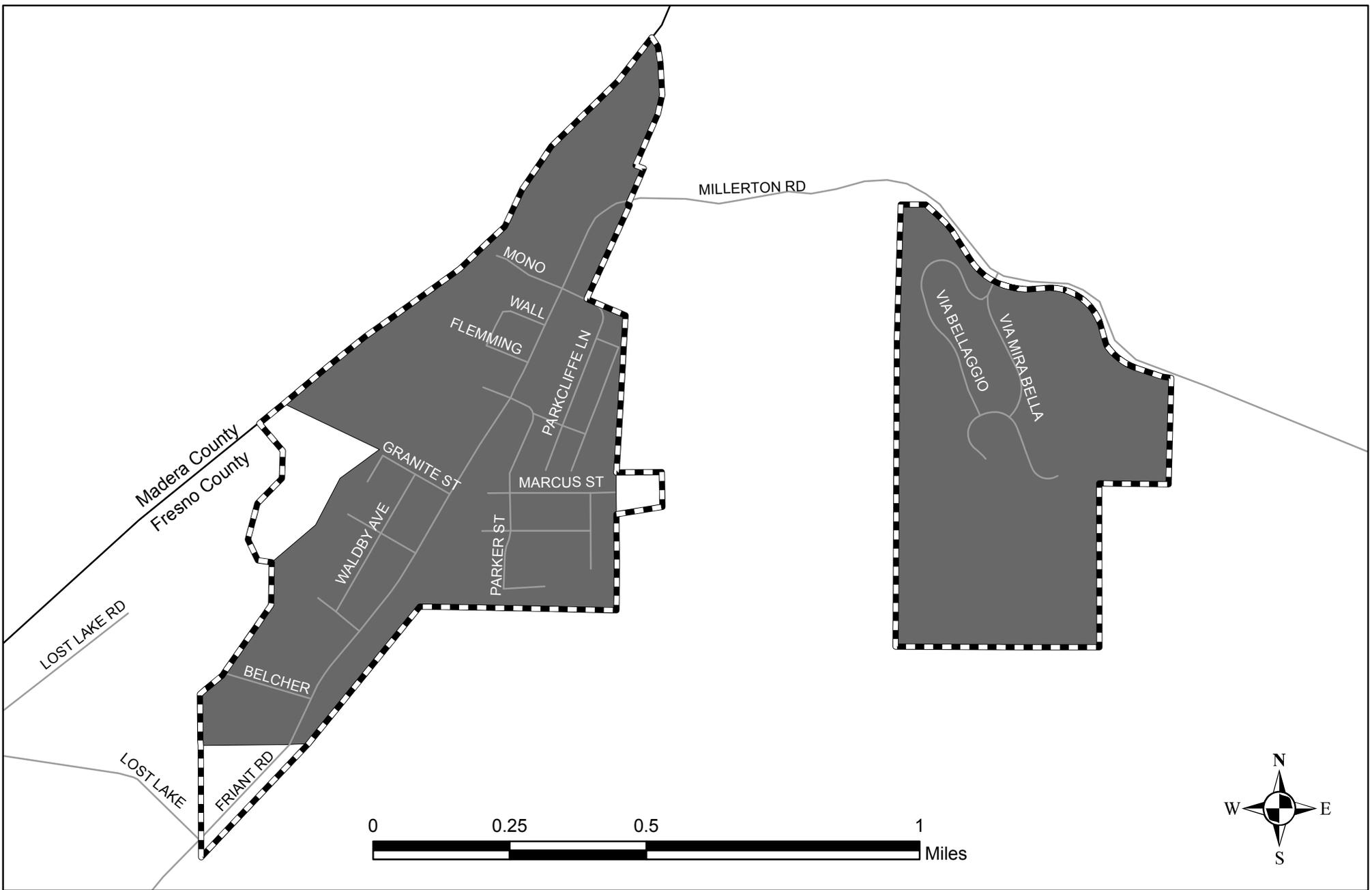
This draft Municipal Service Review was prepared by Fresno LAFCo staff. Responsibility for any errors or omissions rests with those who prepared the report.

Waterworks District No. 18 provided information on which the evaluation is based.

#### 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 recommended Sphere of Influence determinations and amend the current Sphere of Influence.



## Fresno Local Agency Formation Commission Waterworks District No. 18 - Friant

### Legend

- District SOI
- District Area

District Formed: 1954  
 SOI Adopted: 6/25/1975  
 SOI Updated: 2/09/2011

Map Date: March 2011  
 District Area: 444 Acres  
 Sphere Area: 475 Acres