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

AGENDA ITEM No. 15

DATE: July 11, 2007

TO: Fresno Local Agency Formation Commission

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

SUBJECT: **Consider Adoption** – Municipal Service Review and Sphere of Influence Update Prepared for the Bluffs Community Service District

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 Pacific Municipal Consultants (PMC) to prepare MSRs and SOIs for numerous special districts. The attached MSR has been prepared for the Bluffs 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 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, if the Commission determines that modifications to a district's SOI boundary is appropriate, it is required to consider the following four criteria and make appropriate determinations in relationship to each of the following:

1. The present and planned land uses in the area, including agricultural and open-space lands
2. The present and probable need for public facilities and services in the area
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency

Environmental Determination

Staff has determined that adoption of the Bluffs Community Service District MSR and SOI determinations are actions considered to be “Categorically Exempt” as per Section 15306 (Information Collection) of the California Environmental Quality Act Guidelines (CEQA). Any change to a district’s SOI resulting from recommendations adopted by the Commission will require additional review under CEQA.

Discussion & Summary of Determinations

The Bluffs Community Service District encompasses approximately 34 acres consisting of 53 residential parcels located within a “County Island” in north Fresno. The District is located within the City of Fresno’s Sphere of Influence and its boundary is coterminous with the City/County boundary creating the island.

The District provides landscaping and street lighting services. Landscaping services are provided for a 0.33-acre park and a Fresno Metropolitan Flood Control District easement. Street lighting is provided throughout the District. The District is not expected to grow since the area is at full build-out.

The District’s five-member Board of Directors are elected. Meetings are held on an as-needed basis. No information was provided regarding noticing. It appears that the District may not be complying with Brown Act requirements.

The District does not maintain staffing or equipment. Landscaping services are contracted out. No information was provided relating to how the lighting service is provided. The Board of Directors does not receive any compensation.

The District provided financial statements for FY 2005-06 and FY 2004-05. As of the end of FY 2005-06, the District had assets totaling \$164,770. The District has no revenue stream other than interest income. The District does not charge fees, collect property taxes, or make assessments. The District’s existing assets were derived from the sale of property a number of years ago. The District operated losses during FY 2005-06 and FY 2004-05.

The District indicated that it is providing services at an adequate level and does not propose any changes to its Sphere of Influence or boundary.

In response to the draft MSR, the City of Fresno stated that it “may consider annexation of the territory within the Bluffs CSD under its “island annexation” program in accordance with the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. If the City annexed this area, it would be appropriate for the District to be dissolved. Given the fact that the City already provides landscaping and street lighting services, it is possible that greater

efficiencies could be achieved if the City were to annex the Bluffs Community and assume provision of these services.

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".
- B. Find that the Municipal Service Review and Sphere of Influence Update prepared for the Bluffs 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 adopt the determinations as presented in the Municipal Service Review and Sphere of Influence Update documents.
- E. Affirm the District's existing Sphere of Influence until such time that the City of Fresno annexes the area encompassed by the District.
- F. Encourage the City of Fresno to annex the Bluff territory (County Island) and dissolve the District upon annexation.
- G. Encourage the District Board of Directors to hold regular meetings and to notice these meetings per Brown Act requirements.

BLUFFS COMMUNITY SERVICE DISTRICT

MUNICIPAL SERVICE REVIEW

Report to the
Fresno Local Agency Formation Commission

Prepared by:
PMC
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July 2007

BLUFFS COMMUNITY SERVICE DISTRICT

Landscape maintenance

Contact Information		
Address:	7493 N. Toletachi Road Fresno, CA 93711	
Phone:	(559) 432-2158	
Website:	None	
Management Information		
Manager:	Elizabeth Mitchell, Chairman	
Governing Body:	Board of Directors	
Board Members:	Tom Jones Elizabeth Mitchell Georgia Murach Linda Sacks Bob Garavello	Expires 2007 Expires 2009 Expires 2007 Expires 2009 Expires 2009
Board Meetings:	As needed	
Staffing:	A contracted gardener	
Service Information		
Empowered Services:	Landscaping and lighting services	
Services Provided:	Landscaping and lighting services	
Latent Powers:	None	
Area Served:	The District serves 53 residential parcels to the north of the City of Fresno, and with in the City's SOI.	
Population Served:	The District includes 53 residential parcels. Population is unknown.	
Infrastructure:	None	
Fiscal Information		
Budget:	About \$7,000	
Sources of Funding:	From residual monies of the sale of property a number of years ago	
Rate Structure:	None	
Administrative Policies		
Master Plan: None	Policies/Procedures: None	By-laws: None
Boundary Updated: No	SOI Updated: No	Other: None

2.3 BLUFFS COMMUNITY SERVICE DISTRICT

I. SETTING

The Bluffs Community Service District (District) is an independent district, and is authorized to provide services under Government Code 61000-61934. The District provides landscape and lighting services to residents within its service boundary.

Area Served

There are currently two primary landscaping service areas within the District: a 0.33-acre park and an easement used by the Flood Control District along Toletachi Road. Lighting services are provided at the park, only. The District is located wholly within the Sphere of Influence of the City of Fresno.

The boundaries of the District are shown on the map attached as **Figure 2.3-1**.

Services Provided

The District provides landscaping and lighting services. There are no services provided outside the District boundary and there is no overlap in services.

II. GROWTH AND POPULATION

The District is completely subdivided and no additional service demands are anticipated. The District did not provide information related to the specific number of residents served.

III. INFRASTRUCTURE

Existing Infrastructure Facilities and Conditions

The District does not own any buildings, and did not provide any additional information regarding landscape or lighting facilities or equipment. According to the District staff, the infrastructure and services being provided are adequate to serve the needs of the District.

Planned Facilities

There are no long-range planning documents in use by the District.

IV. FINANCING AND RATE RESTRUCTURING

The District provided financial statements for Fiscal Years 2005-06 and 2004-05, as well as financial information provided separately. All financial information provided by the District was analyzed in the preparation of this MSR. Financial statements from Fiscal Year (FY) 2005-06 and 2004-05 were reviewed to determine the fiscal status, assess financial practices, and review pertinent management findings.

In FY 2005-06 the District's current assets were \$96,742. Fixed assets amounted to \$68,028. The total net assets were \$164,770 on June 30, 2006. The total operating expenses for the District were \$5,909 for FY 2006. The District had no operating income for Fiscal Year 2006, however operating expenses were partially off-set by interest income, which totaled \$3,636.

During FY 2004-05, the District also operated at a net loss, with no operating income, and operating expenses of \$7,895. FY 2004-05 operating expenses were partially off-set by interest income of \$2,334.

The District does not have any debt; however, the District is currently operating in deficit spending.

The District does not charge fees at this time and there are no property assessments. The District is financed by residual monies from the sale of property a number of years ago. The money is invested and the income is used for lighting and gardeners.

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 Board of Directors is not compensated. Additionally the District does not have any paid staff, rather it contracts with a gardener to provide landscaping services to the District. There are no Joint Powers agreements in place.

VI. OPPORTUNITIES FOR SHARED FACILITIES

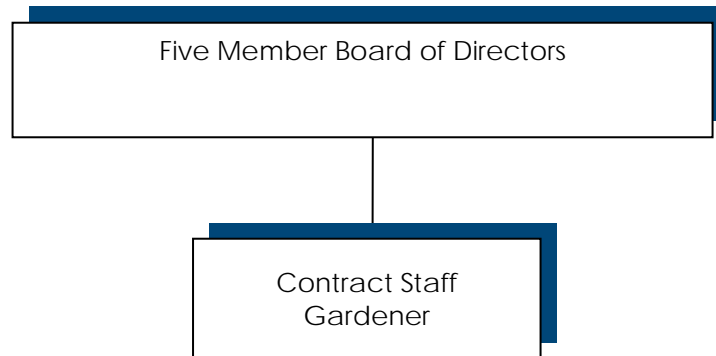
The District does not share any facilities.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

California Government Code section 61000 - 61934 enables the formation of Community Service Districts to provide various services to the community. The District currently provides street lighting and landscape services. This district is an independent special district that has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors). The District, under its current legal form, is able to function under its current government structure. However, the District is currently operating under deficit spending.

As this District is located within the Sphere of Influence of the City of Fresno (City) transitioning the CSD to the City may result in significant efficiencies. The City of Fresno could finance the services through existing revenue sources and would capitalize on economies of scale given their existing sources.

The District is governed by a five-member Board of Directors. The District has recently contracted with a gardener to perform landscape maintenance. See the District's Organizational Chart below in **Figure 2.3-2**.

FIGURE 2.3-2: BLUFFS COMMUNITY SERVICE DISTRICT ORGANIZATIONAL CHART

VIII. LOCAL ACCOUNTABILITY

The District is managed by an elected Board of Directors. Two members' terms conclude in November of 2007, the other three Directors will serve until November of 2009. The Board does not have regular meetings, instead they convene as business necessitates. The District has not conducted any customer satisfaction surveys.

The District did not provide information related to the noticing of meetings, or whether public comments are accepted. The statement that the District does not hold regular meetings suggests that it is likely that the CSD does not comply with Brown Act requirements.

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.

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

The District is completely subdivided into residential lots with no changes in land use in the foreseeable future.

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

The District staff does not anticipate major infrastructure upgrades or necessary increases in service in the future.

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

According to the District staff, the infrastructure and services being provided are adequate to serve the needs of the District.

- 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 District did not indicate that there are any communities of interest within the District's boundaries.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

The Bluffs Community Service District does not anticipate any additional growth within its service boundary.

Infrastructure

The Bluffs Community Service District's infrastructure is limited, but according to District Staff, is adequate to serve the needs of the District's residents.

Financing Constraints and Opportunities

The Bluffs Community Service District is operating in deficit spending; its source of money is the residual from the sale of property; it does not charge service fees or collect a portion of local property assessments. Money from the sale of the property is invested and the income is used toward covering the annual cost of operations. The District is currently operating in deficit spending due to the low interest rate on the District's invested funds.

Rate Restructuring

The Bluffs Community Service District does not charge service fees to the resident's of the District, and there are no property assessments.

Cost Avoidance Opportunities

The Bluffs Community Service District avoids costs in a number of ways including utilizing a volunteer board and a minimal number of staff.

Opportunities for Shared Facilities

The Bluffs Community Service District currently does not share any facilities.

Government Structure Options

The Bluffs Community Service District is an independent District. The overall management structure of the District is sufficient to account for necessary services and maintain operations in an effective manner however; it is currently operating in deficit spending. As the District is located within the SOI of the City of Fresno it is possible that greater efficiency might be achieved by annexing the District into the City's service area.

Evaluation of Management Efficiencies

The Bluffs Community Service District appears to operate efficiently and to provide adequate service to the District however; this is resulting in deficit spending. Annexation into the City of Fresno's service area may result in greater efficiency.

Local Accountability

The Bluffs Community Service District did not provide any information to allow for a determination of local accountability.

XI. BIBLIOGRAPHY

Pacific Municipal Consultants, *Survey Response from Martin Dietz*, February 2007.