DATE: July 11, 2007

TO: Fresno Local Agency Formation Commission

FROM: Rick Ballantyne, Executive Officer
Darrel Schmidt, Deputy Executive Officer

SUBJECT: Consider Adoption – Municipal Service Reviews and Sphere of Influence Updates Prepared for the Following Districts:

1. Big Creek Community Service District
2. Biola Community Service District
3. Del Rey Community Service District
4. Easton Community Service District
5. Laton Community Service District

Summary / Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update, as necessary, Special Districts’ Spheres of Influence (SOI) 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 Pacific Municipal Consultants (PMC) to prepare MSRs and SOI Updates for numerous special districts. The attached MSRs have been prepared for five of the eight Community Service Districts operating within Fresno County.

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 any modifications to a city or district’s SOI is 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.

SOI updates may involve an affirmation of the existing SOI boundary or recommend modifications to the SOI boundary. 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. Such updates are required by State law to be conducted every five years. MSRs are required to be prepared prior to, or in conjunction with SOI updates.

State law requires that the Commission in its consideration of the MSRs adopt written 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

There are nine Community Service Districts (CSDs) operating within Fresno County. These include: Big Creek; Biola; Bluffs; Caruthers; Del Rey; Easton; Lanare; Laton; and Sierra Cedars Community Service Districts.

This report addresses the Big Creek, Biola, Del Rey, Easton, and Laton CSDs. The Bluffs CSD is presented as a separate public hearing item. MSRs prepared for the Caruthers, Lanare, and Sierra Cedars CSDs will be presented at a later hearing.

California Government Code Sections 61000 thru 61934 enables the formation of Community Service Districts in order to provide a wide range of services including:

- Water
- Collection, treatment, or disposal of sewage, wastewater, and storm water
- Collection, transfer, and disposal of solid waste
- Fire protection services
- Park and recreation facilities
- Street lighting and landscaping
- Road construction, improvements, and maintenance
- Transportation services
- Graffiti abatement
- Weed and rubbish abatment
- Snow removal
- Electricity

None of the community service districts in Fresno County provide the full range of services available under State law, but a number of the districts do provide multiple services.

**Environmental Determination**

Staff has determined that consideration and adoption of the Community Service District Municipal Service Reviews and Sphere of Influence determinations are actions considered to be “Categorically Exempt” as per Section 15306 (Information Collection) of the California Environmental Quality Act Guidelines (CEQA).
Proposed changes to the Spheres of Influence (SOI) of the Easton and Laton Community Service Districts that will enlarge the Districts’ current Spheres to include areas currently within District boundaries, but outside their SOIs, have been determined to be “Categorically Exempt” as per Section 15320 (Changes in Organization of Local Agencies) of CEQA.

Any additional changes to a District’s Sphere of Influence resulting from recommendations adopted by the Commission will require additional review under CEQA.

**Discussion & Summary of Determinations**

1. **Big Creek Community Service District**
   
   A. Maintain the District’s existing Sphere of Influence boundary.

   The Big Creek Community Service District serves 63 parcels encompassing approximately 29 acres, located in the vicinity of Huntington Lake. The District’s boundary and SOI are coterminous.

   The District provides street lighting, road maintenance, snow removal, and municipal water services. The District is administered by a three member Board of Directors appointed by the Board of Supervisors and employs three part-time personnel including a district manager/secretary, water master, and snowplow driver.

   The District owns a snow plow and storage garage. The District indicates that the current snow removal equipment is in excellent condition and that it is sufficient to meet the District’s needs. The District does not plan to expand its boundary or to provide additional infrastructure.

   The District’s FY 2006-07 Budget projected $41,635 in annual expenses and $52,000 in annual revenues. Revenues are generated from annual assessments and fees for metered water. The District maintains a substantial cash balance in its Water Fund and General Fund accounts. The District does not have any debt. All residents in the District receive the same level of service. Existing rates were set in 2003 and provide sufficient revenue to cover costs of service.

   No significant cost avoidance opportunities were identified in this review. It is noted though that the District utilizes the cafeteria of the Big Creek Elementary School for its bi-monthly meetings. There is no charge for the use of this facility.

   The District did not indicate that any changes to its Sphere of Influence were necessary or desired.

2. **Biola Community Service District**

   A. Maintain the District’s existing Sphere of Influence boundary.

   The Biola Community Service District serves the unincorporated community of Biola located west of the City of Fresno and north of the City of Kerman. The District’s boundary and Sphere of Influence are nearly coterminous. The District’s mission statement is: *A commitment to the ever growing needs of the community by providing high quality services, open lines of communication, promoting community participation, and using resources to build high quality standards for the people.*
Services provided by the District include street lights, water, sewer, storm drainage, and solid waste collection. District infrastructure includes two water wells and water treatment equipment, a seven-acre wastewater treatment plant, related generators and aeration ponds with pumps, and a community center which houses the District’s office and is available for weekend rental.

The District recently increased its water delivery capacity and anticipates expansion of its wastewater treatment plant in the near future to accommodate increased demand from a 100-unit low-income housing development currently under construction. The development includes single-family residences and apartments and is expected to be completed by January, 2008. The new development is responsible for paying its “fair share” of the cost to increase the District’s water supply and wastewater treatment capacity.

The District serves a population of up to 1,600 during the harvest season (August through September). At other times the District serves a population of approximately 1,100. The District has 258 water and sewer connections including residential, commercial, and industrial customers.

The District is administered by a five-member Board of Directors, which is appointed by the Board of Supervisors. The District employs a general manager, office assistant, and a part-time field worker. The District contracts with California Water Services for maintenance of the water and wastewater systems. The District also contracts with Sunset Waste Systems for solid waste collection and disposal services.

The District’s total operating revenue for FY 2005-06 was $370,296 with revenues derived from fees for waste disposal, water and wastewater service, use of the community center, and a limited amount of money from property taxes. Expenditures were $376,821, for a total loss of $6,525 for the year. As of June 2006, District debt totaled $268,788. This debt was incurred to finance water well construction and is being paid down through monthly service fees charged to customers. Rates were last updated in August, 2006.

The District states that there are no opportunities for shared facilities with other agencies. Competitive bidding was used to select the solid waste disposal provider. Competitive bidding was not used to select the contracted water and wastewater maintenance provider as no other local entities could provide the service. Street lighting is provided through a contract with PG&E and is funded through property assessment.

The District does not expect significant growth in the near future as the area encompassed by the District will be nearly fully built out once the low-income housing development currently under construction is completed.

The District did not indicate any desire or need to expand its Sphere of Influence.

3. **Del Rey Community Service District**

   A. Maintain the District’s existing Sphere of Influence boundary.

The Del Rey Community Service District serves the unincorporated community of Del Rey located south of the City of Sanger. The District’s boundary and Sphere of Influence are nearly coterminous.
The District provides street lighting, water, sewer, solid waste, storm drainage, and park maintenance services. The District serves a population of approximately 1,200 residents as well as commercial and industrial development. District infrastructure includes a community/senior center, wastewater treatment plant, an equipment building, three pump houses, and related water and wastewater infrastructure. District staff state that the water and wastewater infrastructure are in excellent condition. The District’s office is located in the community center.

An industrial wastewater treatment plant is currently under construction adjacent to the existing domestic wastewater treatment plant. The new plant is being funded by grants and developer fees.

The District is administered by a five-member elected Board of Directors. The District employs a district manager, plant supervisor, office manager, board secretary, two maintenance personnel, and two administrative assistants. Board meetings are held once a month.

The District anticipates potential future growth in the form of 470 homes proposed for development adjacent to the west of the District’s boundary and Sphere of Influence boundary. The District is interested in amending its Sphere of Influence to include this area and to annex the area so that it can provide service to the proposed development.

Prior to development of this area, the Del Rey Community Plan portion of Fresno County’s General Plan must be amended. If the proposed development comes to fruition and is to be provided services by the District, an additional well and upgrades to the wastewater treatment plant will be necessary. New and upgraded infrastructure will be required to be financed by the developer. The District believes it can provide adequate services to the proposed development without impacting its current users.

District operational revenues for FY 2004-05 totaled $529,688. Revenues came primarily from sewer and water service fees. Operating expenses for FY 2004-05 totaled $765,683, for a net operational loss of $235,995. Accounting for “Other Income” and interest income, total net operational losses were $41,947. Water fees were last updated in 1999. Wastewater fees, which had not generated sufficient revenue to cover costs for a number of years, were approved for an increase in January, 2007, totaling 60% over the next three years. The District has long-term debt in the form of a sewer bond that is being paid down through sewer rate fees.

As indicated, the District anticipates growth in the near future from development proposed adjacent to the western edge of the District’s boundary and Sphere of Influence. The District has not proposed an amendment to its Sphere at this time.

4. **Easton Community Service District**

A. Maintain the District’s existing Sphere of Influence boundary.

The Easton Community Service District serves the unincorporated community of Easton, located approximately four miles south of the City of Fresno and along State Route 41. Services provided by the District include street lighting and storm drainage. The population served is estimated to be 1,966. The District’s boundary and Sphere of Influence are not coterminous. The District’s SOI extends beyond its boundary in three areas. Additionally, the District’s boundary at its northwestern, northeastern, and southern edges extend beyond the District’s SOI.
The District is administered by a five-member elected Board of Directors. Meetings are held monthly. Meeting notices are posted at the Easton Library and two other locations located within the District.

Street lighting services are provided through a contract with PG&E to install and maintain light poles and street lights within the District's boundary. The District does not own any of the lighting infrastructure. Storm drainage services are provided to that portion of the community known as Easton Village, which is located east of State Route 41. The District maintains a storm drainage basin.

The District does not own any buildings. District meetings are held at the Immanuel Lutheran Church.

The District’s FY 2006-07 budget projects revenues of $31,505 and expenses of $23,710. Revenues are derived from property taxes, special assessments, and interest income. Expenses include lighting costs, insurance, accounting fees, operating expenses, and legal fees. A special assessment for the drainage basin is levied only on those properties served by the drainage system. Revenues are currently sufficient to provide adequate services.

The District utilizes its contract with PG&E to avoid costs that would be incurred if it owned and maintained this infrastructure on its own. The District has contracted a part-time staff person to perform general management and community fundraising functions. The District has no employees. There are no opportunities for shared facilities as the District does not own any facilities. The District participates in pooled risk insurance. No additional cost avoidance opportunities were identified in this review.

As indicated above and as shown on the attached map, the District's boundary extends beyond its SOI boundary at its northwestern, northeastern, and southern edges. Though the District did not express a desire or need to amend its Sphere of Influence at this time, staff believes it would be appropriate to extend the District SOI to include all of those areas currently within the District’s boundary. Staff believes it would be appropriate to waive LAFCo fees normally associated with this proposed change.

5. **Laton Community Service District**

The Laton Community Service District serves the unincorporated community of Laton. Laton is located in the south-central portion of Fresno County adjacent to the Kings County boundary between State Routes 41 and 43. Services provided by the District include street lights, water, sewer, solid waste, and fire protection. The District has 461 water and sewer connections and serves a population of approximately 1,236 people. The District’s boundary and Sphere of Influence are not coterminous. Its SOI extends beyond its boundary to the east. Additionally, the District’s boundary extends beyond its SOI to the southwest.

The District is administered by a five member appointed Board of Directors and employs two full-time operations/maintenance staff, one part-time and one full-time clerical staff.

District infrastructure includes groundwater wells and associated mains; wastewater collection and treatment system including sewer mains, pumps, and a treatment plant; the District office; a firehouse; fire engines; and equipment.
Growth in the District is estimated to have been approximately 1% annually for the last 10 years and is anticipated to remain at approximately the same level for the near future. The last major growth in the District occurred in 1986 with development of 96 homes. Any future growth is anticipated to occur to the west of the District, as the District is bounded on the north and east by Murphy Slough and to the south and east by the Kings River.

District revenues are derived from utility fees, property taxes, and connection fees. The District provided audited financial statements from FY 2004-05 which identified total revenues of $350,714 and expenses of $550,974 (including $123,530 depreciation costs). Rates for services were last updated in 2004. District water use is metered. Water rates are based on an upward sliding scale. The District has outstanding debt resulting from a 1980 bond for water system improvements. As of June 30, 2005, this debt totaled $40,500.

Cost avoidance measures include utilizing volunteer firefighters and maintaining mutual aid agreements with Kings County and Fresno County Fire Protection Districts. The District also participates in the Joint Powers Insurance Authority (a pooled risk insurance managed by the Association of California Water Agencies) for general liability insurance. There are no known opportunities for shared facilities. No additional cost avoidance opportunities were identified in this review.

From information provided, it appears that the District is operating efficiently.

As indicated above and as shown on the attached map, the District’s boundary extends beyond its SOI at its southwestern edge. Though the District did not express any desire or need to amend its Sphere of Influence at this time, staff believes it would be appropriate to extend the District’s SOI to include all of those areas currently within the District’s boundary. Staff believes it would be appropriate to waive LAFCo fees normally associated with this proposed change.

**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”.

B. Find the Municipal Service Reviews and Sphere of Influence Updates prepared for the Big Creek, Biola, Del Rey, Easton, and Laton, 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 adopt the determinations as presented in the Municipal Service Review and Sphere of Influence Update documents.

E. Update the Easton Community Service District’s Sphere of Influence to include those areas located within the District’s boundary, but outside its Sphere of Influence and waive LAFCo Sphere of Influence Update fees associated with this action.

F. Update the Laton Community Service District’s Sphere of Influence to include those areas located within the District’s boundary, but outside its Sphere of Influence and waive LAFCo Sphere of Influence Update fees associated with this action.
Easton Community Service District

Legend
- District SOI
- District Area
RESOLUTION NO. MSR-07-9B

FRESNO LOCAL AGENCY FORMATION COMMISSION
FRESNO COUNTY, CALIFORNIA

In the Matter of

RESOLUTION MAKING DETERMINATIONS AND ADOPTING MUNICIPAL SERVICE REVIEW; AND MAKING DETERMINATIONS AND UPDATING SPHERE OF INFLUENCE FOR THE DEL REY COMMUNITY SERVICE DISTRICT

LAFCo Determination

MAKE DETERMINATIONS AND ADOPT MUNICIPAL SERVICE REVIEW; AND MAKE DETERMINATIONS AND UPDTE SPHERE OF INFLUENCE FOR THE DEL REY COMMUNITY SERVICE DISTRICT

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; 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 and Sphere of Influence Update 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 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".

Section #2. This Commission finds the Municipal Service Review and Sphere of Influence Update prepared for the Del Rey Community Service District is complete and satisfactory.

Section #3. This Commission finds that the written determinations within the Municipal Service Review and Sphere of Influence Update satisfy State Law.
Section #4. Pursuant to Government Code Sections 56425 and 56430 this Commission hereby adopts the determinations as presented in the Municipal Service Review and Sphere of Influence Update documents.

Section #5. - 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 11th DAY OF JULY, 2007, BY THE FOLLOWING VOTE:

AYES: Commissioners Rodriguez, Anderson, Fortune, 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 11th day of July, 2007.

Victor Lopez, Chairman
Fresno Local Agency Formation Commission

G:\LAFCO WORKING FILES\MSR 2007\MSR STAFF REPORTS & RESOLUTIONS\MSR-07-9B RESOLUTION.doc
1.0 EXECUTIVE SUMMARY

ROLE AND RESPONSIBILITY OF LAFCO

The Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH Act), (Government Code § 56000 et seq.) requires all Local Agency Formation Commissions (LAFCos), including Fresno LAFCo, to conduct municipal service reviews (MSR) prior to updating the spheres of influence (SOI) of the various cities and special districts in the County, excluding community facility districts and school districts (Government Code § 56430). The fundamental role of a LAFCo is to implement the CKH Act, providing for the logical, efficient, and most appropriate formation of local municipalities, service areas, and special districts. The focus of this MSR is to provide LAFCo with all necessary and relevant information related to the provision of services by the County’s Waterworks Districts.

MUNICIPAL SERVICE REVIEW PROCESS

The Municipal Service Review (MSR) and Sphere of Influence Update (SOI Update) process is a comprehensive assessment of the ability of government agencies to effectively and efficiently provide services to residents and users. The form and content of the MSR/SOI Update is governed by requirements of the CKH Act and the State of California’s LAFCo MSR Guidelines (Guidelines), published in August 2003.

This MSR/SOI Update evaluates the structure and operation of the service providers and discusses possible areas for improvement or coordination. Key sources for this study were information gathered through research and interviews, as well as the Municipal Service Review Guidelines published by the Governor's Office of Planning and Research (OPR). This MSR/SOI Update has been prepared for Fresno LAFCo in accordance with the requirements of the CKH Local Reorganization Act of 2000 as a means of identifying and evaluating public service providers within Fresno County and possible changes to their Sphere of Influence.

PURPOSE OF THE MUNICIPAL SERVICE REVIEW

The MSR contains analysis and conclusions, referred to in this document as determinations, regarding nine topic areas set forth in the CKH Act. These areas of analysis contain the essential operational and management aspects of each service provider, and together constitute a review of the ability of each provider to meet the service demands of the residents within their existing and potentially expanded boundary. Each report contains the following sections:

Growth and Population

This section reviews projected growth within the existing service boundaries of the special district and analyzes the growth potential within the service area and surrounding areas.

Infrastructure

This section analyzes whether sufficient infrastructure and capital are in place, and reviews capabilities for accommodating future growth in service demands.
Financing Constraints and Opportunities

This section evaluates the way the district is funded and possible opportunities to increase funding if needed.

Cost Avoidance Opportunities

This section evaluates factors affecting the financing of needed improvements, including outstanding opportunities and utilized opportunities for service providers to reduce costs.

Rate Restructuring

The fiscal history of the service provider and rate structure is evaluated to determine viability and ability to meet existing and expanded service demands.

Opportunities for Shared Facilities

This section evaluates existing arrangements with other service providers for the shared use of facilities and identifies additional opportunities to share facilities with other service providers.

Evaluation of Management Efficiencies

This section evaluates the overall managerial practices.

Government Structure

This section evaluates the ability of the service provider to meet its demands under its existing government structure. This includes discussion of potential reorganizations or other forms of governance that may result in the more efficient provision of services to local residents.

Local Accountability

This section examines how well the service provider makes its processes transparent to the public and invites and encourages public participation.

SERVICE PROVIDERS

This document contains MSRs/SOI Updates for Community Service Districts within Fresno County. The determinations and findings reached are based upon surveys of agency representatives, meetings, and assessments of existing documents.

Community Service Districts

The Community Services District Act of California (California Government Code § 61000) provides for the creation of Community Service Districts (CSDs). The Act Defines the powers and services that a community service district may provide. Such powers include, but are not limited to, supplying the inhabitants of the district with water for domestic and industrial use, irrigation, sanitation, fire protection, recreation, street lighting, mosquito abatement and the collection, treatment, or disposal of sewage,
waste, and storm water of the district and its inhabitants. Community Service Districts analyzed in this MSR/SOI include: Big Creek, Biola, Del Rey, Easton, and Laton.
DEL REY COMMUNITY SERVICE DISTRICT

MUNICIPAL SERVICE REVIEW

Report to the Fresno Local Agency Formation Commission

Prepared by:
PMC
1590 Drew Ave., Suite 120
Davis, CA 95616

July 2007
## DEL REY COMMUNITY SERVICE DISTRICT

Street lights, water, sewer, solid waste, storm drainage, park maintenance

<table>
<thead>
<tr>
<th>Contact Information</th>
</tr>
</thead>
</table>
| **Address:** | P.O. Box 186  
Del Rey, CA 93616 |
| **Phone:** | (559) 888-2272 |
| **Website:** | None |

<table>
<thead>
<tr>
<th>Management Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manager:</strong></td>
</tr>
<tr>
<td><strong>Governing Body:</strong></td>
</tr>
</tbody>
</table>
| **Board Members:** | Juan H. Leija  
Andrew Holguin  
Paul Hernandez  
Walter Villarreal  
Eduardo Rodriguez  
Elected 2006, Expires 2008  
Elected 2004, Expires 2008  
Elected 2006, Expires 2010  
Elected 2006, Expires 2010  
Elected 2006, Expires 2010 |
| **Board Meetings:** | Board meetings are held at 7 pm the first Thursday of each month |
| **Staffing:** | Manager, Plant Supervisor, Office Manager/Board Secretary, two maintenance personnel and two Administrative Assistants |

<table>
<thead>
<tr>
<th>Service Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Empowered Services:</strong></td>
</tr>
<tr>
<td><strong>Services Provided:</strong></td>
</tr>
<tr>
<td><strong>Latent Powers:</strong></td>
</tr>
<tr>
<td><strong>Area Served:</strong></td>
</tr>
<tr>
<td><strong>Population Served:</strong></td>
</tr>
<tr>
<td><strong>Infrastructure:</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget:</strong></td>
</tr>
<tr>
<td><strong>Sources of Funding:</strong></td>
</tr>
<tr>
<td><strong>Rate Structure:</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Administrative Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Master Plan:</strong></td>
</tr>
<tr>
<td><strong>Policies/Procedures:</strong></td>
</tr>
<tr>
<td><strong>By-laws:</strong></td>
</tr>
<tr>
<td><strong>Boundary Updated:</strong></td>
</tr>
<tr>
<td><strong>SOI Updated:</strong></td>
</tr>
<tr>
<td><strong>Other:</strong></td>
</tr>
</tbody>
</table>
2.4 **DEL REY COMMUNITY SERVICE DISTRICT**

I. **SETTING**

The Del Rey Community Service District (DRCSD) was established in 1963 under the Municipal Water District Act of 1911 (California Water Code 7100). The District was formed to provide sewer, solid waste, street lighting, storm drainage, recreation services, and water to the members of the District. These services are provided on a continuing basis.

**Area Served**

The DRCSD, in addition to providing services to the District’s residents, also provides water service to two properties outside the District boundaries.

The boundaries of the District are shown on the map attached as **Figure 2.4-1**.

**Services Provided**

The DRCSD provides street lighting, water, sewer, storm drainage, solid waste, and park maintenance.

II. **GROWTH AND POPULATION**

According to District staff, there are about 1,200 residents within the District’s boundary.

Currently “Union Community,” a proposed development consisting of 470 homes, is being planned adjacent to the District’s boundary/Sphere of influence. District staff has stated an interest in annexing the development and expanding its current SOI should the development come to fruition. The Del Rey Community Plan (a portion of the Fresno County General Plan) must be amended before this can happen. The District anticipates that the Community Plan will be amended in 2007. Approval of the development would require installation of a water well and a lift station for the wastewater to ensure that the District will be able to continue to provide adequate service to the residents. District staff believes that the quality of services provided to the residents would not be affected by the inclusion of Union Community into the District.

III. **INFRASTRUCTURE**

**Existing Infrastructure Facilities and Conditions**

District infrastructure includes a Community/Senior Center, a wastewater treatment plant (WWTP), an equipment building, and three pump houses which also store equipment as well as the water and sewer lines. Additionally the District maintains a Senior Center. The District staff did not provide information related to the existence of infrastructure for parks, street lighting or storm drains.

The District repairs are performed in-house on a day to day basis; however, there is no formal maintenance schedule.
The District operates under permit #96-284, from the Central Valley Regional Water Quality Control Board. District staff were not able to provide figures related to average wet and dry flow, the capacity of the WWTP, or the permitted flows of the District. However staff did state that the District has been in compliance with all regulations for the last 10 years.

The WWTP is between 10 and 15 years old, and the water and sewer lines are in excellent condition, according to District staff.

Recycling services are included with solid waste services provided by the District.

Planned Facilities

The District is currently building an industrial wastewater treatment plant next to the existing domestic wastewater treatment plant. The plant is located at 11495 E. American Avenue. The total project cost is $379,000. The project will be funded by grants and developer contributions.

IV. FINANCING AND RATE RESTRUCTURING

The District provided financial statements for the Fiscal Years (FYS) ending in 2004 and 2005. In addition, the District provided their operating budget for the FY 2006-2007. The District’s financial statements as well as the projected operating FY 2006-07 budget were reviewed to determine the fiscal status, assess financial practices, and review pertinent management findings. In addition, information provided in response to PMC’s questionnaire is included in the discussion below.

The District’s operational revenues for FY 2004-05 totaled $529,688. Revenues came primarily from sewer and water operations. Operating expenses totaled $765,683, for a net operating loss of $235,995. This was partially offset by non-operating income; which consisted of “other”; $172,688 and interest income; $21,361. The total net loss was $41,947 for FY 2004-05. Figures for 2004 are similar to those for 2005, however “other income” was greater, and the net income in 2004 totaled $115,536.

At the beginning of 2004, the District’s net assets were at a deficit of $310,600. This was brought up to a deficit of $87,224 at the beginning of 2005 through the net income shown above, totaling $115,336, and reserve transfers totaling $107,840. At the end of 2005, net assets were brought up further, to a deficit of $27,305, due to reserve transfers totaling $101,886.

The District’s assets include current assets, totaling $927,565 in FY 2005; property, plant and equipment, totaling $3,777,859 in FY 2005; and other assets, totaling $380,740 in FY 2005. Total assets for 2005 were $5,086,164. Total assets in 2004 were $4,589,308.

The operating budget for FY 2006-07 reveals District income was projected at $536,351. Revenues are expected to come from the service areas as follows: 27% from water, 53% from sewer, 11% from waste, 8% from recreation and 1% from lighting. The expenses for the District are estimated to be equal to the total revenue, $536,351. Additionally the expenditures for each department were the same as the revenues.

The District charges water and wastewater fees to generate revenue for the operation of these services. Historically, the fees for water were adequate to recover costs. Water
Wastewater fees have not been generating adequate revenue to cover expenses. On January 1, 2007 the Board of Directors for DRCSD approved a 60% increase in fees over a three-year period. Other fees include a special assessment for each parcel in the District to recover costs for street lighting, and a fee for solid waste services.

The District has long-term debt in the form of a sewer bond debt that is being paid down through the sewer rate fees.

See Table 2.4-1 below for the District’s WWTP rate schedule.

### Table 2.4-1: Del Rey CSD Wastewater Treatment Plan Rate Schedule

<table>
<thead>
<tr>
<th>Discharger</th>
<th>$/EDU/Month</th>
<th>EDU’s¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2007-08</td>
</tr>
<tr>
<td>Single Family Residents</td>
<td>$31.06</td>
<td>$37.05</td>
</tr>
<tr>
<td>Multi-family Residents</td>
<td>$31.06</td>
<td>$37.05</td>
</tr>
<tr>
<td>Small Business</td>
<td>$60.67</td>
<td>$72.37</td>
</tr>
<tr>
<td>Post Office</td>
<td>$60.67</td>
<td>$72.37</td>
</tr>
<tr>
<td>Restaurant/ Bar</td>
<td>$60.67</td>
<td>$72.37</td>
</tr>
<tr>
<td>School</td>
<td>$60.67</td>
<td>$72.37</td>
</tr>
<tr>
<td>Churches with Parsonage</td>
<td>$60.67</td>
<td>$72.37</td>
</tr>
<tr>
<td>Churches without Parsonage</td>
<td>$60.67</td>
<td>$72.37</td>
</tr>
</tbody>
</table>

¹ Industrial Domestic rates for facilities that discharge wastewater are based upon the formula of six employees being equivalent to one dwelling unit (EDU).

For each Equivalent Dwelling Unit (EDU) or fraction thereof in excess of the base, there is an additional charge of $60.67 per month effective February 1, 2007, $72.37 per month effective July 1, 2007, and $82.95 per month effective July 1, 2008. As of April 2007, residents pay a total of $63.19/EDU. Of this, $16.73 is for water, $31.06 for sewer, and $15.40 for solid waste.

The water charges for a resident’s or government housing center is a flat rate of $16.73 per dwelling unit. Additionally the District’s commercial rates are established for a variety of uses ranging from a service station to a video store. Finally the base rates for metered charges are based on the size of the meter in inches with a consumption rate of $0.66/100ft³. These rates were established in January 1999.

V. COST AVOIDANCE OPPORTUNITIES

This section of the MSR considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.
The District does not overlap with other agencies that provide similar services. The District is able to reduce the cost of maintaining the senior center though a mutual service agreement with the City of Sanger. The City of Sanger employs a senior coordinator, provides maintenance supplies and funding for senior events. Additionally Fresno Madera Aging Agency provides transportation and hot meals to seniors.

The District released a competitive bid for solid waste service and as a result is contracted with Industrial Waste and Salvage (IWS).

The District also applies for grants including: one to refurbish the Senior Center’s electrical system, the Community Development Block Grant (CDBG), one to upgrade the WWTP sludge beds, and one for water and sewer safety.

VI. OPPORTUNITIES FOR SHARED FACILITIES

The District does not share any facilities.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

California Government Code section 61000 - 61934 enables the formation of Community Service Districts to provide various services to the community. The District currently provides street lights, water, sewer, solid waste, storm drainage and park maintenance. 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). The District, under its current legal form, is able to function under its current government structure. Transitioning the CSD to an alternative service provider, such as another district or other form of local government, would be unlikely to result in significant efficiencies. Additionally such a transition to an alternative government structure would be extremely difficult due to the cost, time, and administrative complexity. The existing structure of the District as a community service district is sufficient to allow the District to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District that would affect the provision of service in the future. Therefore, a reorganization of the current government structure is not likely to significantly improve services. The current government structure is able to provide adequate service within district boundaries.

The District is run by a five-member Board of Directors. Each member has a four-year term. Three members’ terms will expire in 2010 and two members’ terms expire in 2008. The County and the District have a good working relationship. The District believes that the County staff has been very supportive in matters ranging from grants, annexations, and zone changes.

The District employs a Manager, Plant Supervisor, Office Manager/Board Secretary, maintenance personnel, of which there are two and two Administrative Assistants. See Figure 2.4-2 for the District’s organizational chart.
Figure 2.4-2: Del Rey Community Service District Organizational Chart

Board of Directors

District Manager

- Plant Supervisor
  - District Maintenance Personnel
  - District Maintenance Personnel
- Office Manager/Board Secretary
  - District Administrative Assistant
  - District Administrative Assistant
VIII. LOCAL ACCOUNTABILITY

Board meetings are held at 10649 E. Morro, the Legion Hall, in Del Rey. The meetings are at 7:00 pm the first Thursday of each month. The meeting notices are posted at the meeting site and the post office in Del Rey. 

The District also holds annual community meetings to give residents the opportunity to voice concerns and make any other comments that they have. All customers in the District are provided with the same acceptable level of service.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

The Sphere of Influence (SOI) recommendations analyzes the appropriateness of the District's SOI boundaries, relative to the capabilities of the service provider and future growth.

1) The present and planned land uses in the area, including agricultural and open space lands.

Current and planned uses in the District include residential and some commercial.

2) The present and probable need for public facilities and services in the area.

The WWTP will need to be upgraded and an additional well will be needed to allow service to be provided if Union Community is developed. Future development will be required to finance any additional infrastructure necessary to provide it with required services.

3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

According to District Staff the current capacity and service are adequate to provide required services to the District's residents.

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.

There are no communities of interest in the District.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Pursuant to the Cortese-Knox-Hertzberg Act, determinations must be made for each factor analyzed above. Determinations are based on analysis of information provided by surveys completed by agency staff, agency documents, meetings with agency staff, and Internet research. Accordingly, staff recommends that the Commission adopt the determinations that follow.

Growth and Population

The Del Rey Community Service District's infrastructure is sufficient to provide the existing residents with required services. There is the potential for growth in the District if Union
Community is built and annexed into the District. Future and planned development will incur the total costs for the establishment of necessary infrastructure.

Infrastructure

The Del Rey Community Service District currently maintains adequate infrastructure and facilities to serve its residents. Additional infrastructure will be needed to serve any new development and will be paid for by the developer as a condition of development.

Financing Constraints and Opportunities

The Del Rey Community Service District is recovering its annual costs through the rate structure it charges its customers. The District has long term debt in the form of a sewer bond; this is being paid down through the sewer rate fees.

Rate Restructuring

The utility rates of the Del Rey Community Service District were updated in January 2007 and are adequate to continue services to the District at the current levels.

Cost Avoidance Opportunities

The Del Rey Community Service District applies for grants and has mutual service agreements to avoid costs.

Opportunities for Shared Facilities

The Del Rey Community Service District does not currently share any facilities.

Government Structure Options

The Del Rey Community Service District is an independent District and is operating efficiently. The overall management structure of the District is sufficient to account for necessary services and maintain operations in an effective manner.

Evaluation of Management Efficiencies

The Del Rey Community Service District appears to operate efficiently and to provide adequate service to the District.

Local Accountability

The Del Rey Community Service District appears to maintain a sufficient level of accountability in its governance and public meetings appear to be held in compliance with the Brown Act. The Board is elected and holds regular meetings at which time the public has the opportunity to comment. Information regarding the District is readily available to members of the public.

XI. BIBLIOGRAPHY

Personal Interview, Liza Ruiz, April 2007.

Personal Interview, Mark Reitz, April 2007.