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

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**CONSENT AGENDA ITEM NO. 7-A**

**DATE:** December 5, 2007

**TO:** Fresno Local Agency Formation Commission

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

**SUBJECT:** **Consider Adoption** – Municipal Service Review and Sphere of Influence Update Prepared for County Service Area No. 5

**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 MSR and SOI Update have been prepared for County Service Area (CSA) No. 5.

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 an SOI update, or adopting an SOI, 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.

There are 23 county service areas operating within Fresno County. This report covers County Service Area (CSA) No. 5. CSA No's. 1, 23, 30, 32, 34, 35, 38, 43, 44, 49, and 50 also appear on today's agenda. MSRs and SOI Updates for the remaining CSAs have already been adopted by the Commission.

### **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 Section 15062.

### **Discussion / Summary of Determinations**

County Service Area (CSA) No. 5 (Wildwood) encompasses approximately 114 acres comprised of 156 parcels, located on the east side of the Kings River, north of SR 180 at Piedra Road. The District's boundary and Sphere of Influence are coterminous.

The District provides water service and maintains a small recreational lake for the Wildwood Island and Wildwood Meadows residential developments. Water is provided via District wells. Existing infrastructure and service levels are adequate to serve the District's needs. No significant growth is anticipated within the District, as its area is substantially built out.

District personnel have noted concern regarding historical overdraft of groundwater within Fresno County, which may lead to an inadequate water supply for the District. LAFCo recognizes that groundwater is a vital, but limited resource for the District and the region as a whole. Further, the Commission acknowledges that local agencies each have their own interests, which sometimes compete with others for this limited resource. Therefore, LAFCo encourages the County and other appropriate local governmental agencies to:

- As per State law, address and mitigate as required, groundwater overdraft impacts during the mandated environmental review process for all “projects” as defined by CEQA, that would result in new or increased demands on water resources and/or intensification of urban uses; and
- Work together to collectively identify and implement feasible strategies to eliminate groundwater overdraft in Fresno County, including territories that may be the subject of future applications to LAFCo for a change of organization and reorganization.

The provision of a dependable water supply for residential use will be a significant issue LAFCo will carefully consider when reviewing proposed sphere of influence and boundary changes for all districts and cities.

Further, recognizing the historic nature of groundwater overdraft, LAFCo encourages the County and other concerned public to cooperatively investigate and implement strategies, to the extent feasible, that will result in a net increase in groundwater in the Wildwood area.

The District is governed by the County Board of Supervisors and is administered by the Special Districts Administrator Office of the Fresno County Public Works and Planning Department. The Special Districts Office monitors, maintains and repairs District infrastructure. The Office also provides administrative services to a total of 23 CSAs and six Waterworks Districts within Fresno County.

The District’s FY 2006-07 Budget projected revenues totaling \$71,869, with revenues derived from property taxes (\$8,442), charges for water service (\$31,303), carryover funds (\$31,097) annual fees (\$277), and interest (\$750). Projected expenses of \$71,869 included water and lake maintenance services (\$40,965), general reserves (\$26,807) and contingencies (\$4,097). District funding is adequate to meet the District’s needs.

No cost avoidance opportunities are apparent, though District staff notes that lake maintenance services may be better served by a Homeowners Association (HOA). District staff and residents of the District could arrange for a HOA to provide this service without the need to seek approval by LAFCo.

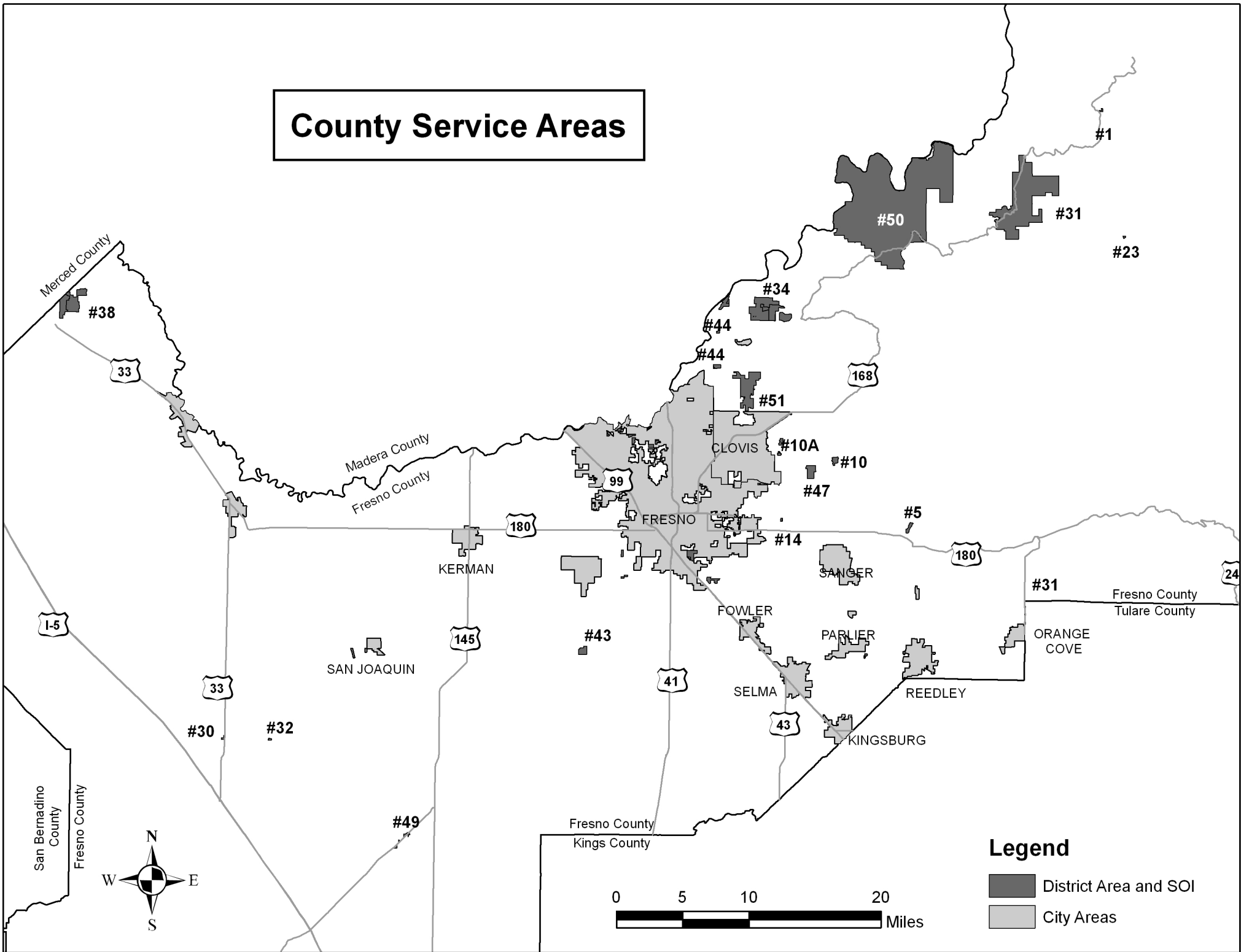
The District can seek to restructure its rates on an annual basis. No opportunities for shared facilities or alternative government structure options were identified in the MSR.

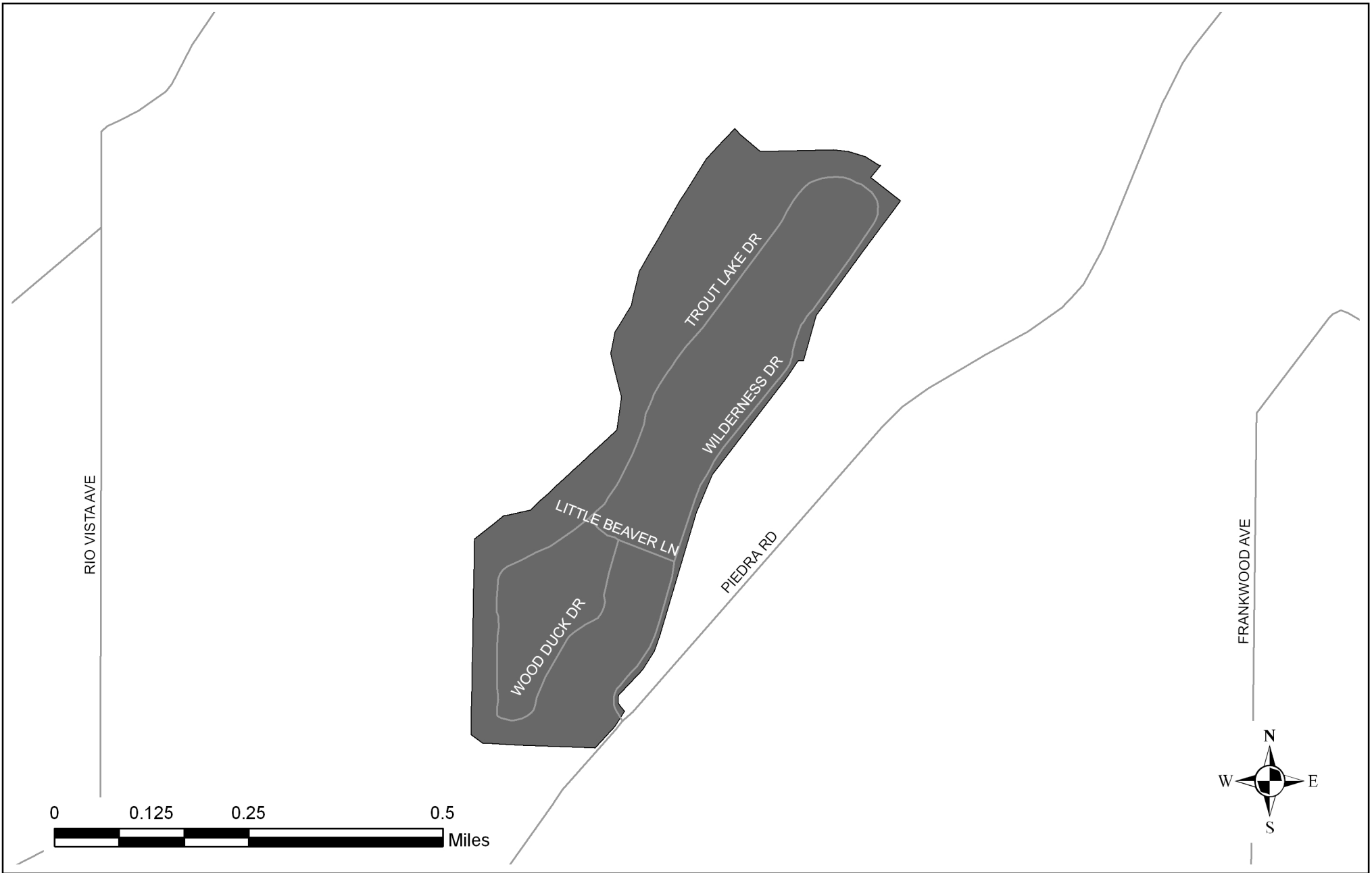
The District’s boundary and Sphere of Influence appear to be correct at this time. The County has not indicated that any changes are desired or warranted. Staff recommends that the District’s SOI be updated by affirming its current SOI boundary.

## **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 County Service Area No. 5 (Wildwood) 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 Sphere of Influence Update, adopt the Municipal Service Review prepared for County Service Area No. 5 (Wildwood) by Braitman and Associates, and update the Sphere of Influence for said District by reaffirming its current boundary.
- E. Since LAFCo recognizes that water is a vital, but limited resource for the entire region and acknowledges that local agencies have their own interests that sometimes compete with others for this limited resource and since the County has been experiencing groundwater overdraft for many years, encourage the County and other appropriate local governmental agencies to:
  - Consider and mitigate groundwater overdraft during the CEQA mandated environmental review process for all "projects" as defined by CEQA, which would result in new development and/or intensification of urban uses; and
  - Work together to collectively identify and implement feasible strategies to eliminate groundwater overdraft including those territories subject to applications to LAFCo for a change of organization and reorganization.
- F. Encourage affected agencies, including the County of Fresno, to cooperatively investigate and implement strategies that, to the extent feasible, will result in a net increase in groundwater in the vicinity of the District.

# County Service Areas





**Fresno Local Agency Formation Commission  
County Service Area No. 5 (Wildwood Estates)**

Provides Water and Recreation Services

District Formed: 1963

SOI Adopted: 6/25/1975

SOI Updated: 1/23/83

Map Date: October 2007

District Area: 114 Acres

Sphere Area: 114 Acres

**Legend**

 District Area and SOI

# **COUNTY SERVICE AREA No. 5**

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

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

Prepared By:

Braitman & Associates  
8277 Cheshire St.  
Ventura, CA 93004

December 2007

# 1. MUNICIPAL SERVICE REVIEW

## Description of District

County Service Area No. 5 (Wildwood Island) was formed in 1963. It includes about 114 acres on the east side of the Kings River, just north of SR 180 at Piedra Road.

Its boundaries and Sphere of Influence are coterminous as shown on the enclosed map.

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

## District Services

The District provides water service and recreational lake maintenance for the Wildwood Island and Wildwood Meadows tracts. There are 156 parcels within the district, most of which include existing residences.

# 2. MSR DETERMINATIONS

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews.

## **Infrastructure Needs and Deficiencies**

The District distributes water from district wells to parcels in the District. It maintains a small recreational lake within the district boundaries.

Water is a vital, but finite resource for the entire Fresno region. It is acknowledged that individual agencies each have their own interests, which sometimes compete with the interests of others for this limited resource. The County has been experiencing groundwater overdraft for many years. A significant amount of study of this resource issue is already underway. LAFCO should encourage the County of Fresno and other affected local governmental agencies to:

- As required by State law, consider and mitigate groundwater overdraft during the mandated environmental review process for all “projects” as defined by CEQA, that would result in new or increased demands on water resources and/or intensification of urban uses; and
- Work together to collectively identify and implement feasible strategies to eliminate groundwater overdraft in the County, including territories that may be the subject of future applications to LAFCo for a change of organization and reorganization.

The dependable availability of water resources will be one of the issues LAFCO carefully considers when reviewing proposed Sphere of Influence and boundary changes.

Further, recognizing the historic nature of groundwater overdraft, LAFCO should encourage the County and other concerned public agencies to cooperatively investigate and implement strategies, to the extent feasible, that will result in a net increase in groundwater.

### **Growth and Population Projections**

The area within the district is subdivided and largely builtout.

### **Financing Constraints and Opportunities**

The projected revenue for Fiscal-Year 2006-07 of \$71,869 includes property taxes (\$8,442), charges for water service (\$31,303), carryover funds (\$31,097), annual fees (\$277) and interest (\$750).

Projected expenses of \$71,869 include water and lake maintenance services (\$40,965), General Reserves (\$26,807) and contingencies (\$4,097).

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

### **Cost-Avoidance Opportunities**

There are no apparent cost avoidance opportunities, though the district staff notes that lake maintenance services may be better served by a Homeowners Association (HOA).

### **Opportunities for Rate Restructuring**

There are annual opportunities for restructuring service charges to fund District operations based on the costs of providing water and maintaining the lake.

### **Opportunities for Shared Facilities**

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

### **Government Structure Options**

There are no readily apparent government structure options.

### **Management Efficiencies**

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

## **Local Accountability and Governance**

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

### **3 . SPHERE OF INFLUENCE REVIEW AND UPDATE**

Government Code Section 56076 defines Sphere of Influence as “A plan for the probable physical boundaries and service area of a local agency, as determined by the commission.”

#### Description of Current Sphere of Influence

Its boundaries and Sphere of Influence are coterminous.

#### No Proposed Sphere Changes

The District proposes no changes in its Sphere of influence or boundaries.

#### Sphere of Influence Determinations

It is recommended the Commission approve the following determinations and affirm the current Sphere of Influence.

1. Present and planned land uses in the area, including agriculture and open-space.

Present and planned land uses within the District are primarily residential.

2. Present and probable need for public facilities and services in the area.

The probable need for public services and facilities reflect existing land uses within the District, which are predominantly residential.

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

District facilities are sufficient for the services provided.

4. Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

Territory within the District is a somewhat isolated residential development.

## 4. ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by Braitman & Associates working at the direction of the Fresno LAFCO staff. Responsibility for any errors or omissions rests with those who prepared the report.

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

### Available Documentation

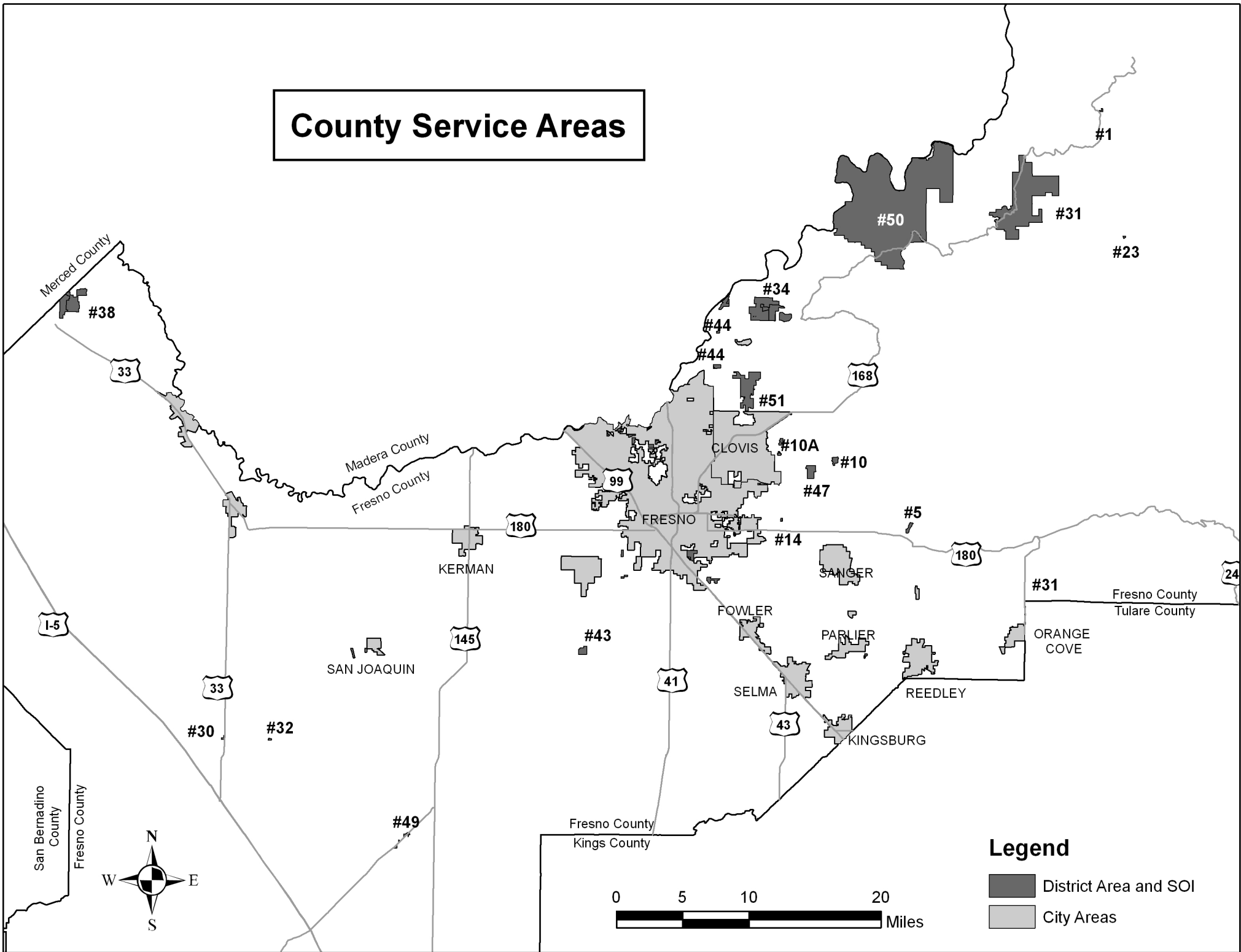
The “Request for Information for Municipal Service Reviews” submitted by the District and supporting documents referred to therein are available in the LAFCO office.

## 5. RECOMMENDATIONS

In consideration of information gathered and evaluated during the Municipal Service Review it is recommended the Commission:

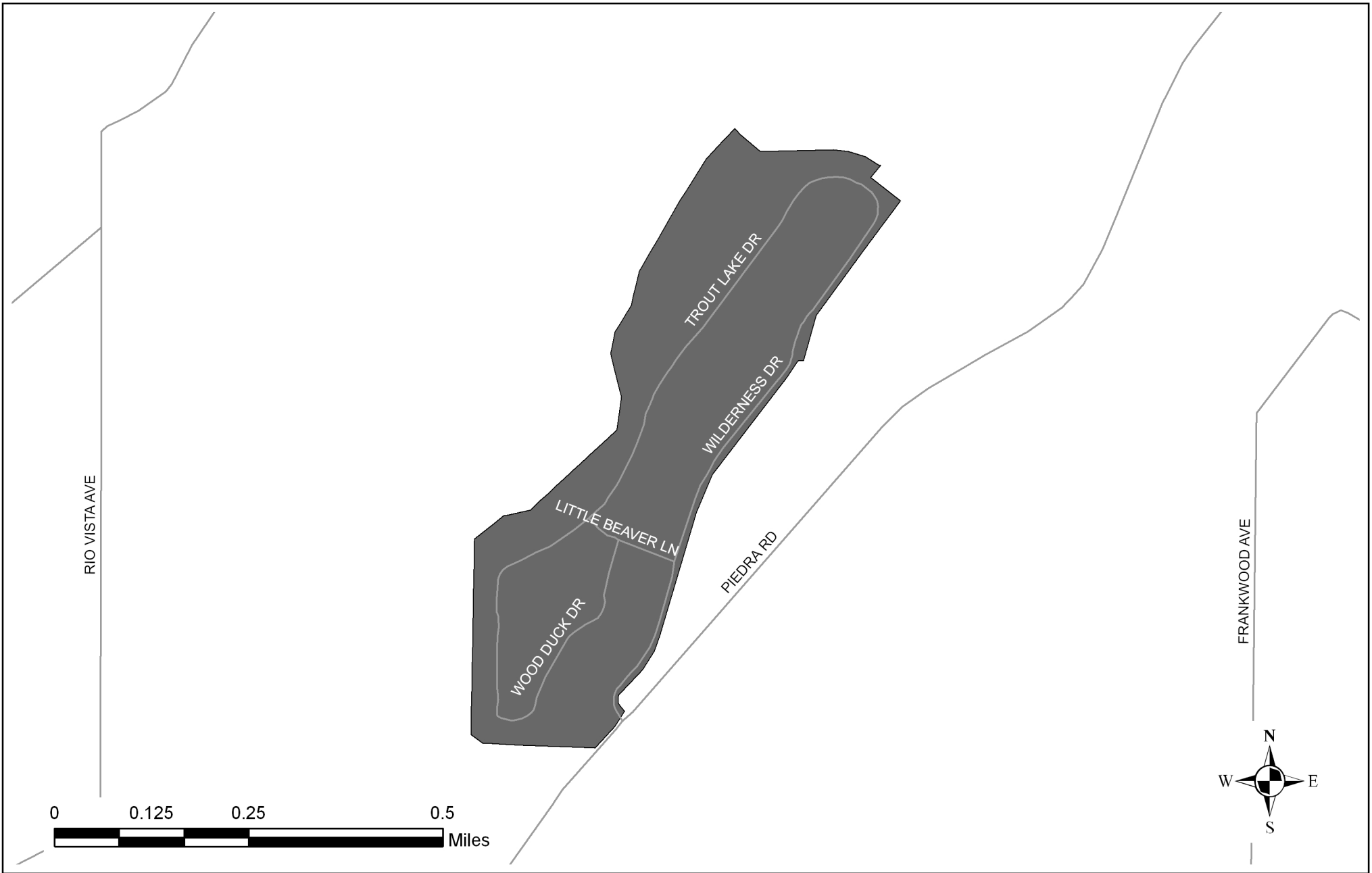
1. Accept public testimony regarding the proposed Municipal Service Review.
2. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.
3. Affirm the current Sphere of Influence and that it not be revised at this time.
4. Since LAFCo recognizes that water is a vital, but limited resource for the entire Fresno region and acknowledges that local agencies have their own interests that sometimes compete with others for this limited resource, and since the County has been experiencing groundwater overdraft for many years, LAFCo encourages the County of Fresno and other appropriate local governmental agencies to:
  - a. Consider and mitigate groundwater overdraft during the CEQA mandated environmental review process for all “projects” as defined by CEQA, which would result in new development and/or intensification of urban uses; and
  - b. Work together to collectively identify and implement feasible strategies to eliminate groundwater overdraft in the Fresno County including those territories subject to applications to LAFCo for a change of organization and reorganization.
5. Encourage affected agencies, including the County of Fresno, to cooperatively investigate and implement strategies that, to the extent feasible, will result in a net increase in groundwater in the vicinity of CSA No. 5.

# County Service Areas



## Legend

- District Area and SOI
- City Areas



**Fresno Local Agency Formation Commission  
County Service Area No. 5 (Wildwood Estates)**

Provides Water and Recreation Services

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