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

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**CONSENT AGENDA ITEM No. 10**

**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 Caruthers 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 MSR and SOI Update have been prepared for the Caruthers Community Service 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 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, the Commission is required to consider 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 Caruthers CSD. The Big Creek, Biola, Bluffs, Del Rey, Easton, and Laton CSDs were heard at the July 11, 2007 Commission hearing. The 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, and 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 abatement
- 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, including Caruthers CSD, do provide multiple services.

### **Environmental Determination**

The California Environmental Quality Act ("CEQA") requires that the Commission undertake and review an environmental analysis before granting approval of a project, as defined by CEQA. The MSR is categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation section 15306), which states: "Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded." Indeed, this MSR collects data for the purpose of evaluating municipal services provided by the agency. There is no land use change or environmental impact created by such a study.

Furthermore, the MSR qualifies for a general exemption from environmental review based upon CEQA Regulation section 15061(b)(3), which states: "The activity is covered by the general rule

that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." Additionally, the SOI update qualifies for the same general exemption from environmental review based upon CEQA Regulation section 15061(b)(3).

There is no possibility that this MSR or SOI update may have a significant effect on the environment because there are no land use changes associated with either document. If the Commission approves and adopts the MSR and SOI update and determines that the project is exempt from CEQA, staff will prepare and file a notice of exemption with the County of Fresno, as required by CEQA Regulation section 15062.

### **Discussion & Summary of Determinations**

Caruthers Community Service District is located in central Fresno County west of State Route 41, in the unincorporated community of Caruthers. The District encompasses approximately 361 acres (0.56 square miles). The District's SOI encompasses approximately 588 acres (0.92 square miles). The District has 644 water and sewer connections. The District's Capital Facilities Improvement Plan (CFIP) estimated the population at 2,331 in 2005. Land use within the District's SOI includes agricultural, residential, and commercial.

The District provides street lights, water, sewer, and storm drainage services to the community. The District is administered by a five-member Board of Directors appointed by the Board of Supervisors and has two full-time and one part-time employee. The District Manager also serves as the District wastewater treatment operator and water distribution operator.

The District is aware of a number of potential developments within and adjacent to the District's SOI. The District estimates that these developments, which include residential and commercial uses, could result in a population of up to 6,576 people in the Community of Caruthers. The ability to develop these areas will be dependent on the District's ability to provide water and sewer service to the areas.

The District owns and maintains four wells with a pumping capacity of 3,050 gallons per minute. According to the District's FY 2006-07 CFIP, the District's current water supply is capable of supporting 2,736 people or 747 connections. Any increase in population above this amount is expected to require an additional well or replacement of an aging well.

The District states improvements to its water system are needed. Three of the wells currently in use have arsenic levels which exceed the minimum federal limit of 10 parts per billion (ppb). These wells are not currently receiving treatment to lower the arsenic levels to the minimum federal limits. Additionally, many of the systems smaller lines, which were constructed in the 1960s have exceeded their anticipated useful life and lack control valves to shut off water for operation or maintenance requirements, causing closures of large portions of water lines during maintenance activities. Further, the water system lacks looping and extensions to adequately serve existing development. Existing long, dead-end runs diminish water pressure and delivery capacity, and also lead to aesthetic problems with the water including taste, odor, and color.

The District is working to correct these problems. It recently completed a project to increase water line size and looping and in April, 2007, put out a bid to contract for the second phase of its water system improvements. Additional improvements are dependent on the availability of funding, including grant funding. The District also has plans to construct a water storage tank.

The District's wastewater treatment facility (WWTF) has a capacity of 0.240 million gallons per day (mgd). Existing demands and commitments are 0.214 mgd. Should all proposed and anticipated developments actually be constructed, resulting in a population of 6,576, the WWTF capacity would have to be expanded to 0.658 mgd, to provide adequate service.

The District has contracted with PG&E for street lighting service. District street lights are owned by PG&E and are installed on existing power poles.

The District owns and maintains several storm drainage basins in the Community of Caruthers. The County of Fresno also owns and operates a number of additional basins in the Community.

The District's FY 2005-06 audited financial statements indicate that operating revenues from service charges, connection fees, and assessments totaled \$280,091. Service charges accounted for 92% of these revenues. Total operating expenses were \$412,219, a loss of \$132,128. Much of this loss is due to depreciation.

The District's CFIP estimates more than \$13 million is necessary for upgrades and new facilities costs to accommodate the potential 6,576 population. The District states that it does not have sufficient reserves to address the infrastructure needs identified in its CFIP. Connection fees which would typically be received by the District following construction of improvements are not sufficient to fund the entire cost of new infrastructure. The District may be required to fund new and improved infrastructure through long-term debt. This, in-turn, may result in significant increases to water and sewer rates within the District.

In order to avoid costs, the District has applied for grant funding from various agencies to help pay for infrastructure and facilities upgrades and to meet water quality standards. The District also participates in the Special District Risk Management Authority which reduces the costs of insurance coverage and utilizes volunteers in various capacities including reading meters and developing annual reports to various agencies.

The District shares its office with the Fresno County Sheriff.

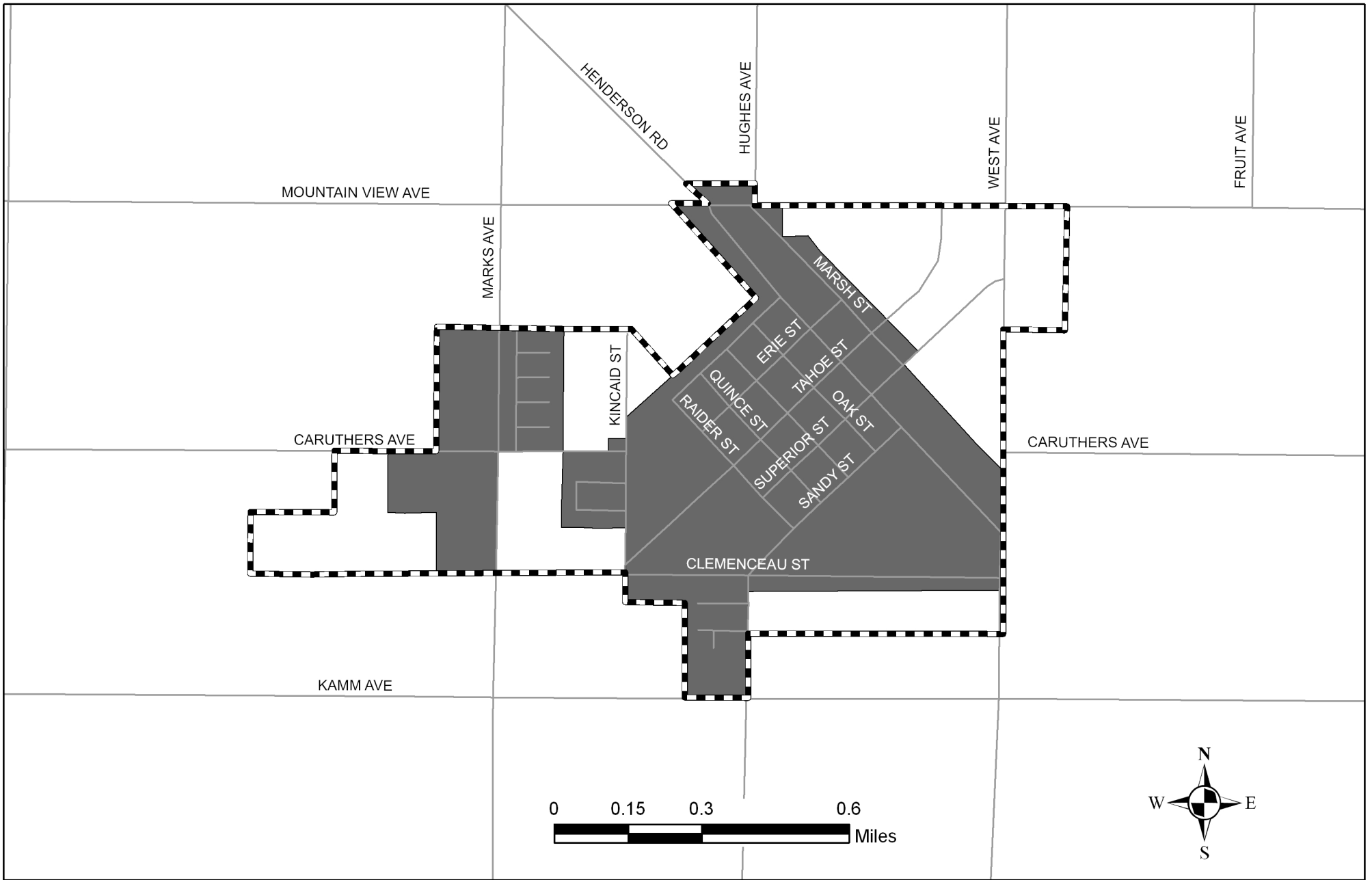
The District's boundary and SOI are appropriate for its current level of services. The District has expressed an interest in expanding its boundary and SOI to accommodate developments proposed for the community. LAFCo has not received a formal application to expand the District's SOI or to annex additional lands.

### **Recommendations:**

- A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Review and Sphere of Influence determinations under consideration are Categorical Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and the general exemption from environmental review, CEQA Regulation Section 15061(b)(3), and find that the SOI Update qualifies for the same general exemption from environmental review based upon CEQA Regulation Section 15061(b)(3).
- B. Find the Municipal Service Review and Sphere of Influence Update prepared for the Caruthers Community Service District are complete and satisfactory.
- C. Find that the written determinations within the Municipal Service Review and Sphere of Influence Update satisfy State Law.

- D. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Review and District Sphere of Influence, adopt the Municipal Service Review prepared for the Caruthers Community Service District by PMC, and update the Sphere of Influence for said District by reaffirming the current boundary.

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**Legend**

-  District SOI
-  District Area

**Fresno Local Agency Formation Commission  
Caruthers Community Service District**

District Formed: 1958  
 SOI Adopted: June 25, 1976  
 SOI Updated: July 28, 1993  
 Map Date: July 2007  
 District Area: 361 Acres  
 Sphere Area: 588 Acres

# **CARUTHERS COMMUNITY SERVICE 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

## 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 Community Service 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 the MSR/SOI Update for a Community Service District. 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 use, irrigation, sanitation, industrial use, fire protection, and recreation, street lighting, mosquito abatement, and the collection, treatment, or disposal of sewage, waste, and storm water of the district and its inhabitants. The Caruthers Community Service District is analyzed in this MSR.

**CARUTHERS COMMUNITY SERVICE DISTRICT***street lights, water, sewer, storm drainage*Contact Information

**Address:** P.O. Box 218  
Caruthers, CA 93609

**Phone:** (559) 864-8189

Management Information

**Manager:** Dave McIntyre

**Governing Body:** Board of Directors

**Board Members:** Terry Hamlin Elected 2006, Expires 2009  
Richard Helm Elected 2006, Expires 2009  
Leo Lopez Elected 2006, Expires 2009  
Loaland Brittson Elected 2003, Expires 2007  
Jerry L. Willis Elected 2003, Expires 2007

**Board Meetings:** Second Tuesday of each month at 7pm in the District's office

**Staffing:** 2.5

Service Information

**Empowered Services:** Street lights, water, sewer

**Services Provided:** Street lights, water, sewer

**Area Served:** Caruthers, CA

**Population Served:** Approximately 644 connections; 6,576 persons

**Infrastructure:** Four wells, well pumps, water distribution system, wastewater collection system, two sewerage lift stations, wastewater treatment facility

Fiscal Information

**Budget:** \$280,091

**Sources of Funding:** Utility fees, property taxes, property assessments, connection fees

**Rate Structure:** Water: \$19.00 monthly per connection, with an additional charge of \$0.60 per 1,000 gallons above the basic allotment; Sewer: flat rate of \$9.00 monthly

Administrative Policies

**Master Plan:** FY 2006-07 Capital Facilities Improvement Plan    **Policies/Procedures:** no

**By-laws:** no

**Boundary Updated:** unknown

**SOI updated:** unknown

**Other:** fees updated 1990

## 2.1 CARUTHERS COMMUNITY SERVICE DISTRICT

### I. SETTING

The Caruthers Community Service District (District), formed in 1958, is located in the central portion of Fresno County, approximately 16 miles south of the City of Fresno. The District provides street lights, water, wastewater, and storm drainage services to lands within the District's boundaries. Service provided is within designated service boundaries. **Figure 2.1-1** shows the District's boundaries.

The District owns and maintains water and wastewater infrastructure and facilities. The District contracts out street lighting services to a private service provider. The District also owns and maintains a number of storm drainage basins and their associated infrastructure. The County of Fresno owns and maintains additional storm drainage facilities within the District.

Services provided are within the District's powers as authorized in their enabling legislation, codified in Government Code 61000 – 61934, for community service districts. The District does not provide additional services outside of their enabling legislation. The District is not contracted to provide service to other service providers.

### II. GROWTH AND POPULATION

According to the 2000 US Census, Caruthers has a population of 2,103. A 2006/2007 Capital Facilities Improvement Plan (CFIP) estimated the population at 2,331 in 2005. This equates to a growth rate of approximately two percent annually.

The CFIP identifies several proposed subdivisions, as well as small commercial and residential lots, likely to develop within the District. The proposed development includes residential units, one church, and various commercial buildings.

The Caruthers Community Service District has received inquiries regarding development within and adjacent to its present Sphere of Influence. The areas slated for development, which are between Clemenceau and Kamm Avenues and between Hughes and West Avenues are immediately adjacent to the present District boundary. Additional areas are further from the District boundary. The District has estimated a total population increase of 6,576 persons for buildout within District boundaries and the potential developments outside of District boundaries.

#### **Ability to Support Population Growth**

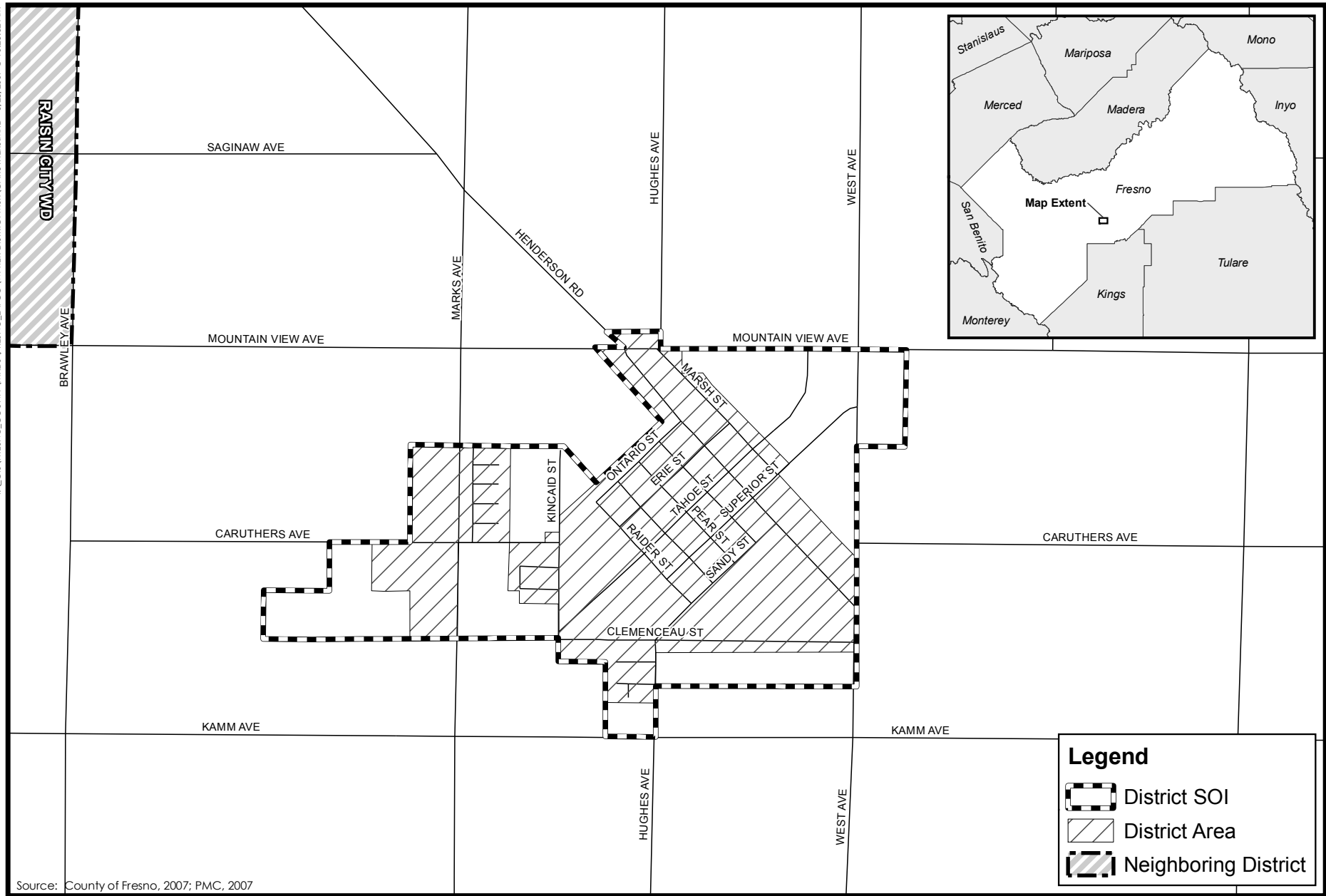
**Water:** According to District personnel and the District's Fiscal Year 2006-07 CFIP, the District's current water supply is capable of supporting 2,736 people or 747 connections. This is approximately 600 persons less than the projected population for the District.

**Wastewater:** The estimated future population in the District is 6,576. The District's wastewater treatment facilities are not able to serve a population of 6,576. Per the Capital Facilities Plan, the District wastewater treatment facilities have a capacity of 0.24 MGD. Existing demands and commitments are 0.214 MGD. The ultimate WWTF demand, based on a total projected population of 4,289 would be 0.429 MGD. If the additional areas of development interest were included, the ultimate projected population would be 6,576 people. This would increase the WWTF demand to 0.658 MGD.

The District has requested the RWQCB approve the concept for an expansion of the treatment and disposal facilities to 0.34 MGD. Additional expansion of the facilities is needed to serve any proposed developments. The RWQCB has expressed the intent to require nitrogen reduction at the wastewater treatment facilities. This requirement will result in substantial capital improvement needs.

Street Lighting: Street lighting services are contracted out, with the ability of the service to expand not contingent upon population growth. Thus, it is assumed that the private provider will be able to support future growth.

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Source: County of Fresno, 2007; PMC, 2007



**Figure 2.1**  
 Caruthers Community Service District  
**PMC**

### III. INFRASTRUCTURE

#### Existing Infrastructure Facilities and Conditions

##### Water Supply

The District's current water supply facilities include four wells, which have a total pumping capacity of approximately 3,050 gallons per minute (gpm). The facilities improvement plan report stated that the current well and pumping capacity is adequate for the current population. One of the wells, with a flow rate of 350 gpm, is not used except in summer months, and may require replacement in the next few years. The District's current water supply is estimated to be capable of serving 2,736 people, or 747 connections, which is greater than the District's current 674 connections. This supply amount is less than the projected population expected to occur with known development applications.

Three of the wells providing water have arsenic levels slightly above the current new federal limit of 10 ppb. Those three wells currently have 10, 21, and 17 ppb. None of the District's wells are receiving treatment for arsenic removal.

##### Water Distribution

The District's water distribution system includes several dead-end runs and multiple locations of four-inch and smaller water lines. The smaller water lines were constructed of steel in the early 1960s. According to the District, the smaller water lines have exceeded their anticipated useful life. The smaller lines lack control valves to shut off water for operation or maintenance requirements, causing closures of large portions of water lines during maintenance activities.

The water system lacks looping and extensions to adequately serve existing development. Long dead-end runs diminish available water pressure and water delivery capacity. This also leads to water aesthetics problems, including taste, odor, and color. The District was able to recently complete a project to increase water line size and looping to improve the current water system.

The District, as of April 2007, has put out a bid to contract for the second phase of water system improvements.

##### Wastewater Facilities

The District's current wastewater collection system consists of six- to ten-inch pipelines throughout the community and a 12-inch pipeline in Clemenceau from Kincaid to the wastewater treatment plant. The District has two sewerage lift stations.

##### Wastewater Treatment

The District's wastewater treatment facility is currently estimated to be able to treat 0.24 million gallons per day (MGD) of sewerage. Current demands on the system total approximately 0.214 MGD. The wastewater treatment process consists of an aerated lagoon treatment system.

### Street Lights

Street lighting services have been contracted out to Pacific Gas and Electric Company (PG&E). The District's street lights are owned by PG&E and are installed on existing power poles.

### Storm Drainage

The District owns and maintains a number of storm drainage basins and associated infrastructure within the District's boundaries. Additional storm drainage facilities are owned and maintained by the County of Fresno.

### District Operations

The FY 2006-07 Adopted Capital Facilities Improvement Plan states that the District's office and maintenance shop are adequate to serve the present population. The District's office is shared with the Fresno County Sheriff. The report determined that additional facilities are expected to be required for the office and maintenance shop to be able to adequately serve additional growth that may occur. Should the proposed developments occur, the office and maintenance shop is estimated to require facilities twice the size of current facilities. Development would be required to pay its own way.

### **Planned Facilities**

#### Water Supply

Any population increase over a total of 2,736, or over 747 connections, is expected to require an additional well to provide adequate water service. The District has not identified a well site, but has suggestions for locations. The new well is expected to also require arsenic treatment facilities. If an aging well is replaced by this new well, it is estimated that the District may be able to serve a total population of 4,608, or approximately 1,259 connections.

If the District experiences a population increase over 4,608 people, the District may install another additional well, which could serve a population of approximately 7,488 people, or 2,046 connections. This capacity is greater than the current population, proposed population, and interested development demand combined.

#### Water Distribution

The District has plans, contingent on the availability of grants and funding, to improve the water distribution system. Plans include replacing several current water distribution lines, several water main extensions, and a water storage tank

#### Wastewater Facilities

Development that may occur may require upgrades or additional wastewater facilities. This may involve larger sewer lines, additional sewerage lift stations, and sewer main extensions.

## Wastewater Treatment

The District has requested approval from the Regional Water Quality Control Board (RWQCB) for the concept for an expansion of the wastewater treatment and disposal facilities. The request includes proposed improvements to the headworks, aerated ponds, disposal ponds, and sludge drying beds. Proposed developments that may occur are estimated to require an increase in the wastewater treatment capacity to 0.658 MGD to serve a population of 6,576.

Expansion of the wastewater treatment facility may also require the District to purchase an additional 20 acres of land for the expanded wastewater disposal facilities.

## IV. FINANCING AND RATE RESTRUCTURING

The Fiscal Year (FY) 2005-06 audited financial statements were reviewed to assess the financial status of the District. For the FY ending in June 2006 total operating revenues from charges for services, connection fees, and assessments totaled \$280,091 for operating revenues, of which \$257,704 came from charges for services. Non-operating revenues from taxes and interest totaled \$46,965. The District's current cash assets were \$725,261, of which \$638,831 were unrestricted.

Total operating expenses were \$412,219, which resulted in an operating loss of \$132,128. This loss was partially offset by non-operating revenues, which totaled \$46,965 coming from taxes and interest. This resulted in a net loss of \$85,163 for the year ending June 30, 2006. Most of the District's revenues are from charges for services. Significant operating expenses were salaries and benefits (\$129,972), utilities (\$93,494), and depreciation (\$66,257). District has current liabilities of \$10,594.

The facilities financing plan report estimated the total costs for the upgrades and new facilities to require just over \$13 million to accommodate a population of 6,576, should growth occur.

The District has recently updated their water connection fees for residential, multi-family, and commercial/institutional users. The single family residential connection fees are currently at \$7,300 for water connection and \$5,700 for sewer connection fees, for a total connection fee of \$13,000 per residential connection. This is anticipated to help finance additional facilities, should development occur.

Basic water rates are currently at \$19.00 per month per connection. Residential water users are allotted 30,000 gallons per household, with an additional charge of \$0.60 per 1,000 gallons above the basic allotment. Commercial water users are allotted 10,000 gallons per unit, with an additional charge of \$0.60 per 1,000 gallons above the basic allotment. Sewer rates are currently at a flat rate of \$9.00 per month per connection.

The District has applied for the grants and loans from the Department of Health Services to help fund the existing arsenic treatment for the wells.

Based on available information, the District appears to require additional financing in order to fund improvements to the current infrastructure and infrastructure necessary to support expected growth. The District may require an increase in rates.

## 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, potential sharing of facilities, 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 has applied for grant funding from several agencies to help pay for infrastructure and facilities upgrades and to meet state water quality standards.

The District is a participant in the Special District Risk Management Authority, which allows the District to pool risk insurance with other special districts, reducing the costs of individual insurance coverage.

Additionally, the District utilizes volunteers in various capacities including meter reading and developing annual reports to various agencies.

The District utilizes an appropriate range of cost avoidance strategies; no additional cost avoidance opportunities have been identified.

## VI. OPPORTUNITIES FOR SHARED FACILITIES

The District currently shares its District office with the Fresno County Sheriff.

No additional opportunities for shared facilities have been identified.

## VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

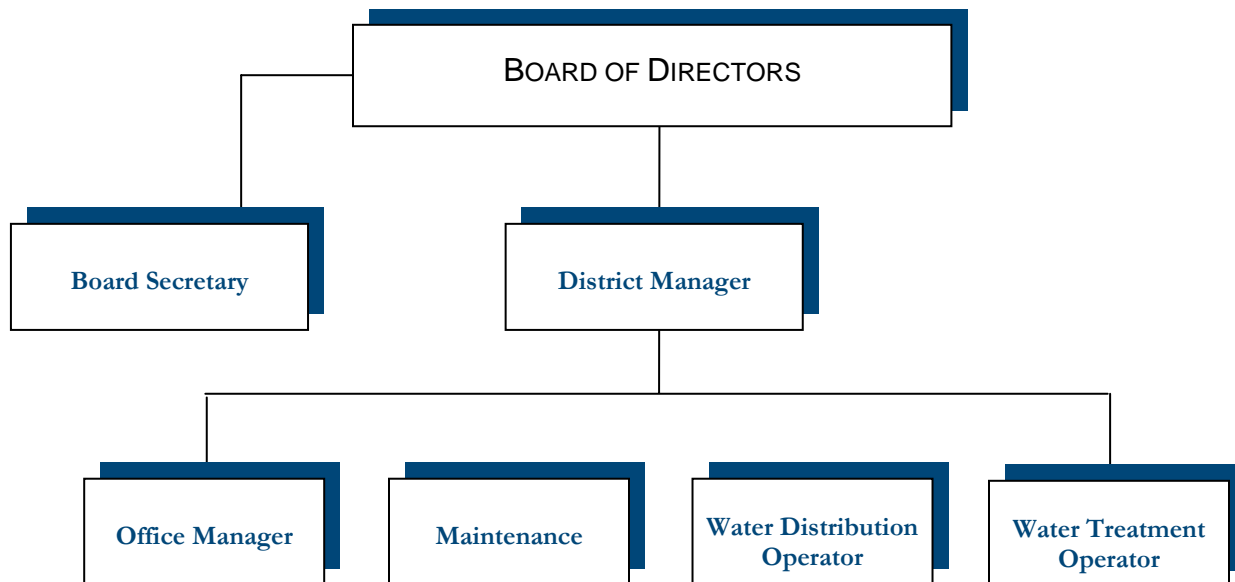
California Government Code section 61000 - 61934 enables the formation of Community Service Districts to provide various services to the community. The District currently provides water, wastewater, and street lighting services. This District is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors). The District 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, 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 to future service provision. 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 has expressed interest in changing the current boundaries. Service provided is adequate within the District's existing boundaries and services do not extend beyond designated boundaries. The District's service boundaries are appropriate for the current services provided and demanded. If development occurs outside of District boundaries, they may request annexation into the District. Current limitations to the District's SOI expansion include arsenic in the water supply, undersized water mains to properly satisfy

fire flow requirements, dead end water mains, wastewater treatment facilities that are at the design capacity and the potential of new regulations that may be imposed on the existing wastewater treatment facilities.

The District currently employs 2.5 FTE personnel: The District manager is also the wastewater treatment operator and water distribution operator. An office manager and a part time maintenance person are also employed. The District's current organizational structure is shown in **Figure 2.1-2**.

FIGURE 2.1-2 CARUTHERS COMMUNITY SERVICES DISTRICT ORGANIZATIONAL CHART



The District utilizes consultants as needed for legal, auditing, engineering, and other professional services. Regular consultants contracted by the District include Provost and Prichard Engineering. The District also contracts out street lighting services to PG&E.

#### VIII. LOCAL ACCOUNTABILITY

A body of five officials elected by registered voters within the District serves as the Board governing the District. Members are elected to four year staggered terms. Board members are subject to recall by District voters through the recall procedures set forth in Chapter 2, Division 13 of the Elections Code.

Board meetings are held on the second Tuesday of each month at 7 p.m. in the District's office. There appear to be ample opportunities for public involvement and input at regularly scheduled meetings. Meeting announcements and notices are posted outside the District's office, at the local grocery store, and at the local post office prior to the board meetings. Meetings and notices appear to be consistent with Brown Act requirements, which include postings in public places.

#### 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.

The current land use within the Caruthers Community Service District is primarily agricultural and residential, with some industrial and limited commercial uses.

Future land uses in proposed developments may include additional residential and commercial uses.

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

Water, wastewater, and street lighting services are currently provided by Caruthers Community Service District. The District may experience additional demands for all service provided if proposed developments occur.

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

Current services provided the Caruthers Community Service District are adequate and have sufficient capacity to serve the existing community. Present limitations to service expansion include arsenic in the water supply, undersized water mains to properly satisfy fire flow requirements, dead end water mains, wastewater treatment facilities that are at the design capacity, and the potential of new regulations that may be imposed on the existing wastewater treatment facilities.

- 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 Caruthers Community Service District serves the unincorporated community of Caruthers.

## X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

### Growth and Population

The Caruthers Community Service District anticipates significant population increases, should proposed development occur; development would pay part of its way, after the infrastructure had been constructed. The District has indicated that development fees are not sufficient to cover the entire cost of new infrastructure. According to the FY 2006-07 Adopted Capital Facilities Improvement Plan the proposed developments may increase population by 1,010, for a total estimated population of approximately 3,341 people. The District has the proper master planning and financial planning in place to account for future development and its potential demand on existing infrastructure. However, the District has indicated that connection fees for new developments are not paid prior to the construction of infrastructure, and are not sufficient to cover the cost of infrastructure construction. The District has requested a Sphere of Influence modification to serve anticipated developments.

### Infrastructure

The Caruthers Community Service District's current major infrastructure includes four wells, well pumps, water distribution system, wastewater collection system, two sewerage lift stations, and a wastewater treatment facility. Three wells require additional treatment to meet new federal standards. The street lighting infrastructure is owned and operated by Pacific Gas and Electric Company, the private service provider contracted by the District. Current infrastructure and facilities are adequate for the current demand. If significant development occurs, the District is anticipated to expand current

infrastructure and faculties, in accordance with its FY 2006-07 Adopted Capital Facilities Improvement Plan.

### **Financing Constraints and Opportunities**

Services provided by the Caruthers Community Service District are financed by utility fees, connection fees, assessments, and property taxes. FY 2005-06 expenditures exceeded revenues. The District does not have sufficient reserves to address the infrastructure needs identified in the Capital Facilities Plan. Connection fees typically would be received by the District after construction of improvements has been completed. Connection fees are not sufficient to cover the entire cost of new infrastructure, which may result in significant increases to water and sewer rates within the District. The District receives a small amount of money from property taxes, and the District Engineer has indicated that the District does not receive assessments levied on its own behalf.

### **Rate Restructuring**

The Caruthers Community Service District charges utility rates for water and sewer. Current water customers are charged a basic rate, as well as additional charges for usage above basic water usage. Current sewer rates are flat, regardless of usage. No additional opportunities for rate restructuring have been identified.

### **Cost Avoidance Opportunities**

The Caruthers Community Service District appears to utilize a sufficient range of cost avoidance opportunities; including applying for and utilizing grants, participating in a pooled risk insurance, utilizing contract services, utilizing volunteers, and employing a minimal number of employees to reduce costs. No additional cost avoidance opportunities have been identified.

### **Opportunities for Shared Facilities**

The Caruthers Community Service District currently shares the District's office with the Fresno County Sheriff. The District does not currently share any facilities with another similar service provider; no opportunities for shared facilities have been identified by the District.

### **Government Structure Options**

The Caruthers Community Service District is the only public agency providing water, wastewater, and street lighting services within its jurisdictional boundary. The overall management structure of the District is sufficient to perform necessary services and maintain operation in an efficient and effective manner.

### **Evaluation of Management Efficiencies**

The Caruthers Community Service District is able to operate under its existing structure. The District has estimated future service demands and has adopted a Capital Facilities Improvement Plan to meet those demands, should development occur.

## Local Accountability

The Caruthers Community Service District's Board of Directors is elected by voters within the District. Board meetings are held regularly and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input. No significant issues regarding local accountability were noted.

## XI. BIBLIOGRAPHY

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