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

CONSENT AGENDA ITEM No. 8-G

DATE: December 5, 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 County Service Area No. 49

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 Sphere of Influence (SOI) Updates for numerous cities and special districts. The attached MSR has been prepared for County Service Area No. 49.

Municipal Service Reviews provide a comprehensive review of the services provided by, or to be provided by, a city or district and present recommendations with regard to the condition and adequacy of these services.

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

There are 23 county service areas operating within Fresno County. This report covers County Service Area (CSA) No. 49. CSA Nos. 1, 5, 23, 30, 32, 34, 35, 38, 43, 44, and 50 also appear on today's agenda.

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."

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

County Service Area (CSA) No. 49 (Community of O'Neill) encompasses approximately 81 acres in five non-contiguous areas adjacent to the Fresno-Coalinga Road (SR 145), approximately three miles southwest of the community of Five Points.

The District when it was created in 2001 was authorized to provide water, sewer, and recreation services— although it is only actively pursuing providing water service at this time. There are nine parcels within the District. Eight of these parcels are developed with 42 residences and the ninth is developed with the Westside Elementary School. The residences were originally developed as farm worker housing.

District infrastructure includes the water treatment facility and distribution system. Water is purchased from the Westlands Water District. No significant growth is anticipated in the District as its area is built out. Existing infrastructure appears to be adequate to serve the District's needs.

The District is governed by the County Board of Supervisors and is administered by the Special Districts Administrator Office of the Fresno County Public Works and Planning Department. The Special Districts Office monitors, maintains and repairs District infrastructure. The Office also provides administrative services to a total of 23 CSAs and six Waterworks Districts within Fresno County. The District does not have a Citizens Advisory Council at this time.

The District's FY 2006-07 Budget projected revenues of \$27,785, including property taxes (\$600) and carryover funds (\$27,185). Projected expenses of \$27,785 include water service (\$21,600), general reserves (\$4,025), and contingencies (\$2,160). The County reports that because the water system has not yet been upgraded, nor accepted by the Board of Supervisors, service fees have not yet been established through the Proposition 218 process.

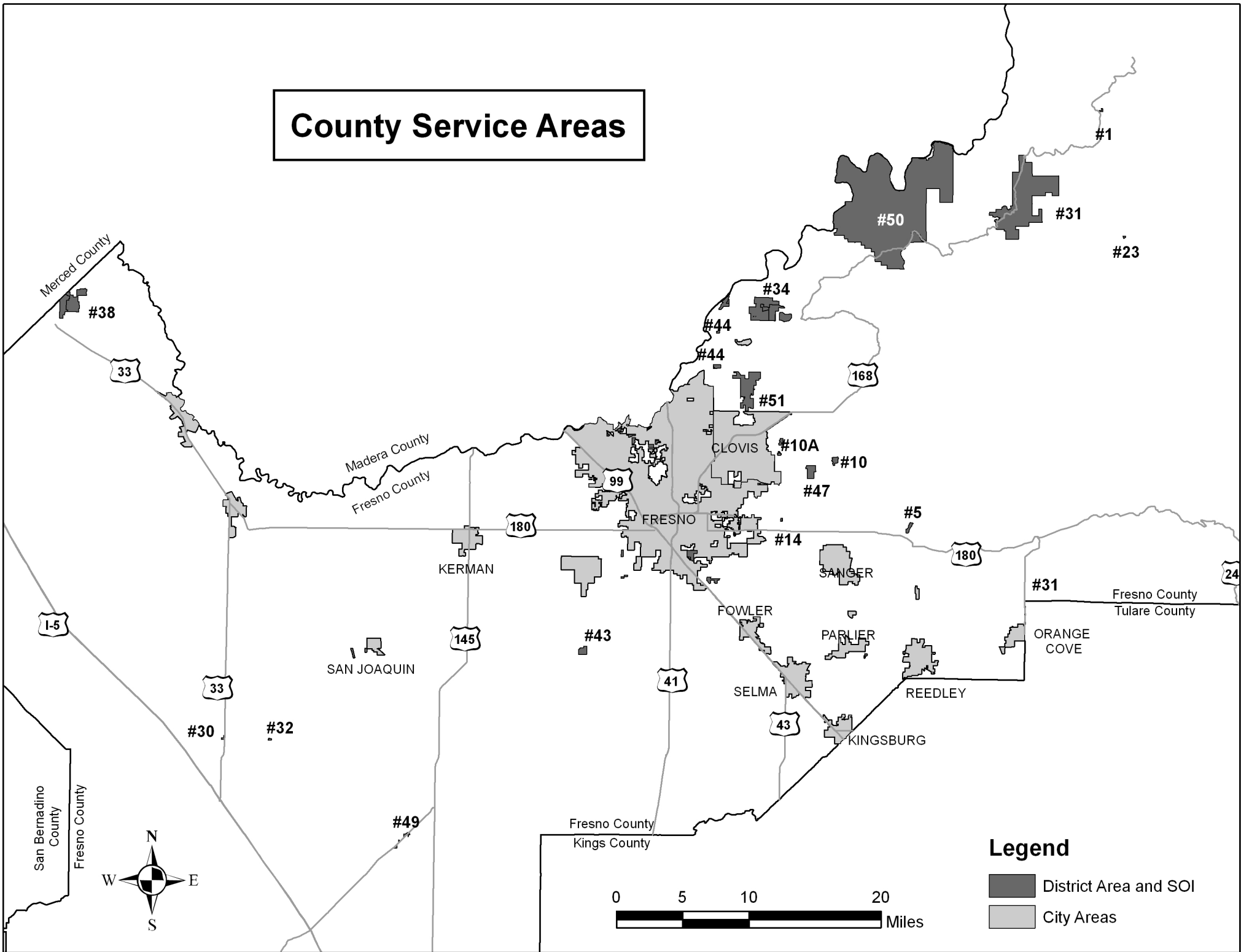
In conducting research for the MSR prepared for CSA No. 49, staff learned that following formation of the District in 2001, follow-up action was never taken to establish a Sphere of Influence for CSA No. 49, as required by State law. It appears that following formation of the District, a recommendation was never brought back to the Commission to adopt the requisite SOI.

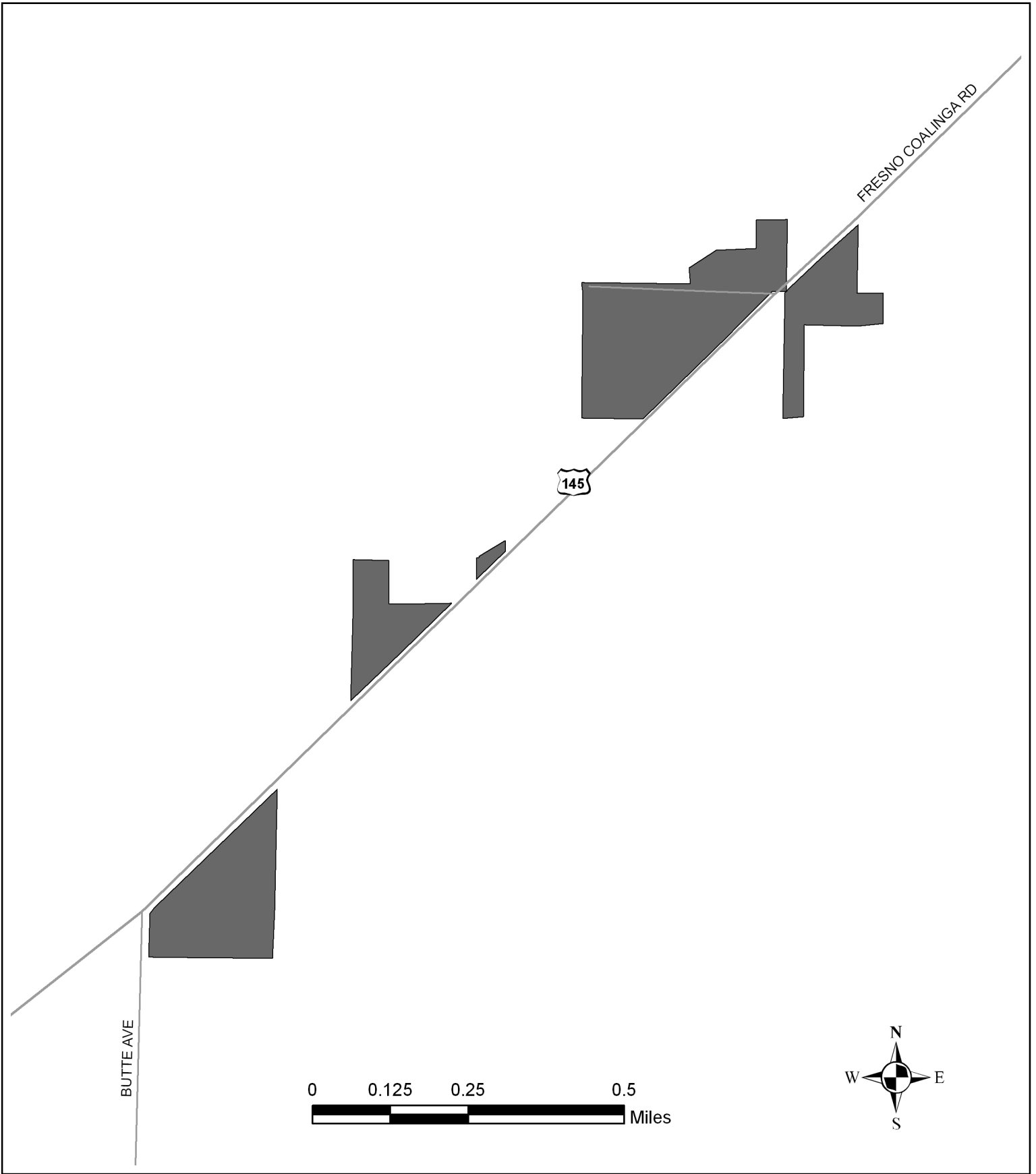
Staff did not realize that a SOI had not been established for the District until after required notices for this hearing had already been mailed and published. As a result, the notice did not indicate a SOI would be established for the District and, therefore, the Commission can not establish a Sphere for the District at this hearing. Staff recommends the Commission adopt the MSR prepared for the District and direct staff to return to the Commission at a later hearing with a recommendation that the Commission establish a Sphere of Influence for the District.

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 determinations under consideration are Categorical 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).
- B. Find the Municipal Service Review prepared for County Service Area No. 49 (Community of O'Neill) is complete and satisfactory.
- C. Pursuant to Government Code Sections 56430 adopt the determinations as presented in the Municipal Service Review document.
- D. Pursuant to Government Code Sections 56430 make the required determinations for the Municipal Service Review and adopt the Municipal Service Review prepared for County Service Area No. 49 (Community of O'Neill) by Braitman and Associates.
- E. Direct staff to set for public hearing an item to consider and establish a Sphere of Influence for the District as required by State law.

County Service Areas





**Fresno Local Agency Formation Commission
County Service Area No. 49 (O'Neil Farms)**

Provides Recreation, Sewer, and Water Services

Legend

 District Area

District Formed: 2001

SOI Adopted:

Map Date: October 2007

District Area: 81 Acres

Sphere Area:

RESOLUTION NO. MSR-07-54G

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

In the Matter of

LAFCo Determination

**RESOLUTION MAKING DETERMINATIONS)
AND ADOPTING MUNICIPAL SERVICE)
REVIEW FOR COUNTY SERVICE AREA NO.)
49)**

**MAKE DETERMINATIONS AND ADOPT
MUNICIPAL SERVICE REVIEW FOR
COUNTY SERVICE AREA NO. 49**

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 a Municipal Service Review (MSR) and Sphere of Influence Update for County Service Area No. 49; 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 Review Report*, 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 Review determinations under consideration are Categorical 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).

Section #2. This Commission finds the Municipal Service Review prepared for County Service Area No. 49 (Community of O'Neill) is complete and satisfactory.

Section #3. Pursuant to Government Code Section 56430, this Commission adopts the determinations as presented in the Municipal Service Review document.

Section #4. Pursuant to Government Code Sections 56430, this Commission makes the required determinations for the Municipal Service Review and adopts the Municipal Service Review prepared for County Service Area No. 49 (Community of O'Neill) by Braitman and Associates.

Section #5. Direct staff to set for public hearing an item to consider and establish a Sphere of Influence for the District as required by State law.

Section #6. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution as provided in Government Code Section 56882 and to file, as appropriate, in the Office of the Fresno County Clerk all environmental documents, if any, pertaining to the approval of this Proposal, as required by State law.

* * * * *

ADOPTED THIS 5th DAY OF DECEMBER, 2007, BY THE FOLLOWING VOTE:

AYES: Commissioners Rodriguez, Fortune, Anderson, Larson, Lopez

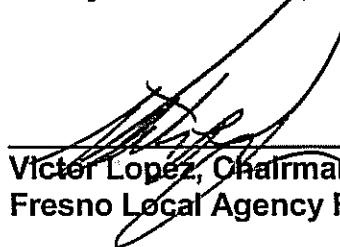
NOES: None

ABSENT: None

**STATE OF CALIFORNIA)
COUNTY OF FRESNO)**

CERTIFICATION

I, Victor Lopez, Chairman of the Fresno Local Agency Formation Commission (LAFCo), Fresno County, State of California, hereby certify that the foregoing resolution was adopted by the Commission on the 5th day of December, 2007.



**Victor Lopez, Chairman
Fresno Local Agency Formation Commission**

COUNTY SERVICE AREA No. 49

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

Report to the
Fresno Local Agency Formation Commission

Prepared By:

Braitman & Associates
8277 Cheshire St.
Ventura, CA 93004

December 2007

1. MUNICIPAL SERVICE REVIEW

Description of District

County Service Area No. 49 (Community of O’Neill) was formed in 2001 to provide water service for the community of O’Neill. It includes about 81 acres in five non-contiguous areas adjacent to the Fresno-Coalinga Road (SR 145), approximately three miles southwest of the community of Five Points.

The Board of Supervisors governs the District. The Special District Administrator within the County Public Works and Planning Department manages the District.

District Services

The District is intended to provide water service for the community of O’Neill. There are nine parcels in the District. Eight are developed with 42 residences and the other is developed with the Westside Elementary School.

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 distributes water obtained from the Westlands Water District to customers within the District. Funds for the installation of the water system were obtained by a loan from the State Revolving Fund.

Growth and Population Projections

The area within the District is subdivided and builtout.

Financing Constraints and Opportunities

The projected revenue for Fiscal-Year 2006-07 of \$27,785 includes property taxes (\$600) and carryover funds (\$27,185). The County reports that “Since the system has not been upgraded yet, nor accepted by the Board of Supervisors, no service fees have been established through a Proposition 218 procedure to finance Operations and Maintenance Services, therefore the budget is not for Operations and Maintenance.”

Projected expenses of \$27,785 include water service (\$21,600), general reserves (\$4,025) and contingencies (\$2,160).

It appears these financing sources will avoid unmet financial obligations for continued provision of District services.

Cost-Avoidance Opportunities

There are no apparent cost avoidance opportunities.

Opportunities for Rate Restructuring

Once service rates have been established, there will be annual opportunities to restructure service charges to fund District operations based on the costs of providing water.

Opportunities for Shared Facilities

There do not appear to be opportunities to share facilities with other agencies.

Government Structure Options

There are no readily apparent government structure options.

Management Efficiencies

The County Public Works and Planning staff administers all CSAs. They exhibit the characteristics of agencies operating efficiently utilizing a common staff.

Local Accountability and Governance

The Board of Supervisors governs the District. It meets on Tuesdays and Board agendas are posted on the County website. The District does not have a Citizen Advisory Council at this time.

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 does not have an established Sphere of Influence. Following formation of the District in 2001, an item recommending that a Sphere of Influence be established was not brought to the Commission for its review.

It appears that the District is able to adequately serve territories within its existing boundaries. Staff will return to the Commission at a later hearing with a request to establish the District’s Sphere of Influence coterminous with the District’s boundaries.

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.

Fresno County Special Districts Administration provided information on which the evaluation is based. Special Districts Administrator Raymond Ramirez and Patrick Hinds of his staff were instrumental in providing data.

Available Documentation

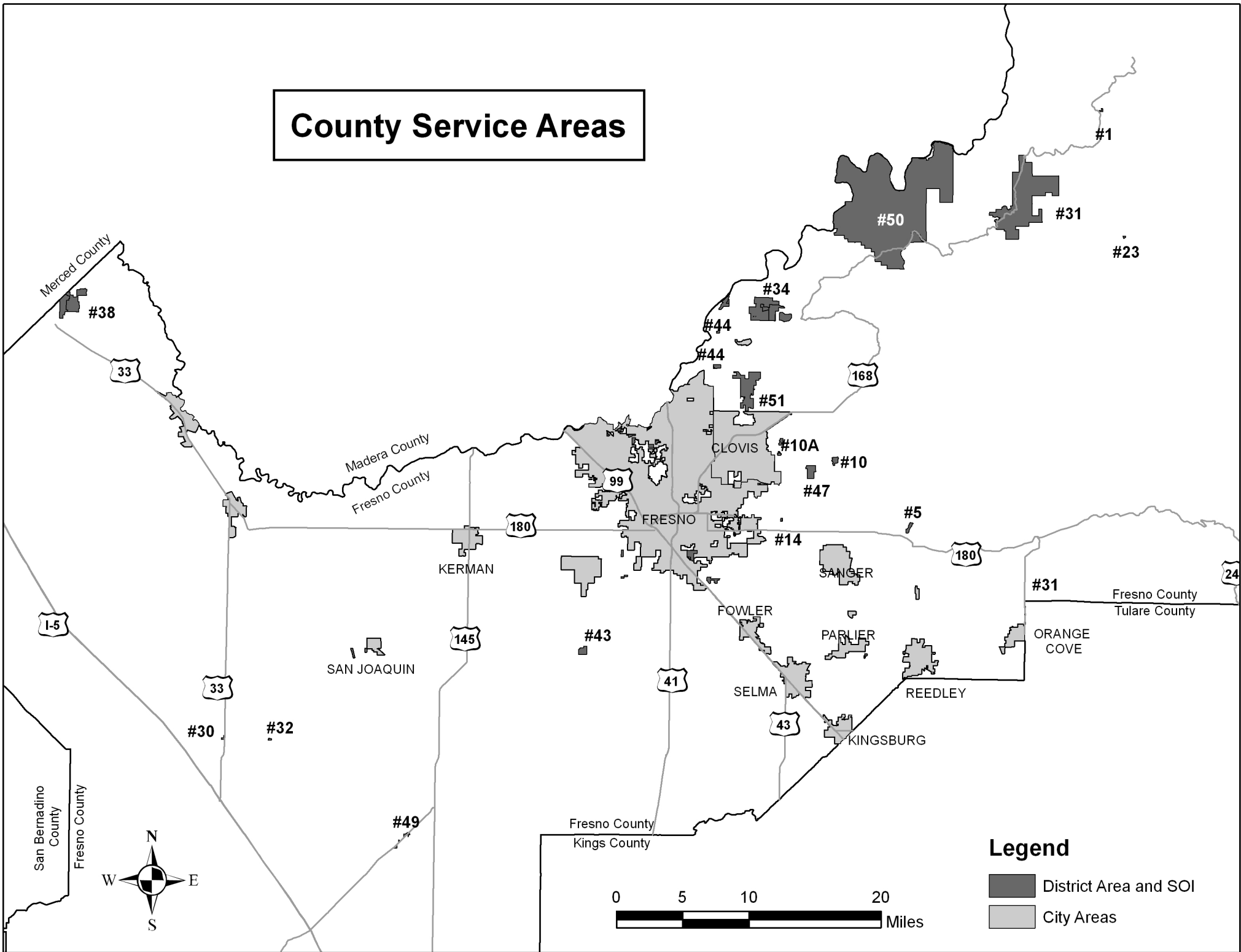
The “Request for Information for Municipal Service Reviews” submitted by the District and supporting documents referred to therein are available in the LAFCO office.

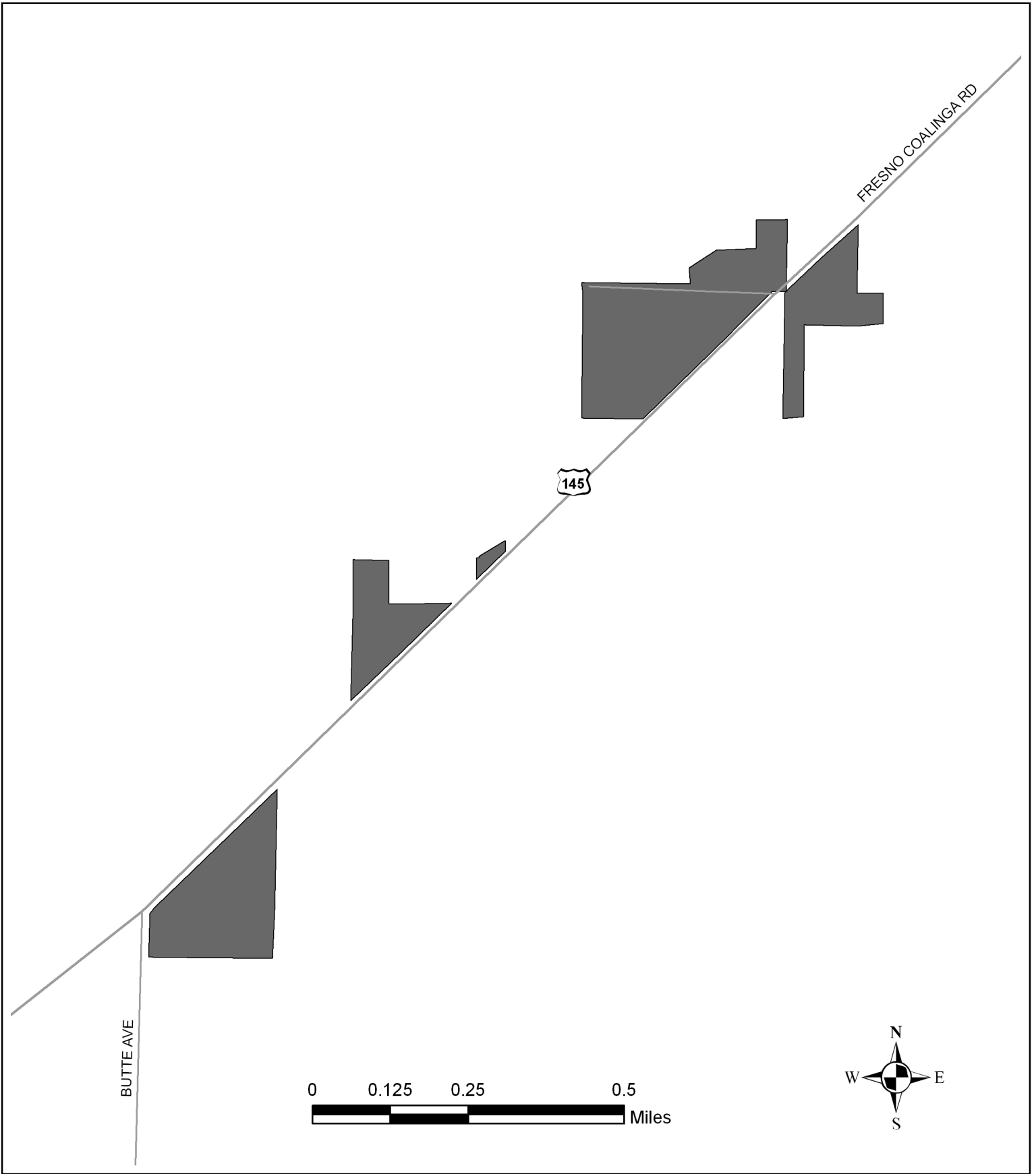
5. RECOMMENDATIONS

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. Direct Staff to return to the Commission at a subsequent hearing with a recommendation for establishing of a Sphere of Influence.

County Service Areas





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