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

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**CONSENT AGENDA ITEM No. 9**

**DATE:** August 22, 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 the Clovis and Riverdale Memorial Districts.

**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 SOI Updates for numerous cities and special districts. The attached MSRs and SOI Updates have been prepared for the two Memorial Districts operating within Fresno County: Clovis Memorial District and Riverdale Memorial District.

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 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, 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 are 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**

#### **1. Clovis Memorial District**

- A. Maintain the District's existing Sphere of Influence boundary.

The Clovis Memorial District encompasses approximately 103,048 acres (161 square miles). The District encompasses the City of Clovis, portions of the City of Fresno, and extends east from the Cities into the foothills. The District's boundary and Sphere of Influence are coterminous.

The District owns and operates facilities used for public meetings and banquets, which can also be used as public shelters in case of emergency. These facilities are used extensively by

Veterans organizations and for meetings by public agencies such as the City of Clovis, Sierra Resource Conservation District, and Fresno Metropolitan Flood Control District. Facilities are also available for rent by the general public for such activities as wedding receptions and birthday parties.

Through a joint powers agreement (JPA) with the Clovis Senior Center, the District provides recreational service programs to senior veterans as well as other senior citizens in the District. On holidays, the District also places flags on graves located in the Clovis cemetery.

The District's five-member Board of Directors is elected at large. The District has seven full-time and three part-time employees. Its main facility is the Clovis Memorial Building located on 1.38 acres in the City of Clovis. It also owns two additional buildings and associated parking and storage facilities.

The District is primarily funded through property taxes. FY 2006-07 projected revenues totaling \$2,394,100 of which \$2,035,000 was generated by property taxes. Room and equipment rentals and interest income constitute the balance of the District's revenues. Projected expenses, not including capital expenses, totaled \$805,455. The District states that it is restricted from borrowing money and that the substantial amount of net income it receives is saved for future capital improvements. The District's FY 2006-07 Budget included more than \$9,125,000 in projected capital improvement costs. These funds were accumulated over a number of years.

The District reports that in an effort to minimize costs larger purchases and construction projects are put out to bid. The District has also changed its workers compensation insurance carrier to reduce costs. The District periodically adjusts its rates for use of its facilities to fully recover its costs.

There does not appear to be a need or readily available opportunities to change the District's government structure. Consolidation with the County's other Memorial District, the Riverdale Memorial District, would not appear to be practical due to the distance separating the two Districts.

The District indicates that it is considering acquiring the former Friant School located in the unincorporated community of Friant. If acquired, the school site would be used to provide services in that area. In order to acquire the school, however, the District's Sphere of Influence and boundaries would have to be expanded to include the facility, as the District's charter states it cannot own facilities outside of its boundaries.

The District also states that it would like its boundaries and Sphere of Influence to coincide with the Clovis Unified School District boundaries. At this time their respective boundaries are largely coterminous. The largest disparity is that Clovis Unified School District's SOI already extends north to include the Friant Community. The District has not submitted an application to amend its Sphere of Influence and annex the added territory.

## **2. Riverdale Memorial District**

- A. Maintain the District's existing Sphere of Influence boundary.

The Riverdale Memorial District encompasses approximately 214,095 acres (334 square miles) in south-central Fresno County (see District Map). The District's boundaries generally extend

from State Route 41 on the east to beyond Interstate-5 on the west. The District includes the unincorporated communities of Riverdale, Burrel, Five Points, and Wheatville. The District's boundary and Sphere of Influence are coterminous.

The District's five-member Board of Directors is elected at large. The District has two full-time and one part-time employees.

The District owns and operates the Riverdale Memorial Hall, located on five acres in Riverdale. The facility is used for business meetings, social gatherings, wedding receptions, and other types of community events. District facilities are also available for use by other public agencies. The District also owns a storage building and another building which it rents to a preschool.

The District does not have an adopted budget. Rather, it provides a financial review at each meeting of its Board of Directors. District revenues are derived from property taxes, charges for use of its facilities, contributions, and interest. In the year ending June 30, 2006, the District received \$88,737. Expenditures totaled \$87,790.

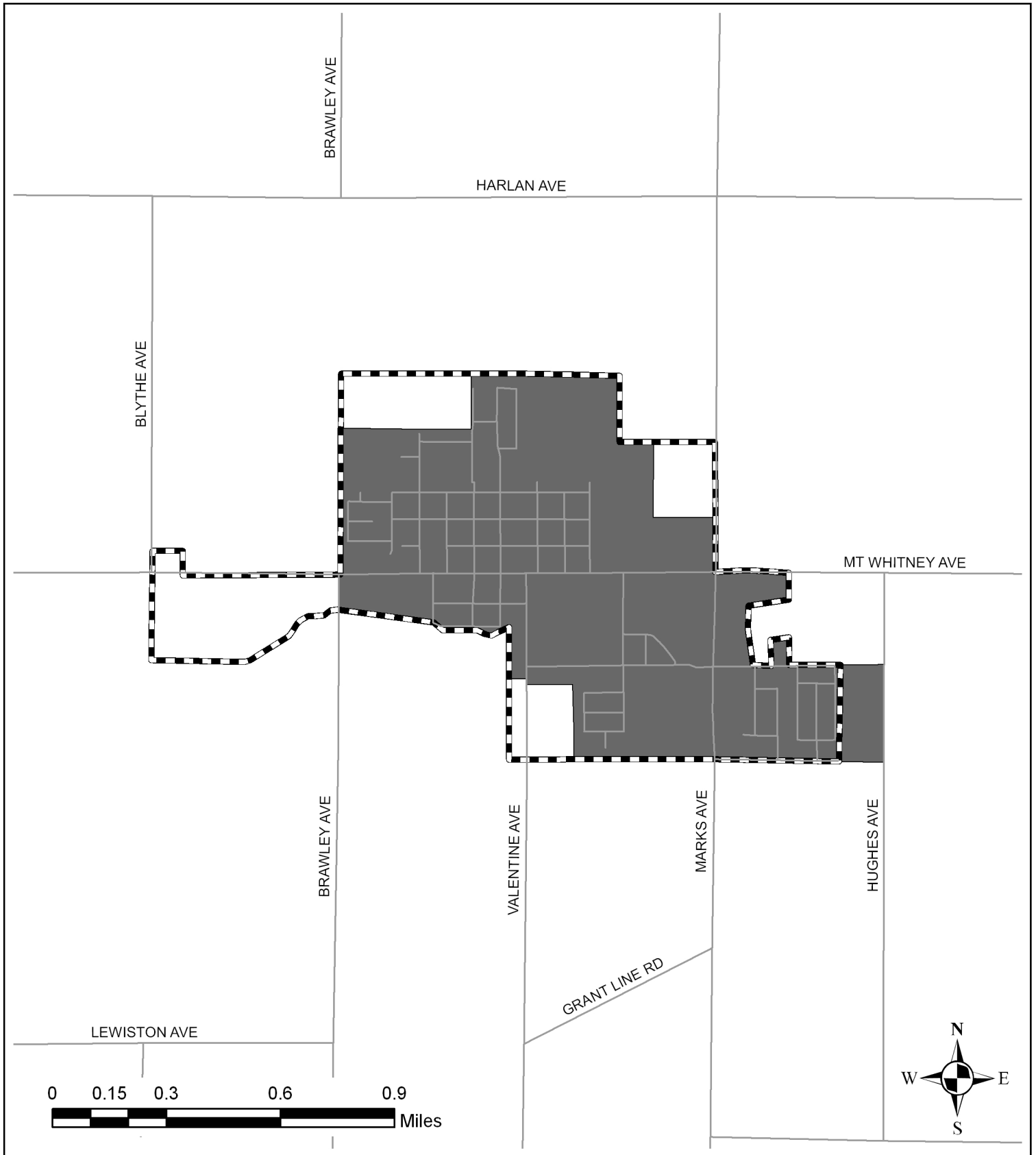
The District belongs to a Joint Powers Authority (JPA) for general liability and worker's compensation insurance.

There does not appear to be a need or readily available opportunities to change the District's government structure. Consolidation with the County's only other Memorial District, the Clovis Memorial District, would not appear to be practical due to the distance separating the two Districts.

The District has not proposed any Sphere of Influence or boundary changes.

**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 the Clovis Memorial District and Riverdale Memorial District 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 the Clovis and Riverdale Memorial Districts by Braitman and Associates, and update the Spheres of Influence for said Districts by reaffirming their current boundaries.



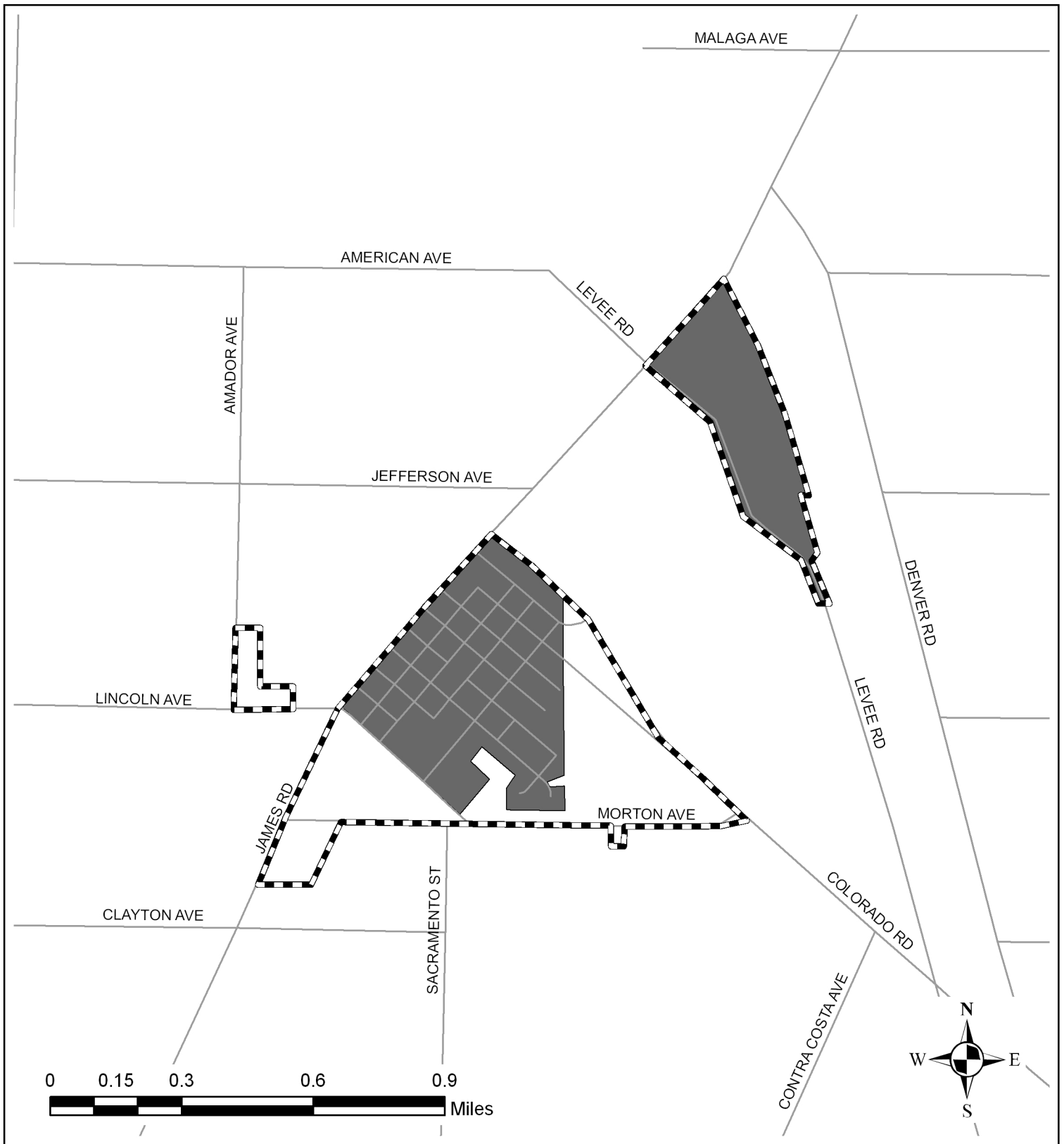
## Fresno Local Agency Formation Commission Riverdale Public Utilities District

### Legend

- District SOI
- District Area



District Formed: 1935  
 SOI Adopted: June 25, 1975  
 SOI Updated: September 24, 1993

Map Date: July 2007  
 District Area: 424 Acres  
 SOI Area: 534 Acres



## Fresno Local Agency Formation Commission Tranquillity Public Utilities District

### Legend

-  District SOI
-  District Area

District Formed: 1947  
 SOI Adopted: June 25, 1975  
 Map Date: July 2007  
 District Area: 157 Acres  
 Sphere Area: 274 Acres

# **RIVERDALE AND TRANQUILLITY PUBLIC UTILITY DISTRICTS**

## **MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE**

Report to the  
**Fresno Local Agency Formation Commission**

Prepared by:

PMC  
1590 Drew Ave., Suite 120  
Davis, CA 95616

August 2007

## 1.0 EXECUTIVE SUMMARY

### I. ROLE AND RESPONSIBILITY OF LAFCO

The Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act (Government Code Section 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 Section 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 Public Utility Districts.

### II. 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 Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (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 Cortese-Knox-Hertzberg Local Government 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 (SOI).

### III. PURPOSE OF THE MUNICIPAL SERVICE REVIEW

The MSR contains analysis and conclusions, referred 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. The topic areas represent the nine required topic areas set forth in the CKH act. 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 the existing sharing of facilities and the ability 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.

## **IV. SERVICE PROVIDERS**

This document contains MSR/SOI Updates for Public Utility Districts. The determinations and findings reached are based upon surveys of agency representatives, meetings, and assessments of existing documents.

### **Public Utility Districts**

Public Utilities Districts (PUDs) are formed pursuant to Section 15501-18055 of the Public Utilities Code 15501-18055. PUDs are empowered to provide lighting, water, power, heat, transportation, telephone services, or other means of communication, or means for the collection, treatment, or disposal of sewage; construct facilities necessary for the generation, transmission, or distribution of electricity and construct, maintain, improve, and operate public recreational facilities appurtenant to any water reservoir owned or operated by the district. The Districts analyzed in this MSR/SOI Update include the Riverdale, and Tranquility PUD.

# **RIVERDALE PUBLIC UTILITY DISTRICT**

## **MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE**

Report to the  
**Fresno Local Agency Formation Commission**

Prepared by:

PMC  
1590 Drew Ave., Suite 120  
Davis, CA 95616

August 2007

**RIVERDALE PUBLIC UTILITY DISTRICT***Street lights, water, sewer, storm drainage, waste disposal, fire protection*Contact Information

**Address:** P.O. Box 248  
Riverdale, CA 93656

**Phone:** (559) 867-3838

**Website:** none

Management Information

**Manager:** Ron Bass

**Governing Body:** Board of Directors

**Board Members:**

Chad C. Swearingen	Appointed 2006, Expires 2010
Irene Menefee	Appointed 2006, Expires 2010
James O. Petty Jr.	Elected 2006, Expires 2010
Ernest Mendes	Elected 2004, Expires 2008
Robert D. Talley	Elected 2004, Expires 2008

**Board Meetings:** 1st Tuesdays of each month in the District office at 4:00pm

**Staffing:** 3 employees

Service Information

**Empowered Services:** Street lights, water, sewer, storm drainage, solid waste disposal, fire protection.

**Services Provided:** Street lights, water, sewer, storm drainage, solid waste disposal, fire protection.

**Latent Powers:** None

**Area Served:** Community of Riverdale

**Population Served:** 950 water customers and 930 wastewater customers

**Infrastructure:** Three water wells, a water supply distribution system, a wastewater collection system, a wastewater treatment plant, two fire trucks, a residential facility at the fire station, and an administration building.

Fiscal Information

**Budget:** \$585,813

**Sources of Funding:** Utility fees, property taxes, special assessments, development impact fees.

**Rate Structure:** \$14.25 /month for solid waste, \$12.10 /month for residential wastewater, \$16.15 /month for residential water.

Other Information**ISO Rating:** Class 6**Master Plan:** none**Policies/Procedures:****By-laws:** NoneDevelopment Impact Fee;  
Adopted March 2007**Boundary Updated:** No**SOI Updated:** No**Other:** None**4.2 RIVERDALE PUBLIC UTILITY DISTRICT****I. SETTING****Area Served**

The Riverdale Public Utility District (District), formed in 1935, is located in central Fresno County. The District's boundaries include the Riverdale Census Designated Place (CDP). The Riverdale Public Utility District (PUD) provides service to the unincorporated community of Riverdale. **Figure 4.2** shows the District's boundaries.

**Services Provided**

The PUD provides water, wastewater, and street lighting services to approximately 950 customers within the District. Solid waste disposal and street lighting services are contracted out to private providers, namely, Waste Connections, and Pacific Gas and Electricity (PG&E). In addition, PG&E assists in maintaining the street lights for the District. Fire protection services are provided by the Riverdale Volunteer Fire Department which functions under the Riverdale PUD's Board of Directors.

Services provided are within the District's powers as authorized in their enabling legislation, Public Utilities Code 15501-18055. The PUD does not provide additional services and does not have any latent powers. Service provided may extend beyond designated service boundaries, as the District has a mutual aid agreement with the Fresno County Fire Department to provide fire assistance. Water service is currently being provided to 20 customers outside of District boundaries, but within the District's Sphere of Influence (SOI). The District is not contracted to provide service to other service providers.

**II. GROWTH AND POPULATION**

The 2000 census of the Riverdale CDP indicated that the population in 2000 was 2,416 people, with 728 households, and 599 families residing in the Riverdale CDP. As of 2007, District staff stated that the PUD provides utility service to approximately 950 water customers and 930 wastewater customers.

The PUD anticipates growth over the next ten years to include an additional 1,000 homes within and just outside of the District's current SOI. The anticipated growth is expected to add an additional 1,000 water and wastewater users that will require the extension of public services. Developers have purchased lands just outside the existing boundaries

**FIGURE 4.2: RIVERDALE PUD SERVICE AREA BOUNDARIES**

and SOI. The District is currently proposing to expand its boundaries and SOI to include those lands purchased for development by developers.

Should additional development occur within the community of Riverdale and the Riverdale Public Utility District, such development would require approval by the County of Fresno. Any substantial development would likely require a comprehensive update of the Riverdale Community Plan portion of the Fresno County General Plan.

### III. INFRASTRUCTURE

#### **Existing Infrastructure Facilities and Conditions**

The District owns its administrative building located at 20945 Haslam Avenue and a residential facility at the District's fire station.

The PUD owns and operates three water wells that supply water to the entire District via the PUD's water supply distribution system, which is composed of 6 and 8-inch pipes. The District is permitted to supply water for domestic purposes under permit number 03-92-018 from the State Department of Health Services. Installation of an arsenic treatment system on main well (#2) is currently underway. Current demand for water is approximately 50% of the existing two primary wells' capacity. Each well has a capacity of approximately 1,250 gallons per minute and is estimated to be able to serve 630 units. Annual average water usage for the District is approximately 0.6 million gallons per day (mgd), corresponding to 735 gallons per day (gpd) per water customer.

The PUD's wastewater collection system primarily consists of gravity fed lines with three lift stations that convey water to the District's wastewater treatment plant. The District operates the wastewater treatment plant approximately one mile north of its service area, with a current design capacity of 0.25 million gallons per day (mgd). The treatment plant has exceeded the permitted treatment capacity of 0.25 mgd. The District is currently in the permitting and engineering phases of the first expansion to increase the treatment and disposal capacity to 0.42 mgd. This wastewater treatment plant expansion will enable service to an additional 560 residential units, for a total wastewater service area of 1,410 residential units. Additional upgrades will bring the total capacity up to 0.72 mgd in order to serve a total of 2,400 units.

The District owns and operates the Riverdale Volunteer Fire Department, which has two fire trucks and a residential property for the use of volunteer firefighters and medical personnel at the fire station. The existing fire flow, at a minimum, is 2,000 gpm. This is considered adequate to meet current and projected service demands. The District's most recent Insurance Services Office (ISO) rating is a Class 6 rating. The ISO assigns a numeric rating to all fire stations in the United States based on various factors including response times, training, condition of equipment, water availability, and condition of facilities. The ISO analyzes relevant data and assigns a Public Protection Classification – a number from 1 to 10, with Class 1 representing exemplary fire protection, and Class 10 indicating that the area's fire-suppression program does not meet minimum ISO criteria. The lower the ISO rating, the less a property-owner pays for fire insurance, and vice versa. An ISO rating of 6 for a volunteer-served fire station in a rural area is considered a good rating.

## Planned Facilities

The PUD has plans for pumping water out of two additional wells, and also plans for installing another arsenic treatment system on one of those new wells. The District is currently working with the State Department of Health Services for a new domestic water supply permit, which will be required as soon as the arsenic treatment facility for well #2 is completed and operational. As indicated by the District, Well #2 was anticipated to be operational by early spring of 2007 (District responses to PMC survey questionnaire, as received by PMC in February, 2007).

The District has plans for a second expansion of the wastewater treatment plant to further increase the wastewater treatment capacity to 0.72 mgd to serve a total of 2,400 units within the next ten years. This expansion is expected to meet anticipated future growth in the PUD's service area.

The PUD's Development Impact Fee Report (Provost and Pritchard Engineering Group, 2007) estimates that the District will need a larger office building in order to accommodate additional staff that will operate and maintain the expanded water and wastewater facilities. The report estimates that the District will need to purchase another fire engine to serve the anticipated growth in the community.

## IV. FINANCING AND RATE RESTRUCTURING

The following information and analysis sections are based on financial statements, annual budgets, and other supporting documents provided by the Riverdale PUD in response to an initial questionnaire survey (January 2007), information requests, and follow-up phone conversations and interviews with District personnel.

Riverdale Public Utilities District provided financial statements, including an independent auditor's report for the Fiscal Year (FY) ending June 30, 2006. The District also provided a summary of loan information and their most current Development Impact Fee Report, which was adopted in March of 2007. Additional information was given in response to PMC's survey, including a summary of debts and service fees. All information provided by the District was analyzed in the preparation of this MSR.

Financial statements from FY 2005-2006 were reviewed to determine the District's fiscal status, assess financial practices, and review pertinent management findings. The Riverdale PUD receives most of its funding from service fees charged for the usage of water, wastewater, and solid waste disposal services. Other sources of funding include property taxes, special assessments for street lighting and fire protection services.

District revenues come from charges for service, fees and grants, taxes, and investment earnings. Revenues from Government Activities totaled \$95,863 for FY 05-06, while revenues from Business Type Activities totaled \$540,282 for the same fiscal year period. This resulted in a total revenue stream of \$636,145 for FY 05-06. Operating expenses were \$255,098 for water, \$158,280 for sewer and \$153,206 for waste disposal; totaling \$566,584. For the Governmental Funds, total revenues for FY 05-06 were \$22,237 from Street Lighting and \$57,791 from Fire Protection Services, totaling \$80,028. Along with interest on long term debt, which amounted to \$8,044, total expenses for the District were \$654,656 for FY 05-06. When added to the fund balance at the beginning of the year of \$1,713,435 the total fund balance at the end of the year amounted to \$1,694,925.

Total assets for the District were \$1,987,056 as of June 30, 2006. Total liabilities are \$292,131 amounting to total net assets of \$1,694,925 as of June 30, 2006.

In the past, other sources of financing have been through secured loans for the construction of new facilities. The most recent loan in 1988 was for \$432,000 to build a new water well. The unpaid principal balance, as of February 1, 2007 was \$143,009, and is anticipated to be paid off in 2016.

The FY 2007 operating budget states that revenues are expected to come from utility rate charges (\$507,000), development impact fees (\$131,200), property tax revenue (\$93,842), and grants (\$1,329,766). Without including the District's restricted funds, the total revenue budget for FY 2007 is \$585,813. Expenditures are expected to go towards utilities (\$117,005), disposal services (\$113,000), repairs and maintenance (\$72,741), insurance (\$34,190), loan repayment (\$252,250), legal services (\$15,072), and other various expenses. The budget is expected to be balanced, with some revenues going towards reserves for compliance with arsenic regulations, wastewater treatment plant expansion, fire truck replacement, water meter installation, and other miscellaneous expenses.

Rates for water and wastewater service were last updated in November of 1994. The District is expected to update its water and wastewater rates in 2007 in order to meet a grant requirement the District is currently pursuing.

Solid waste disposal fees were last updated in September of 2006 to reflect a new five year disposal contract with a private service provider. Most common rates for solid waste disposal were \$14.25 per month for a 96 gallon garbage can, \$12.10 for residential wastewater, and \$16.15 for residential water.

Street lighting is financed through a \$14.70 property tax assessment.

Connection fees charged as Development Impact Fees were last updated in March of 2007 (Provost and Pritchard Engineering Group, 2007). This would then reflect increased costs for expansion of facilities to provide service. The Development Impact Fees are being updated to adequately finance the expansion of existing facilities and to finance new facilities in order to serve the anticipated growth within the next ten years.

## V. COST AVOIDANCE OPPORTUNITIES

The District's overall budgetary and management practices have been evaluated for potential cost avoidance measures. As part of its cost reducing strategies, the PUD currently utilizes 18 volunteer firefighters and does not have any direct employees to operate the District's Fire Department. The District also shares a facility with American Ambulance.

The PUD has identified additional cost avoidance opportunities consisting of applying for grants to fund additional expansion and upgrades of the wastewater treatment plant. These grants may result in a significant avoidance of costs.

No additional opportunities for cost avoidance have been identified.

**VI. OPPORTUNITIES FOR SHARED FACILITIES**

The District currently shares one of the fire department bays with American Ambulance for storage of one of its ambulances. The adjacent residential facility is also shared with American Ambulance for one of its rural bases of operation.

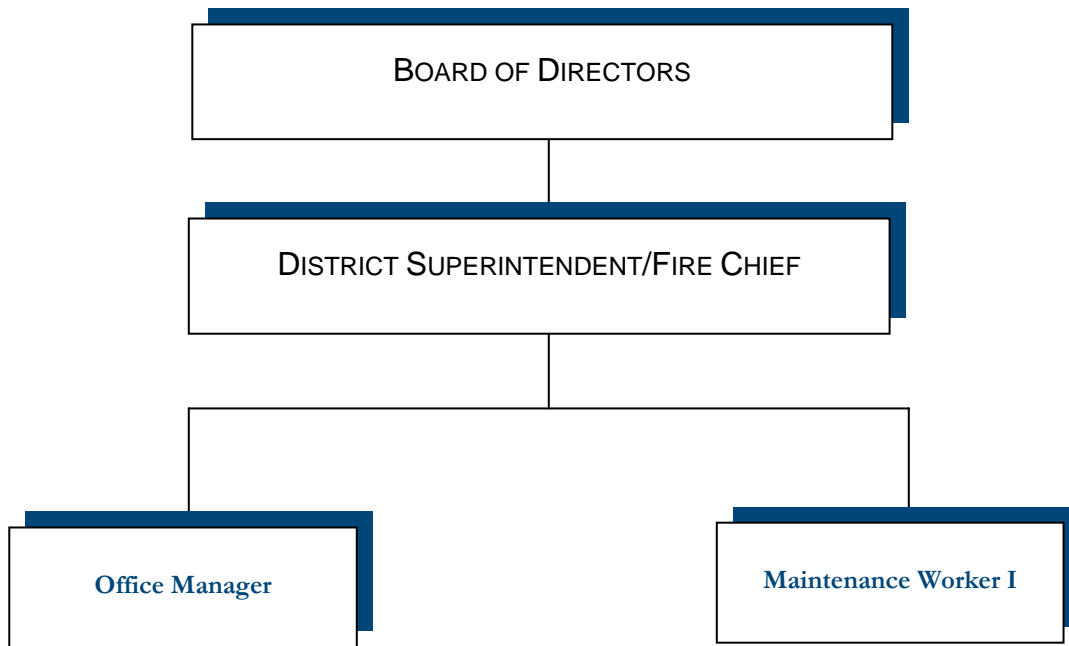
No additional opportunities for shared facilities have been identified.

**VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES**

California Public Utilities Code section 15501-18055 enables the formation of Public Utility Districts to provide a variety of services to district residents. However, the California Government Code offers very few government structure options for districts of the Riverdale PUD size and service area. This District is an independent special district with 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, as seen in **Figure 4.2-2**, has demonstrated an ability to function efficiently and properly.

Supplanting the CSD with an alternative service provider, such as another district or other form of local government, would be unlikely to result in significant efficiencies. The cost, time, and administrative complexity of such a transition make the suitability of transitioning to an alternative government structure extremely difficult. The existing structure of the PUD is sufficient to allow the District to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision. Therefore, there is no need to reorganize the government structure of the District in order to significantly improve service.

**FIGURE 4.2-2: RIVERDALE PUD SERVICE AREA ORGANIZATIONAL CHART**



The budget is usually an indicator of management efficiency. According to information contained in a 2006 financial audit, the financial statements and accounting polices of the District conform with the generally accepted accounting principals applicable to

governments. The Governmental Accounting Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Riverdale PUD currently employs three full-time employees, including a District Superintendent/District Fire Chief, maintenance operator, and an office manager. The District has regular maintenance schedules for the water, wastewater, and street light facilities.

The District has a contract with a private firm, California Water Services, to provide back-up and sewer operation and maintenance to ensure continued operation of District facilities. The PUD has a mutual aid agreement with Fresno County's Fire Department to provide mutual aid fire protection services as well as assistance backup fire protection.

### VIII. LOCAL ACCOUNTABILITY

Citizen vote is an essential component of local accountability. An elected body of five officials serves as the Board governing the District. Terms for three of the current members will expire in 2008, while the terms for the other two terms will expire in 2010. Board members are subject to recall by District voters through the recall procedures set forth in Chapter 2, Division 13 of the Elections Code. The two directors listed as appointed at the beginning of this report were appointed in lieu of an election, as there were no challengers, so an election was not held.

The Board creates policies by adopting resolutions or ordinances through duly noticed public hearings. District meetings are held at 4:00 pm on the first Tuesdays of each month at the District office, at 20896 Malsbary Ave in Riverdale. Meetings are noticed consistent with Brown Act requirements, which include postings in public places. There appear to be ample opportunities for public involvement and input at regularly scheduled meetings.

Due to the size of the service area, the PUD is usually able to handle customer requests and concerns in person, with an ability to resolve questions and issues in a short amount of time.

### IX. SPHERE OF INFLUENCE RECOMMENDATIONS

The Sphere of Influence (SOI) recommendations analyze the appropriateness of the District's SOI boundaries, relative to the capabilities of the service provider and future growth. It is noted that the District's boundaries extend beyond its SOI in one area located in the western edge of the District. It would be appropriate to update the District's SOI to include this portion of the District.

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

The Riverdale community currently has residential, commercial, and industrial land uses, surrounded by agricultural lands. Developers have purchased lands just outside the District's current boundaries for development. These undeveloped lands are expected to be developed with typical residential, commercial, and industrial uses. The District is planning to prohibit oil and gas well drilling on these lands that are about to be developed, while allowing only slant drilling at depths of 500 or more feet below the surface from outside lands.

Expansion of the District's SOI to include areas within its boundaries, but currently outside its SOI will not affect present or future land uses.

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

Public facilities and services are currently provided. The District is planning for the expansion of public facilities to serve the anticipated growth and development in the Riverdale community.

Expansion of the District's SOI to include areas within its boundaries, but currently outside its SOI will not result in any additional demand for services.

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

The wastewater treatment plant is currently operating beyond the permitted capacity. The Regional Water Quality Control Board has approved the District's use of additional lands that the District has purchased, until the wastewater treatment facility is updated with a new system. The water system has additional capacity available and is able to serve the community. Water, street lighting, and solid waste services provided are adequate.

Expansion of the District's SOI to include areas within its boundaries, but currently outside its SOI will not result in any additional demand for services.

- 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 Riverdale community is relevant to the agency, as the District serves the Riverdale community.

## X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

### **Growth and Population**

Developers have purchased lands adjacent to the west and north of the SOI and boundaries of the Riverdale Public Utility District, and have expressed interest in developing these properties with residential, commercial and industrial uses. Demands for Riverdale PUD services are anticipated to increase. Growth in the area is anticipated to include approximately 1,000 new homes over the next ten years. The District is interested in expanding the current SOI to include those lands that are anticipated to be developed.

Any development within the community of Riverdale and the Riverdale Public Utility District will require approval by the County of Fresno.

### **Infrastructure**

The Riverdale PUD's current infrastructure includes three water wells, a water supply distribution system, a wastewater collection system, a wastewater treatment plant, two fire trucks, a residential facility at the fire station, and an administration building. The wastewater treatment plant is currently operating above the permitted capacity and is

planned for a two-phased expansion. Though the wastewater treatment plant is above capacity, it is meeting current demands; therefore the water, wastewater collection, street lighting, and solid waste services are currently adequate to provide sufficient services. The Riverdale PUD is anticipating having to expand services as the anticipated growth of areas within and surrounding the Riverdale Public Utility District occurs.

### **Financing Constraints and Opportunities**

The District is financed through utility fees, property taxes, special assessments, and development impact fees. Development Impact Fees are anticipated to be updated to reflect costs for the expansion of facilities to serve the anticipated growth.

### **Rate Restructuring**

Rates for water and wastewater service were last updated in November 1994 and are expected to be updated again in 2007. Current rates and assessments for all other services are adequate and sufficient for providing Riverdale PUD services.

### **Cost Avoidance Opportunities**

The District is currently utilizing volunteer firefighters to provide fire protection services to the community, resulting in an avoidance of costs. No additional opportunities for cost avoidance have been identified by the Riverdale Public Utility District.

### **Opportunities for Shared Facilities**

The District current shares one fire department bay and part of the adjacent residential facility with another private emergency medical services service provider for their rural base of operations. No additional opportunities for shared facilities have been identified by the Riverdale Public Utility District.

### **Government Structure Options**

The current government structure is sufficient for the type of service the District provides.

### **Evaluation of Management Efficiencies**

The District is operating efficiently with three employees and volunteer firefighters.

### **Local Accountability**

Meetings are held and noticed, consistent with the Brown Act. There are sufficient opportunities for local involvement in Riverdale PUD activities, and information regarding the Riverdale Public Utility District is readily available to members of the public. No significant issues regarding local accountability were noted.

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# **TRANQUILLITY PUBLIC UTILITY DISTRICT**

## **MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE**

Report to the  
**Fresno Local Agency Formation Commission**

Prepared by:

PMC  
1590 Drew Ave., Suite 120  
Davis, CA 95616

August 2007

### TRANQUILLITY PUBLIC UTILITY DISTRICT

*street lights, sewer, street sweeping, storm drainage, park maintenance*

Contact Information

**Address:** P.O. Box 622  
Tranquillity, CA 93668

**Phone:** (559) 698-7426

Management Information

**Manager:** Franklin M. Hansen

**Governing Body:** Board of Directors

**Board Members:**

Kenneth L. Selzer	Appointed 2003, Expires 2007
Franklin M. Hansen	Appointed 2005, Expires 2009
Jo Ann R. Minnite	Appointed 2005, Expires 2009

**Board Meetings:** 4th Wednesday of each month, at 7:00pm, at the Board President/District Manager's house.

**Staffing:** 2 part-time

Service Information

**Empowered Services:** Street lights, sewer, street sweeping, storm drainage, park maintenance.

**Services Provided:** Street lights, sewer, street sweeping, storm drainage

**Latent Powers:** Park maintenance.

**Area Served:** Community of Tranquillity.

**Population Served:** 813 people, 263 connections

**Infrastructure:** Wastewater collection and treatment system, a storm drainage system, shop/storage building.

Fiscal Information

**Budget:** \$74,700

**Sources of Funding:** Service fees, property taxes, and contract water sales.

**Rate Structure:** \$20 per month (updated October 2006)

**Master Plan:** None      **Policies/Procedures:** None      **By-laws:** None

**Boundary Updated:** No      **SOI Updated:** No      **Other:** None

### 4.3 TRANQUILLITY PUBLIC UTILITY DISTRICT

#### I. SETTING

##### Area Served

The Tranquillity Public Utility District (District), formed in 1947, is located in the western part of Fresno County and was set up to provide municipal services to the unincorporated community of Tranquillity. The District boundaries include the Tranquillity Census Designated Place (CPD). **Figure 4.3-1** shows the District's boundaries.

##### Services Provided

The Tranquillity Public Utility District (PUD) provides wastewater collection and treatment, and storm drainage services to residents within the District. The street sweeping and street lighting services that the District is authorized to provide have been contracted out to private service providers. Though the PUD is empowered to provide park maintenance services, the District does not currently provide such services.

The District does not provide irrigation water or irrigation service, but has contract irrigation water from the United States Bureau of Reclamation (USBR) through the Central Valley Project (CVP), and resells this contract water to farmers.

Services provided are within the District's powers as authorized in their enabling legislation, Public Utilities Code 15501-18055. The District is not contracted to provide service to other service providers or areas outside of its boundaries.

#### II. GROWTH AND POPULATION

In the past, the unincorporated town of Tranquillity has remained static in terms of significant increases in growth and development. As of the 2000 census, the Tranquillity CDP included 813 people and 236 households. There are currently 263 sewer connections for the area. Population estimates for 2007 were not available from the US Census as census updates occur every ten years; however, District staff estimates current population may be around 1,000 people (personal communication between PMC and Tranquillity PUD staff, 2007). Recently, a developer has directly contacted the District and there has been interest in constructing more homes. The new development, currently in discussion, is being limited by the PUD's present wastewater collection and treatment system. The current infrastructure capacity is also limiting the amount of overall growth for the community.

A developer is currently working with District staff for a possible expansion of the present wastewater treatment system in order to accommodate the possible future development. Without additional wastewater capacity, new development would not be allowed to occur. At this point, it is currently unknown if any development will actually occur. With the exception of the only interested developer, PUD staff anticipates no significant growth in the area.

The District does not have any formal projection for future population and growth.

**FIGURE 4.3-1: TRANQUILLITY PUD SERVICE AREA BOUNDARIES**

### III. INFRASTRUCTURE

#### Existing Infrastructure Facilities and Conditions

The District currently owns and operates its wastewater collection and treatment plant, which consists of sewer mains, pumps, and treatment plant. There are currently 263 sewer connections within the PUD's service area. The sewer lines are in need of repairs or replacement in various locations. The permitted capacity of the sewage treatment plant is 120,000 gallons per day (gpd). The treatment plant is operating at near capacity but remains in compliance with the proper permits and within the California Regional Water Quality Control Board's (CRWQCB) discharge requirements. Wet weather flows are at 80,000- to 90,000 gpd, while dry weather flows are at 90,000 - to 100,000 gpd.

The storm drainage system consists mainly of curbs/gutters, above ground and underground piping, and two pump stations that discharge stormwater into a canal bordering the town. District staff considers the storm drainage system to be considerably well maintained. Some curbs/gutters are in need of repair, and repairs and replacements are done when there is adequate funding. Repairs to the storm drainage pumps are performed on a regular basis, and there are no plans for replacement of the pumps. The pumps operate at capacity during periods of heavy rain.

Street lighting services are contracted to the Pacific Gas and Electricity Company (PG&E), a private firm, for maintenance of the street lights. The District maintains the contract with this large service provider, which has a variety of infrastructure statewide and locally. This includes street light poles, power lines, and various related physical facilities.

Street sweeping services are contracted to another private firm, All State Commercial Sweeping. The District's financial constraints limit the number of times street sweeping services are performed to approximately once or twice a year.

The Tranquillity PUD owns a shop/storage building to store extra equipment. The District does not own or have an office or office equipment.

#### Planned Facilities

In order to accommodate any significant increase in population and growth, the District would need to expand the current wastewater treatment plant for added capacity. District staff has indicated that this is unlikely to happen in the foreseeable future.

The District currently does not have any additional plans for infrastructure and facilities upgrade or expansion.

### IV. FINANCING AND RATE RESTRUCTURING

The following information and analysis sections are based on financial statements, annual budgets, and other supporting documents provided by the PUD in response to an initial questionnaire survey, information requests, and follow-up phone conversations and interviews with District personnel.

Tranquillity Public Utilities District provided financial statements, including an independent auditor's report for the Fiscal Years ending in 2005 and 2006. The District also provided a

projected budget for the Fiscal Year ending in 2007. Additional information was given in response to PMC's survey, including a summary of debts and the current service fee rate schedule. All information provided by the District was analyzed in the preparation of this MSR.

Property taxes and monthly service fees are the primary source of financing for PUD services. Financial statements from fiscal year (FY) 2005 and FY 2006 were reviewed to determine the fiscal status, assess financial practices, and review pertinent management findings. The District receives most of its funding from rates charged per unit per month for wastewater. Additional funding comes from property taxes, which fund storm drainage, street sweeping, and street lighting services.

The 2006 audited financial statements of the District indicated that current assets were \$98,815, compared to current expenses of \$8,081. Current assets were less than that of the previous fiscal year. Operating revenues from service fees were \$37,363, or \$22,036 less than the operating expenses of \$59,399.

The FY 2007 budget states that revenues are expected to come from the sewer service fees (\$40,000), property tax revenue (\$20,000), contract water sales (\$9,000), and other miscellaneous sources. The total estimated revenue budget is \$74,700. Expenditures are expected to go towards depreciation (\$36,000), maintenance and repairs (\$19,000), utilities (\$17,000), sewer plant operations (\$9,500), and other various expenses. The total budgeted expenditures are estimated to be \$109,950, greater than the estimated revenue with a projected budget deficit of \$35,150. However, the FY 2007 operating budget does not include the recent sewer rate increase of \$20 per month, versus the previous rate of \$10 per month used in the current FY 2007 budget available.

The District currently has outstanding debts in the form of a 1979 Sewer Revenue Bond with a principal balance of \$55,000 (as of June 2006) set to mature in 2019, and a 1981 Improvement Bond with a principal balance of \$18,100 (as of June 2006) set to mature in 2021.

Rates for wastewater service were recently passed in October 2006 and are currently at \$20 per month billed bi-monthly. The previous rate of \$10 per month had not been updated since 1977, resulting in revenues insufficient to cover operating expenses until the rates were revised in 2006.

The PUD charges connection fees of \$475 and permit and inspection fees of \$200 per unit.

The District does not have an effective means of enforcing collections on the sewer service charge. Fee collections have been an ongoing problem for the PUD. Liens are placed against delinquent properties yearly without much success in collecting delinquent charges. Current delinquencies are not a significant impact. The District is able to provide services with current delinquencies. The new rate increase, however, is expected to result in additional delinquencies.

Property taxes are currently fixed and cannot be increased without a Prop 218 vote of the property owners.

## V. COST AVOIDANCE OPPORTUNITIES

Overall budgetary and management practices have been evaluated for potential cost avoidance measures. Significant cost avoidance is achieved by the District not having an office and related office equipment, an unpaid Manager position to handle the PUD's daily operations, and applying for grants to fund repairs and replacements. Staff utilizes their own personal computers and office equipment for the District.

Fresno County's Department of Public Works and Planning has been assisting the District by periodically cleaning the storm water collection drop inlets without charges for this service.

The District is currently utilizing many cost avoidance measures and has indicated that there are no additional cost avoidance opportunities which could result in a significant change in costs.

## VI. OPPORTUNITIES FOR SHARED FACILITIES

No additional opportunities for shared facilities have been identified.

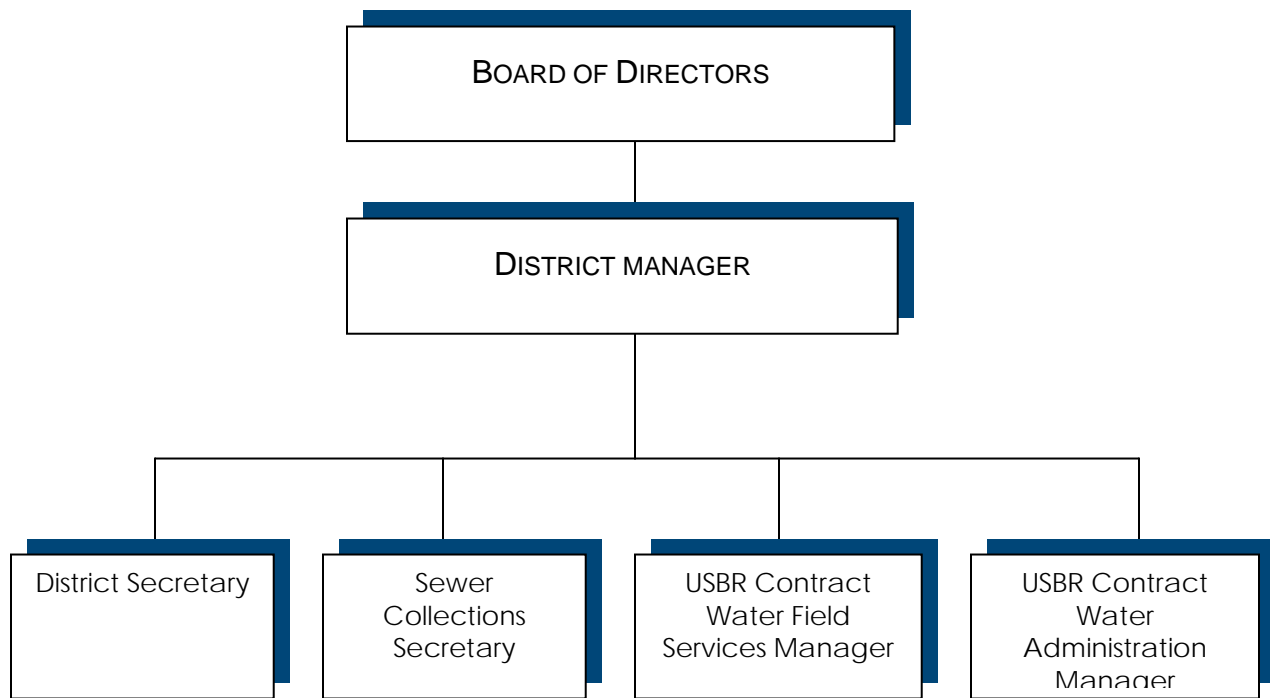
## VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

California Public Utilities Code section 15501-18055 enables the formation of Public Utility Districts to provide a variety of services to district residents. This District is an independent special district, with a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors). There are few government structure options within the California Government Code for a district to provide a similar type of service as this District is organized. The District, as seen from the organization chart in **Figure 4.3-2**, has demonstrated an ability to function properly.

The local Chamber of Commerce has previously expressed interest in having the District reorganize to a Community Services District to provide a wider range of services and to increase the number of board members from three to seven.

There have been previous discussions with Tranquillity Irrigation District to possibly reorganize with this district. No formal action for reorganization has been proposed at this time. The cost, time, and administrative complexity of such a transition make the suitability of transitioning to an alternative government structure extremely difficult. The existing structure of the District as a public utility district is sufficient to allow the PUD to continue service provision in the foreseeable future. There are no legal or administrative limitations on the District to future service provision. Increasing the number of board members to seven is considered difficult by the District as the PUD finds it difficult to maintain the current number of board members. The Public Utility District and the Irrigation District's boundaries greatly differ, which would result in uneven services provided after reorganization. Due to the differing services provided and differing boundaries, there is no need to reorganize the government structure of the District to improve service. It is unlikely that other government structures will result in a significant improvement in service. The current government structure is able to provide adequate service within District boundaries.

**FIGURE 4.3-2: TRANQUILLITY PUD SERVICE AREA ORGANIZATIONAL CHART**



The budget is usually an indicator of management efficiency. According to information contained in a 2006 financial audit of FY 2005 and FY 2006 (Berry and Homen 2006), the financial statements and accounting polices of the PUD conforms with the generally accepted accounting principals applicable to governments. The Governmental Accounting Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District currently has two paid part-time staff and other unpaid staff, a District Secretary, a Sewer Collections Secretary, a United States Bureau of Reclamation (USBR) Contract Water Field Services Manager, and a USBR Contract Water Administration Manager. The District Manager's position which involves running the District's day-to-day operations is currently an unpaid position. The District Manager and District Secretary have worked for the District for a long time and have a thorough knowledge of the District and its operations.

#### VIII. LOCAL ACCOUNTABILITY

Citizen vote is an essential component of local accountability. A body of three elected officials serves as the Board governing the District. The three board members are elected by voters within the District, with terms for two of the current members expiring in 2009, and one expiring in 2007. Board members are subject to recall by District voters through the recall procedures set forth in Chapter 2, Division 13 of the Elections Code.

The Board creates policies by adopting resolutions or ordinances through duly noticed public hearings. District meetings are held monthly on the fourth Wednesday of each month at 7:00 pm at the Board President/District Manager's house. Meetings are noticed and consistent with Brown Act requirements, which include postings in public places, including the Tranquillity Post Office. There appear to be ample opportunities for public involvement and input at regularly scheduled meetings.

#### IX. SPHERE OF INFLUENCE RECOMMENDATIONS

The boundary of the District's service area is within its SOI. State law requires SOIs to be updated at least once every five years. As part of this update, State law requires LAFCo to prepare written statements assessing the District's capacity to serve its customers with regard to the following four areas:

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

The current land use within the District is primarily residential, surrounded by agricultural lands. Future land uses are expected to remain the same as present land uses.

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

The present facilities are adequate for present and expected future demands for service.

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

The wastewater treatment plant is currently operating at near capacity. Services provided are adequate for the current users.

- 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 unincorporated community of Tranquillity is within the District's area.

## X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

**Growth and Population** - Demands for service are not increasing. No growth or population increases are anticipated by the District. Future land uses are anticipated to remain the same. A developer is currently working with PUD staff to expand the current wastewater treatment plant to accommodate a possible development, but staff considers that development unlikely to occur.

**Infrastructure** - The District's infrastructure consists of a wastewater collection and treatment system, a storm drainage system, and a shop/storage building. The sewer lines are in need of repairs or replacement. The wastewater treatment plant is operating at near capacity. Services provided are adequate for the current users.

**Financing Constraints and Opportunities** - The District is financed by service fees, property taxes, and contract water sales. The PUD has outstanding debts. Fees have been increased in 2006 to address projected budget shortfalls. No additional financing opportunities have been identified by the District.

**Rate Restructuring** - Rates for wastewater service were updated in October 2006 and appear to be sufficient for the District to provide adequate services.

**Cost Avoidance Opportunities** - The District Manager is currently unpaid. District staff utilizes their own personal office equipment for handling the District's affairs. No additional opportunities for cost avoidance have been identified.

**Opportunities for Shared Facilities** - No additional opportunities for shared facilities have been identified.

**Government Structure Options** - The current government structure is sufficient for the type of service it provides. Other government structure options considered in the past are not expected to result in a significant improvement in service.

**Evaluation of Management Efficiencies** - The District is operating efficiently with five employees. Financial statements conform to the generally accepted accounting principals.

**Local Accountability** - Meetings are held and noticed, consistent with the Brown Act. There are sufficient opportunities for local involvement in Tranquillity PUD activities, and information regarding the Riverdale Public Utility District is readily available to members of the public. No significant issues regarding local accountability were noted.

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