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

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**AGENDA ITEM NO. 8**

**DATE:** April 14, 2010  
**TO:** Fresno Local Agency Formation Commission  
**FROM:** Jeff Witte, Executive Officer  
**SUBJECT:** Workshop on Municipal Service Reviews and LAFCo Cost

**Background:**

- At the Commission's March 10, 2010 meeting, staff indicated that additional material would be presented on Municipal Service Reviews (MSRs) and the related impacts on Fresno LAFCo in terms of cost and staffing. Section 56430 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Act) provides criteria and directions for LAFCos to review and make recommendations on MSRs. The applicable section of the State law is attached as Exhibit "A".
- LAFCo must prepare MSRs for each of the 15 cities and 120 special districts in Fresno County. An approved MSR is required either before, or in conjunction with, an action to establish, update, or revise a sphere of influence (SOI). By law, LAFCos must prepare and approve an MSR for each city and special district at least every five years regardless of whether they revise or update their SOI. A list of Fresno County's cities and special districts is attached along with the date for which their MSRs need to be updated (Exhibit "B").
- Staff has already started preparing MSRs for the 12 cemetery districts and the two police protection districts and are not included in this discussion. Generally, these are smaller and less complex districts and their functions are within the scope and resources of LAFCo Staff.
- LAFCo had contracted with consultants who could provide specialized knowledge related to public services, population growth estimates, infrastructure needs/deficiencies, and financial analysis for most of the previously prepared MSRs.
- LAFCo did not charge a fee for the preparation of MSRs and the cost was entirely borne from the LAFCo operating budget which included additional LAFCo staff.

**Environmental Determination:**

The California Environmental Quality Act (CEQA) requires that the Commission undertake and review environmental analysis before granting approval of a project, as divined by CEQA. An MSR is categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6- Regulation section 15306), which states: "Class 6 consists of basic data collection, research,

experimental management and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purpose, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded.” The MSR has the function of collecting data for the purpose of evaluating municipal services provided by the agency. There is no land use change or environmental impact created by such a study.

Furthermore, the MSR qualifies for a general exemption from environmental review based upon CEQA Regulation section 15061(b)(3) which states: “The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA”. Additionally, SOI updates qualify for the same general exemption from environmental review based upon the CEQA Regulation section 15061(b)(3),

There is no possibility that an MSR or SOI update may have a significant effect on the environment because there is no land use changes associated with either document. As the Commission proceeds with and adopts MSRs and SOIs, staff will prepare and file a notice of exemption with the County of Fresno, as required by CEQA Regulation section 15062.

### **Proposal and Analysis:**

In order to meet the requirements under State law with the existing LAFCo staff, the following proposal is based on focusing on the more extensive review and cost on the larger, more active special districts and cities, that are likely to have annexation and sphere issues and would benefit from a more comprehensive MSR.

1. Existing cemetery districts and police protection districts would not be impacted by the imposition of a fee until the next cycle for MSRs that would occur in 2015 and 2016, respectively. This would allow ample time to adjust district budgets to meet costs proposed in this report.
2. For special districts with a budget under \$2,000,000, the LAFCo fee for future MSRs would be a flat amount of \$500.
3. Cities and special districts with budgets over \$2,000,000 would provide for the actual cost of the MSR plus a 9% LAFCo administrative fee. LAFCo will establish a list of consultants to prepare the MSRs through a Request for Proposals (RFP) and Request for Qualifications (RFQ) process and periodically update said list. LAFCo would only contract for the preparation of an MSR for a special district or city when an agreement has been reached with the special district or city in terms of time, and not to exceed cost, for said services.
4. In an effort to avoid having to process an overwhelming numbers of MSRs in any one year, staff is recommending a schedule that will stagger the MSRs and thus allow for a more comprehensive document. This, however, will require some MSRs to be completed much earlier than the five-year interval to stagger the MSRs in future years.

This process would allow LAFCo resources to administer the MSR process. Under this proposal, the special districts with the smaller budgets and presumably less complex activities would continue to be processed by LAFCo staff. Larger districts and cities which may require differing degrees of expertise in preparation of the MSRs, would have their MSR completed by consultants who can supply various degrees of expertise in finance, planning, engineering, etc. This would also provide LAFCo an opportunity to get more detailed information on larger and more active districts to better fulfill the role of making recommendations related to MSRs.

### **Distribution of Special Districts by Budget and Non-Compliance:**

Obtaining very current information on the operating budgets for special districts in Fresno County is a fairly complex process and staff has not been able to determine exactly how many are about or below the proposed limit of \$2,000,000. However, using the CALAFCO website, it is possible to look at total budgets for special districts in Fresno County for the 2007-2008 periods, which is the most recent information available. Based on this information and using total budgets in lieu of operating budgets, it appears that 20 districts would be above the \$2,000,000 threshold and 100 be less and would only be subject to the proposed standard fee of \$500. The question arises of what would happen if special districts, and especially the smaller districts, opted not to provide the basic \$500 MSR fee. In this case, LAFCo could proceed ahead with the very basic MSR review for the special district and require payment if and when the district wants to take some action that requires LAFCo approval, such as combining with another district, expansion, boundary modification, etc.

### **Recommendation:**

1. Direct staff to place an item on the August 11, 2010 agenda, to amend Section 350 of the Commission's Policies, Standards, and Procedures to establish a fee schedule for the preparation of MSRs; publish a notice of said hearing in the newspaper, and send written notice to all 15 cities and all 120 special districts subject to a MSR within Fresno County.
2. Develop a fee proposal for special districts with operating budgets below \$2,000,000, to pay a flat fee of \$500 for preparation of their MSR, and for cities and districts with an operating budget of over \$2,000,000, establish a fee for the actual cost of preparation plus a 9% LAFCo administrative fee for an MSR prepared by a consultant retained by LAFCo.
3. Establish a schedule for preparing MSRs that would stagger their due dates as shown in Exhibit "B".

## EXHIBIT "A"

### GOVERNMENT CODE SECTION 56430

56430. (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the subregion, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (1) Growth and population projections for the affected area.
- (2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
- (3) Financial ability of agencies to provide services.
- (4) Status of, and opportunities for, shared facilities.
- (5) Accountability for community service needs, including governmental structure and operational efficiencies.
- (6) Any other matter related to effective or efficient service delivery, as required by commission policy.

(b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area.

(c) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

# EXHIBIT "B"

<b>Cities</b>	<b>Next MSR Due By:</b>	<b>Proposed Date:</b>
Clovis	October 2012	October 2012
Coalinga	September 2012	July 2012
Firebaugh	August 2012	August 2012
Fowler	July 2012	July 2012
Fresno	October 2012	October 2012
Huron	September 2012	July 2012
Kerman	August 2012	August 2012
Kingsburg	July 2012	July 2012
Mendota	August 2012	August 2012
Orange Cove	October 2012	July 2012
Parlier	July 2012	May 2012*
Reedley	August 2012	August 2012
San Joaquin	August 2012	August 2012
Sanger	October 2012	October 2012
Selma	July 2012	July 2012

<b>Cemetery Districts</b>	<b>Next MSR Due By:</b>	<b>Proposed Date:</b>
Clovis Cemetery	August 2010	June 2010
Coalinga-Huron Cemetery	August 2010	June 2010
Dunlap Cemetery	August 2010	June 2010
Fowler Cemetery	August 2010	June 2010
Kingsburg Cemetery	August 2010	June 2010
Oak Grove Cemetery	August 2010	June 2010
Parlier Cemetery	August 2010	June 2010
Reedley Cemetery	August 2010	June 2010
Sanger/Del Rey Cemetery	August 2010	June 2010
Selma Cemetery	August 2010	June 2010
Squaw Valley Cemetery	August 2010	June 2010
Washington Colony Cemetery	August 2010	June 2010

<b>Community Service Districts</b>	<b>Next MSR Due By:</b>	<b>Proposed Date:</b>
Big Creek CSD	July 2012	July 2011
Biola CSD	July 2012	July 2011
Bluffs CSD	July 2012	July 2011
Caruthers CSD	August 2012	July 2011
Del Rey CSD	July 2012	July 2011
Easton CSD	July 2012	July 2011
Lanare CSD	December 2012	July 2011
Laton CSD	July 2012	July 2011
Sierra Cedars CSD	November 2012	July 2011

# EXHIBIT "B"

## Conservation Districts

**Next MSR Due By: Proposed Date:**

Kings River Conservation

August 2012

February 2012

## County Service Areas

**Next MSR Due By: Proposed Date:**

CSA No. 1

December 2012

April 2011

CSA No. 2

November 2012

April 2011

CSA No. 5

December 2012

April 2011

CSA No. 7

November 2012

April 2011

CSA No. 10

November 2012

April 2011

CSA No. 14

November 2012

April 2011

CSA No. 18

November 2012

April 2011

CSA No. 19

November 2012

April 2011

CSA No. 23

December 2012

April 2011

CSA No. 30

December 2012

April 2011

CSA No. 31

November 2012

April 2011

CSA No. 32

December 2012

August 2011

CSA No. 33

November 2012

August 2011

CSA No. 34

December 2012

August 2011

CSA No. 35

March 2013

August 2011

CSA No. 38

December 2012

August 2011

CSA No. 39

November 2012

August 2011

CSA No. 43

December 2012

August 2011

CSA No. 44

December 2012

August 2011

CSA No. 47

November 2012

August 2011

CSA No. 49

December 2012

August 2011

CSA No. 50

December 2012

August 2011

CSA No. 51

October 2012

August 2011

## Drainage Districts

**Next MSR Due By: Proposed Date:**

Camp 13 Drainage District

June 2012

June 2012

Panoche Drainage

December 2012

November 2012

Silver Creek Drainage

December 2012

November 2012

## Fire Protection Districts

**Next MSR Due By: Proposed Date:**

Bald Mountain Fire

June 2012

June 2011

Fig Garden Fire

June 2012

June 2011

Fresno County Fire

June 2012

June 2011

North Central Fire

June 2012

June 2011

Orange Cove Fire

June 2012

June 2011

# EXHIBIT "B"

<b>Flood Control District</b>	<b>Next MSR Due By:</b>	<b>Proposed Date:</b>
Fresno Metropolitan Flood Control	June 2012	March 2012
<b>Hospital District</b>	<b>Next MSR Due By:</b>	<b>Proposed Date:</b>
Coalinga Hospital	October 2012	October 2011
Kingsburg Hospital	October 2012	October 2011
Selma Health Care	October 2012	October 2011
Sierra-Kings Hospital	October 2012	October 2011
<b>Irrigation Districts</b>	<b>Next MSR Due By:</b>	<b>Proposed Date:</b>
Consolidated Irrigation	October 2012	September 2012
Fresno Irrigation	July 2012	July 2012
Hills Valley Irrigation	October 2012	September 2012
James Irrigation	October 2012	September 2012
Orange Cove Irrigation	July 2012	July 2012
Riverdale Irrigation	July 2012	July 2012
Tranquillity Irrigation	July 2012	July 2012
<b>Levee District</b>	<b>Next MSR Due By:</b>	<b>Proposed Date:</b>
Lower San Joaquin Levee District	June 1012	June 2011
<b>Library Districts</b>	<b>Next MSR Due By:</b>	<b>Proposed Date:</b>
Coalinga-Huron Unified School Library	September 2012	February 2012
Fresno County Library	September 2012	February 2012
<b>Memorial Districts</b>	<b>Next MSR Due By:</b>	<b>Proposed Date:</b>
Clovis Memorial	August 2012	September 2011
Riverdale Memorial	August 2012	September 2011
<b>Mosquito Abatement Districts</b>	<b>Next MSR Due By:</b>	<b>Proposed Date:</b>
Coalinga-Huron Mosquito Abatement District	June 2012	June 2011
Consolidated Mosquito Abatement District	April 2012	April 2011
Fresno Mosquito & Vector Control District	April 2012	April 2011
Fresno-Westside Mosquito Abatement District	April 2012	April 2011

# EXHIBIT "B"

**Pest Control Districts**

**Next MSR Due By: Proposed Date:**

Central Valley Pest Control District	April 2012	April 2012
West Fresno County Red Scale Protective Districts	August 2012	August 2012

**Police Protection Districts**

**Next MSR Due By: Proposed Date:**

Fig Garden Police Protection District	March 2011	June 2010
Orange Cove Police Protection District	December 2012	June 2010

**Public Utility Districts**

**Next MSR Due By: Proposed Date:**

Pinedale Public Utility	October 2012	March 2012
Riverdale Public Utility	August 2012	March 2012
Tranquillity Public Utility	August 2012	March 2012

**Reclamation Districts**

**Next MSR Due By: Proposed Date:**

No. 1606	August 2012	December 2011
Zalda No. 801	December 2012	December 2011

**Recreation and Park Districts**

**Next MSR Due By: Proposed Date:**

Calwa Recreation and Park	December 2012	December 2011
Coalinga-Huron Recreation and Park	September 2012	December 2011

**Resource Conservation Districts**

**Next MSR Due By: Proposed Date:**

Firebaugh Resource Conservation	September 2012	September 2011
James Resource Conservation	September 2012	September 2011
Panoche Resource Conservation	September 2012	September 2011
Poso Resource Conservation	September 2012	September 2011
Sierra/Navelencia Resource Conservation	July 2012	July 2012
Tranquillity Resource Conservation	September 2012	September 2011
Westside Resource Conservation	September 2012	September 2011

**Sanitation District**

**Next MSR Due By: Proposed Date:**

Selma-Fowler-Kingsburg County Sanitation	August 2012	April 2012
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# EXHIBIT "B"

## Water Districts (California)

	Next MSR Due By:	Proposed Date:
Broadview Water	August 2012	August 2012
Farmers Water	December 2012	November 2012
Firebaugh Canal Water	December 2012	November 2012
Fresno Slough Water	October 2012	October 2012
Garfield Water	August 2012	August 2012
International Water	August 2012	August 2012
Kings River Water	August 2012	August 2012
Liberty Water	August 2012	August 2012
Mercy Springs Water	December 2012	November 2012
Mid-Valley Water	August 2012	August 2012
Oro Loma Water	December 2012	November 2012
Panoche Water	August 2012	August 2012
Pleasant Valley Water	December 2012	November 2012
Raisin City Water	August 2012	August 2012
Stinson Water	August 2012	August 2012
Tri-Valley Water	August 2012	August 2012
Westlands Water	August 2012	August 2012
Wildren Water	August 2012	August 2012

## Water Districts (County)

	Next MSR Due By:	Proposed Date:
Freewater County Water	December 2012	December 2011
Malaga County Water	October 2012	December 2011
Pinedale County Water	October 2012	December 2011

## Waterworks Districts

	Next MSR Due By:	Proposed Date:
Waterworks District No. 18	July 2012	February 2011
Waterworks District No. 37	July 2012	February 2011
Waterworks District No. 38	July 2012	February 2011
Waterworks District No. 40	July 2012	February 2011
Waterworks District No. 41S & 41W	November 2012	February 2011
Waterworks District No. 42	November 2012	February 2011
	October 2012	February 2011