

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

AGENDA ITEM No. 7

DATE: November 13, 2019

TO: Fresno Local Agency Formation Commission

FROM: David E. Fey, Executive Officer 

BY: George Uc, Senior LAFCo Analyst

SUBJECT: Consider Adoption: Municipal Service Review and Sphere of Influence Update for County Service Area No. 7 & 7D (San Joaquin Suburban Estates / Clinton & Marty Avenues)

Recommendation: Adopt the Municipal Service Review update prepared for County Service Area No. 7 and 7D and update the sphere of influence by taking the following actions:

Action 1:

- A. Acting as Lead Agency pursuant to California Environmental Quality Act ("CEQA") Guidelines find that the MSR prepared for County Service Area No. 7 and No. 7D is Categorically Exempt from the provisions of CEQA under section 15306, "Information Collection."

Action 2:

- B. Find that the written determinations and recommendation within the Municipal Service Review, sphere of influence update for County Service Area No. 7 and 7D satisfy state law.
- C. Pursuant to Government Code sections 56425 and 56430 make the required determinations and recommendations for the Municipal Service Review and District sphere of influence update, adopt the Municipal Service Review prepared for the District, and update the sphere of influence by reaffirming its boundaries.
- D. Make the following recommendations:
 - a. Encourage Special Districts Administration to develop a "financial reserve plan" that supports the collection and use of reserve funds.

Executive Summary

County Service Area No. 7 (San Joaquin Suburban Estates and Rosewood Homes) was originally formed in 1963, while County Service Area No. 7D (Clinton & Marty Avenues, Tract No. 4503) was formed in 1994. Both County Service Area No. 7 and No. 7D ("District" or "CSA

7" or "CSA 7D") were organized to provide public street lighting. The District consists of three noncontiguous zones of benefit that are administered independently and are funded exclusively by landowners within the respective zones of benefit.

The attached Municipal Service Review ("MSR") prepared for the District recommends the affirmation of the existing District SOIs. Further background, analysis, determinations, and recommendations are presented in the draft MSR (Attachment B).

County Service Area Law

The County Service Area Law¹ was created in the 1950s to provide for expanded levels of service within unincorporated areas where residents are willing to pay an additional tax assessment for the extra service. Majority of the County Service Areas ("CSAs") in Fresno County provide one or two types of services while all other types of services enumerated in the District's principal act are considered to be "latent," meaning that they are not being exercised by the District. Activation of these latent powers to provide a new service requires LAFCo authorization.

Municipal Service Reviews and Public Review Availability

In order to update the SOI for a local agency pursuant to Government Code ("GC") section 56425(g), LAFCo has prepared this service review consistent with GC section 56430. An MSR is a comprehensive study prepared by LAFCo to inform local agencies and the community about municipal services provided by local agencies.

LAFCo Policy 107-03 requires that a draft MSR be posted on the Commission's website with a minimum 21-day public review period. The draft MSR update was circulated and made available for review from October 23, 2019, through November 12, 2019. No official written comments were received as of the publishing date of this staff report.

MSR Summary - CSA No. 7 and 7D

The District is a dependent special district that is regulated by CSA Law (GC sec. 25210 et seq.) Fresno County Special District Administration manages all financial transactions for CSA 7 and 7D. The District, CSA 7 and 7D, are authorized to provide public street lighting. While CSA 7D is also authorized to provide landscape and road maintenance services for residents within this zone of benefit. The Fresno Board of Supervisors sits as the District's governing body. The District's infrastructure consists of 56 leased public street lights that are powered and maintained through a contract with Pacific Gas & Electric ("PG&E").

The following summarized each of the District's zones of benefit.

- CSA 7 was formed in 1963 to provide public street lighting services. CSA 7 consists of two noncontiguous subdivisions located within unincorporated islands in the City of

¹ Government Code section 25210.1 et seq.

Fresno SOI. The sphere of influence ("SOI") for each zone of benefit is coterminous with its service area, respectively.

- The first zone of benefit of CSA 7 encompasses 56 acres, consisting of 113 unincorporated residential parcels, located in Northwest Fresno near the San Joaquin River Bluff at the Valentine Avenue and Laguna Vista Avenue intersection. This zone of benefit is authorized to provide public street lighting along the north side of Alluvial Avenue, and within the full rights-of-way along Buena Vista Avenue, Charles Avenue, and Laguna Vista Avenue. There are approximately 38 public streetlights within this portion of CSA 7.
- The second zone of benefit of CSA 7 encompasses 13 acres, consisting of 41 unincorporated residential parcels located south of Magill Avenue, east of Palm Avenue, north of Palo Alto Avenue, and west of Colonial Avenue. This zone of benefit is authorized to provide public street lighting along the south side of Magill Avenue, Ferger Avenue, Fremont Avenue, and Roosevelt Avenue. There are 11 public streetlights within this zone of benefit of CSA 7.
- CSA 7D was formed in 1994 to provide maintenance of the roadways, street lighting, and to provide landscape maintenance services. CSA 7D's service area and SOI are coterminous and encompasses 6.48 acres. CSA 7D consists of 26 unincorporated residential parcels located south and east of Clinton Avenue and Marty Avenue intersection. There are eight public streetlights located within the CSA 7D.

All three service areas are within the unincorporated urbanized area of the Fresno SOI, and County of Fresno has land use authority for these territories. The County General Plan Land Use Element designates land within CSA 7 and 7D for single family residential uses at densities comparable to the City of Fresno's General Plan land use designations. CSA 7 lies within Fresno County's Bullard Community Plan and CSA 7D lies within Fresno County's Fresno High-Roeding Community Plan. Using the Commission's 20-25-year planning horizon for SOIs, no additional growth is anticipated for any of the three zones of benefit. LAFCo does not expect any District boundary growth to occur as it relates to expansion of service area, additional population, or activation of a latent power.

The District's primary source of financing are annual property tax assessments on parcels located within the three zones of benefit.

Parcels within CSA 7 are assessed a fee of \$90.48 per year. CSA 7's annual budget amounts to approximately \$13,933 to fund CSA 7's public lighting services. During the preparation of the MSR, CSA 7 showed an estimated \$196,851 in its reserve account held in its Fresno County Treasury account.

Likewise, parcels within CSA 7D's are assessed a special assessment of \$276.30 per year to fund public street lighting, and limited landscape and road maintenance services along the south side of Clinton Avenue between Selland Avenue and Marty Avenue. For FY 2018-2019, CSA 7D's budget amounted to \$7,484. During the preparation of the MSR, CSA 7D showed an estimated \$25,687 in its reserves account held in its Fresno County Treasury account.

MSR Discussion

The MSR notes that CSA 7 showed a reserve balance of approximately \$196,851, while CSA 7D showed a reserve balance of \$25,687 during FY 2018-19. CSA 7's financial reserves are the equivalent of 14 times the annual average operating budget, and 7D's financial reserve amounts to three times its average annual operational budget.

The Special Districts Administration informed LAFCo that even though there are no policies specific to managing reserves for CSAs that provide public street lighting services the County has applied a similar reserve structure that is used for road maintenance CSAs. Special Districts Administration informed LAFCo that enough reserves have been secured to begin the initial work to fund the replacement and upgrading of light poles located within the zones of benefit of the District.

The MSR encourages Special Districts Administration to develop a "financial reserve plan" that supports the collection and use of the District's reserve funds. Special District Administration expects to identify project logistics and potential costs to replace existing infrastructure prior to allocating funds for the project through the annual budget process.

Summary / Background

CKH requires LAFCo to review and update, as necessary, special districts' SOIs every five years. Prior to, or in conjunction with an agency's SOI update, LAFCo is required to conduct an MSR for each agency. State law requires that the Commission adopt written MSR determinations for each of the following seven criteria:

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. 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.

The attached MSR presents these determinations with District information and the analysis used in support of the determinations and recommendations.

Environmental Determination

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." MSRs collect data for the purpose of evaluating municipal services provided by the agencies. There are no physical changes to the environment created by these studies. There is no possibility that the MSR and SOI update may have a significant effect on the environment because there are no proposed land use changes or other changes to the environment.

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