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

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**CONSENT AGENDA ITEM No. 8**

**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 Reviews and Sphere of Influence Updates prepared for the following Districts:

1. Waterworks District No. 37
2. Waterworks District No. 40

**Summary / Background**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update, as necessary, Special District's Sphere 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 MSRs have been prepared for two of the seven Waterworks Districts operating within Fresno County.

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, 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

There are seven Waterworks Districts (WWDs) within the County of Fresno. These Districts include: Waterworks District No.'s 18 (Friant); 37; 38; 49; 41S; 41W; and 42.

This report addresses Waterworks District No.'s. 37 and 40. Waterworks District Nos. 18 (Friant) and 38 are considered separately on today's agenda. MSRs and SOI Updates prepared for the remaining Waterworks Districts will be presented at a later hearing.

Waterworks Districts are dependent special districts formed pursuant to Division 10 of the California Water Code Section 55000, et. seq. They are empowered to provide water for domestic, agricultural, industrial, and fire protection purposes. They can also operate facilities relative to the sale of water, treatment and reclamation of saline and wastewater, and sewage collection.

None of the Waterworks Districts in Fresno County provide the full range of empowered services.

### **Environmental Determination**

Staff has determined that consideration and adoption of the Community Service District Municipal Service Reviews and Sphere of Influence determinations are actions considered to be "Categorically Exempt" as per Section 15306 (Information Collection) of the California Environmental Quality Act Guidelines (CEQA). Any additional changes to a District's Sphere of Influence resulting from recommendations adopted by the Commission will require additional review under CEQA.

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

#### **1. Waterworks District No. 37**

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

Waterworks District No. 37 encompasses approximately 77 acres, in an area located north of SR 168 and west of Shaver Lake. The District's boundary and SOI are coterminous.

The District provides water for domestic uses through 46 service connections. The District averages one new connection per year. District services do not overlap with similar services provided by another agency.

Existing infrastructure includes two production wells, a storage tank, and fire suppression hydrants. The District states that it recently began experiencing failures with its domestic water pumps and that repairs or replacement of the pumps are necessary.

The District is governed by the County Board of Supervisors and has a Citizens Advisory Council (CAC) made up of volunteers from among the property owners in the District. The CAC makes recommendations to the Board related to the adequacy of the level of service. The District is administered by the County of Fresno Department of Public Works and Planning, Resources Division, which also supplies staff for monitoring, maintaining, and repairing District infrastructure. County staff assigned to this Waterworks District also administers a number of other waterworks districts and numerous County Service Areas.

The District's proposed FY 2006-07 Budget identified \$31,969 in operational expenses. The District is primarily financed through bi-monthly service fees. These funds were not sufficient to cover the Board of Supervisors policy of maintaining a 50% reserve fund balance. Fees are currently \$47.50 for domestic water service. Fees were last revised in 2005. County staff notes that recent failures of the District's domestic water pumps may necessitate a rate increase in order to finance repair or replacement of the pumps. Proposition 218 procedures will be required to be followed to raise rates.

The District engages in cost avoidance opportunities by utilizing the administrative and professional staff of the County's Public Works Department which also oversees operations of numerous other Waterworks Districts and County Service Areas.

The District's fire hydrants are available to other agencies in the case of emergency.

No alternative government structure options were identified through this review.

The District did not indicate any changes to its Sphere of Influence are necessary or desired.

## **2. Waterworks District No. 40**

### **A. Maintain the District's existing Sphere of Influence boundaries.**

Waterworks District No. 40 is located south of SR 168 and southwest of Shaver Lake. The District's boundary and SOI are not coterminous.

The District provides domestic water and sewer services to 92 residential lots within its boundary and one customer outside of its boundary. It averages approximately one new service connection per year. District services do not overlap with similar services provided by other agencies.

The District is governed by the County Board of Supervisors and has a Citizens Advisory Council (CAC) made up of volunteers from among the property owners in the District. The CAC makes recommendations to the Board related to the adequacy of the level of service. The District is administered by the County of Fresno Department of Public Works and Planning, Resources Division which also supplies staff for monitoring, maintaining, and repairing District infrastructure. County staff assigned to this Waterworks District also administers a number of other waterworks districts and numerous County Service Areas.

The District's infrastructure includes one production well and storage tank system, fire suppression hydrants, and extended aeration and spray fields for disposal of wastewater. Fresno County staff indicates that it is not known if existing infrastructure is adequate to accommodate additional future development. The District has recommended an engineering assessment be performed of the existing and future infrastructure. No information regarding day-to-day maintenance activities or long-term facility plans were provided.

The District's FY 2006-07 Budget projected \$99,942 in expenditures including \$17,525 for contingencies and reserves. The District is financed through bi-monthly service fees. Current fees are \$40.15 and 20.69 per month for water and sewer service, respectively. Service fees were last revised in January, 2007 through a proposition 218 hearing. Funds have not been sufficient to cover the Board of Supervisors' policy of maintaining a 50% fund balance in reserves.

The District engages in cost avoidance opportunities by utilizing the administrative and professional staff of the County's Public Works Department, which also oversees operations of numerous other Waterworks Districts and County Service Areas.

The District's fire hydrants are available to other agencies in the case of emergency.

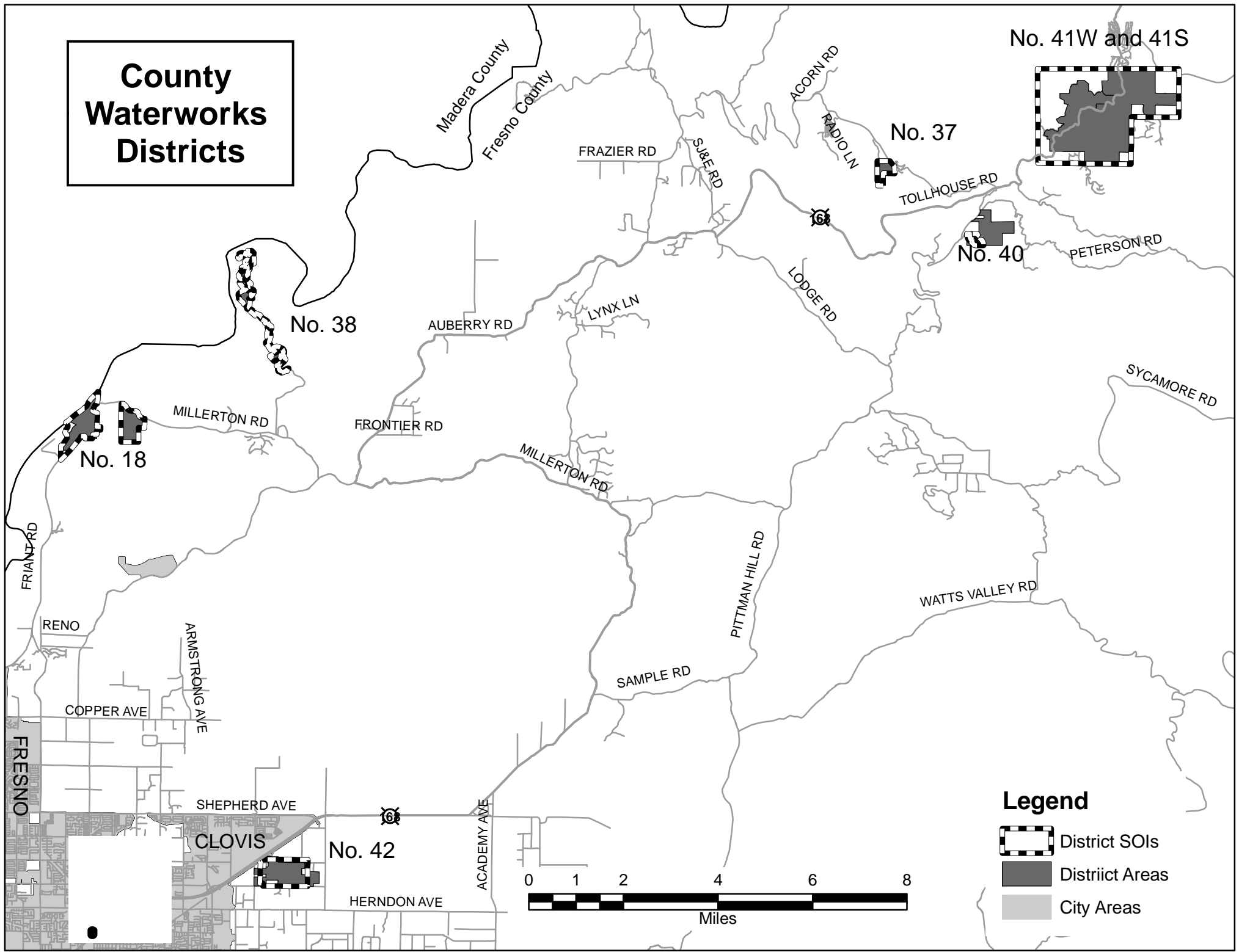
No alternative governmental structure options were identified through this review.

The District did not indicate changes to its Sphere of Influence are necessary or desired.

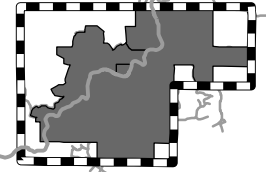
**Recommendations:**

- A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Reviews and Sphere of Influence determinations under consideration are Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection".
- B. Find the Municipal Service Reviews and Sphere of Influence Updates prepared for Waterworks District No's. 37 and 40 are complete and satisfactory.
- C. Find that the written determinations within the Municipal Service Reviews and Sphere of Influence Updates satisfy State Law.
- D. Pursuant to Government Code Sections 56425 and 56430 adopt the determinations as presented in the Municipal Service Review and Sphere of Influence Update documents.

# County Waterworks Districts



No. 41W and 41S



No. 37

No. 40

No. 38

No. 18

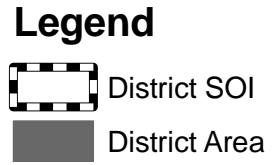
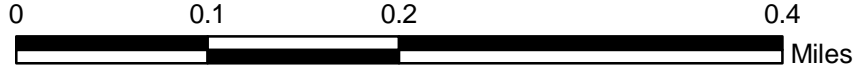
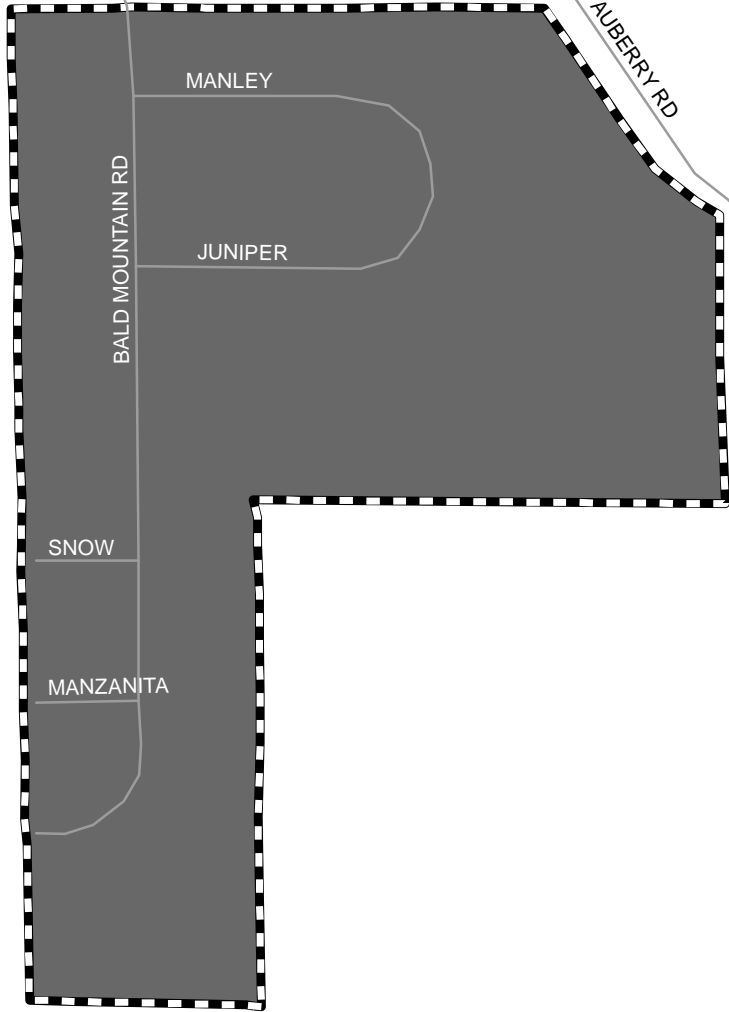
No. 42

## Legend

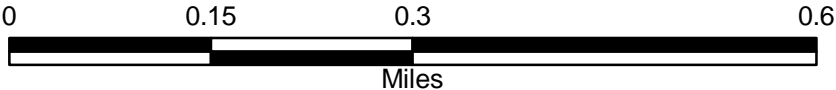
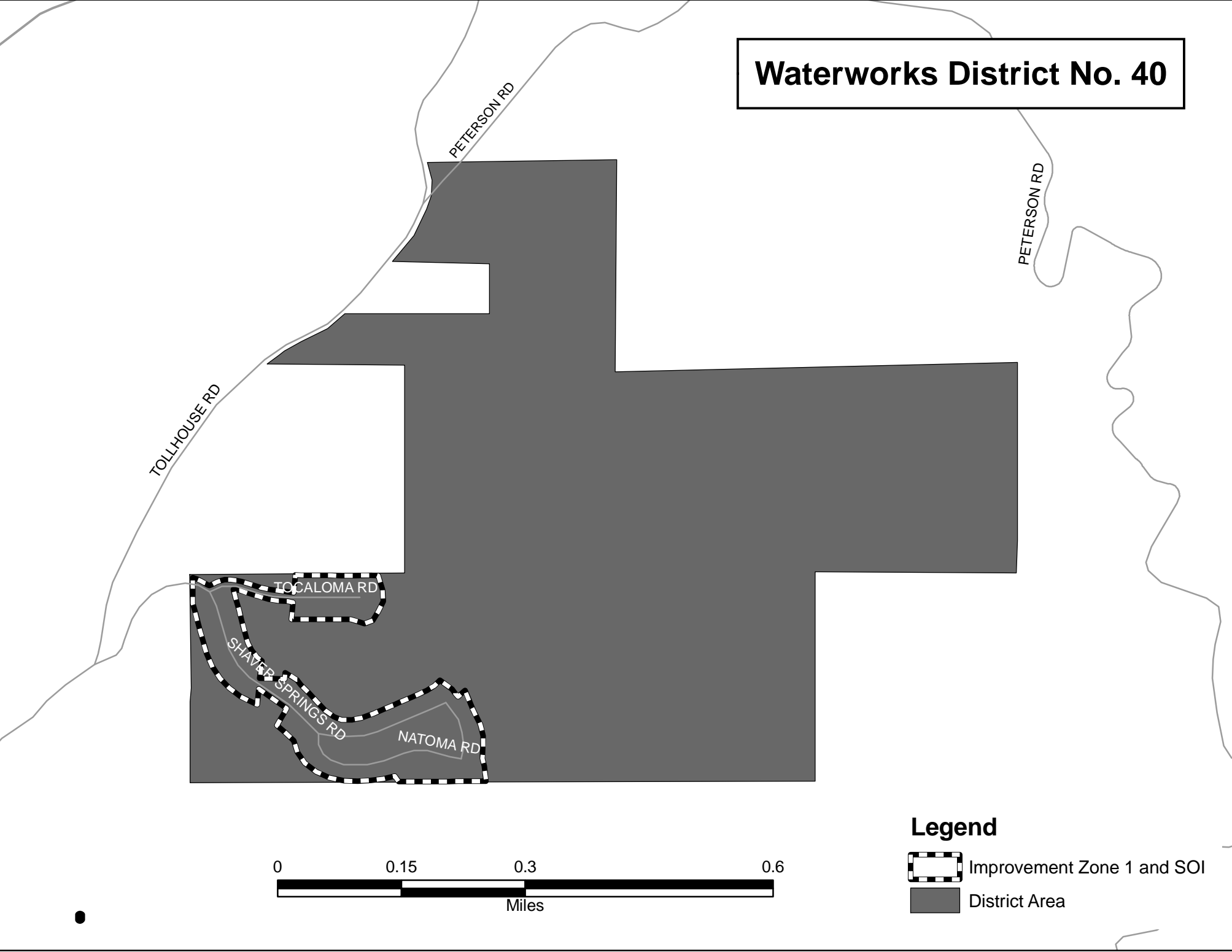
- District SOIs
- District Areas
- City Areas





# Waterworks District No. 37



# Waterworks District No. 40



- Legend**
-  Improvement Zone 1 and SOI
  -  District Area

# **WATERWORKS DISTRICT Nos. 37 & 40**

## **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

July 2007

## 1.0 EXECUTIVE SUMMARY

### ROLE AND RESPONSIBILITY OF LAFCO

The Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH Act), (Government Code § 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 § 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 Waterworks Districts.

### 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 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 CKH Local 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.

### PURPOSE OF THE MUNICIPAL SERVICE REVIEW

The MSR contains analysis and conclusions, referred to 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. 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 existing arrangements with other service providers for the shared use of facilities and identifies additional opportunities 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.

## **SERVICE PROVIDERS**

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

## **Waterworks Districts**

County Waterworks Districts are dependent special districts formed pursuant to Division 10 of the California Water Code § 55000, *et seq.* Waterworks districts are empowered to provide water for domestic, agricultural, industrial, and fire protection purposes. Districts can also operate facilities relative to the sale of water, treatment and reclamation of saline and wastewater, and sewage collection. Waterworks Districts analyzed in this MSR/SOI Update include: Waterworks District #37, and #40.

# **WATERWORKS DISTRICT No. 37**

## **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

July 2007

**WATERWORKS DISTRICT No. 37**

Water, fire protection

<b>Contact Information</b>		
Address:	2281 Tulare St Fresno, CA 93721	
Website:	www.co.fresno.ca.us	
<b>Management Information</b>		
Governing Body:	County Board of Supervisors	
Board Members:	Bob Waterston Susan B. Anderson Henry Perea Phil Larson Judy Case	Expires Jan. 5, 2009 Expires Jan. 5, 2009 Expires Jan. 5, 2009 Expires Jan. 3, 2011 Expires Jan. 3, 2011
Board Meetings:	Tuesdays at 9:00 a.m. and 2:00 p.m.	
Staffing:	Special District Administrator, three Staff Analysts, one Accountant, one Supervising Water/Wastewater Specialist, six Water/Wastewater Specialists, and one Craft Maintenance Trainee	
<b>Service Information</b>		
Empowered Services:	Water, Sewer, Fire protection	
Services Provided:	Water and Fire protection	
Latent Powers:	Sewer	
Area Served:	Unknown	
Population Served:	Unknown population; 46 connections	
Infrastructure:	Two production wells, a storage tank, and fire suppression hydrants	
<b>Fiscal Information</b>		
Budget:	\$88,756	
Sources of Funding:	Service fees	
Rate Structure:	Water service is \$47.50 per month plus an annual Health Department Surveillance fee of \$5.89 per connection	
<b>Administrative Policies</b>		
Master Plan: No	Policies/Procedures: Yes	By-laws: No
Boundary Updated: None	SOI Updated: None	Other: None

## 3.2 WATERWORKS DISTRICT NO. 37

### I. SETTING

Fresno County Waterworks District No. 37 ("District") was founded in 1961, and is a dependent special district formed pursuant to Division 16 of the California Water Code Section 55000, *et seq.* Waterworks districts are empowered to provide water for domestic, agricultural, industrial, and fire protection use. The District can operate facilities relative to the sale of water, treatment and reclamation of saline and wastewater, and sewage collection.

The District provides water service within its service boundaries.

#### Area Served

The District serves 46 connections including one customer outside the District's boundary. District's services do not currently overlap with similar services provided by other agencies.

The boundaries of the District are shown on the map attached as **Figure 3.2-1**.

#### Services Provided

The District provides water service, but the District did not detail if this service is provided to agricultural, residential or commercial customers. The District also owns and maintains fire suppression hydrants and supplies water for fire protection uses.

### II. GROWTH AND POPULATION

The District's service demands are based historically on well production. The District averages approximately one new service connection per year. The Citizens Advisory Council, a volunteer property owner group, makes recommendations to the Board related to the adequacy of the level of service.

### III. INFRASTRUCTURE

#### Existing Infrastructure Facilities and Conditions

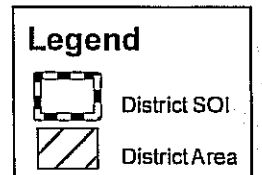
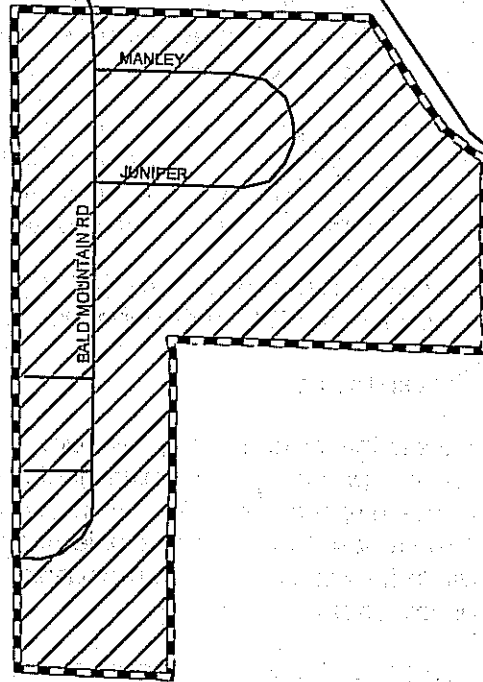
Existing infrastructure includes two production wells, a storage tank, and fire suppression hydrants. According to Public Works personnel, existing infrastructure is sufficient to accommodate future development.

The District has experienced failures with domestic water pumps and may initiate a Proposition 218 fee increase hearing to finance the needed pump replacements and repairs.

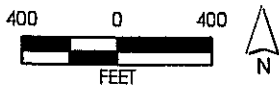
The District operates under a water permit (permit number PT00000364/WA0020040) from the Fresno County Environmental Health Department which is valid until June 30, 2007. The District did not provide information related to the specification of the permit or the District's compliance history.

## **Planned Facilities**

The District does have plans for system upgrades, but did not provide any specific information regarding day-to-day maintenance activities or long term plans for facilities.



Source: County of Fresno 2007, PMC 2007



**Figure 3.2-1**  
Waterworks District No. 37  
**PMC**

#### IV. FINANCING AND RATE RESTRUCTURING

The County provided financial statements for Fiscal Years (FYs) 2000-02, as well as the District's proposed budget for FY 2006-07, which were reviewed to determine the fiscal status, assess financial practices, and review pertinent management findings.

According to the FY 2000-02 audit, the District's net assets totaled \$153,082. The only liabilities were from accounts payable, which amounted to \$5,577. The Operating Revenue for the District was \$88,756 and the expenses were \$36,577. The non operating revenue was \$15,322. Therefore the total operating profit for FYs 2000-02 was \$51,899.

The proposed budget for FY 2006-07 accounted for operational expenses of \$29,920 with \$2,049 available for contingencies. No money from the general revenue fund was budgeted. Funding sources include monies from the Carryover Fund, tax revenue, interest incomes, charges for service, and other revenues (including water surveillance fees). The budget and monetary resources were both \$31,969.

The District is primarily financed through bimonthly service fees. The District finances capital improvement projects through reserve funds and existing user fees. These funds are not sufficient to cover the Board's policy of 50% reserve fund balance. Fees were revised in December 2005, through the Proposition 218 process.

Current fees for domestic water service are \$47.50 per month plus an annual Health Department Surveillance fee of \$5.89 per connection.

#### 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, 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 reduces overhead costs by utilizing the administrative and professional staff of the County, including oversight by the County Public Works Department. The organizational structure of the District is discussed in greater detail in Section VII.

#### VI. OPPORTUNITIES FOR SHARED FACILITIES

In case of fire, hydrants within the District can be utilized for emergency purposes by outside agencies. Additionally, the District utilizes County buildings.

#### VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

County Waterworks districts are dependent special districts formed pursuant to Division 16 of the California Water Code Section 55000, *et seq.* Waterworks districts are empowered to provide water for domestic, agricultural, industrial, and fire protection purposes. The District can operate facilities relative to the sale of water, treatment and reclamation of saline and wastewater, and sewage collection. The District currently provides water services to the members of the District. County Waterworks District No. 37 is a dependent special district which is run by the members of the County Board of Supervisors. The District, under its current legal form, is able to function under its current government structure. The cost, time, and administrative complexity of transitioning to an

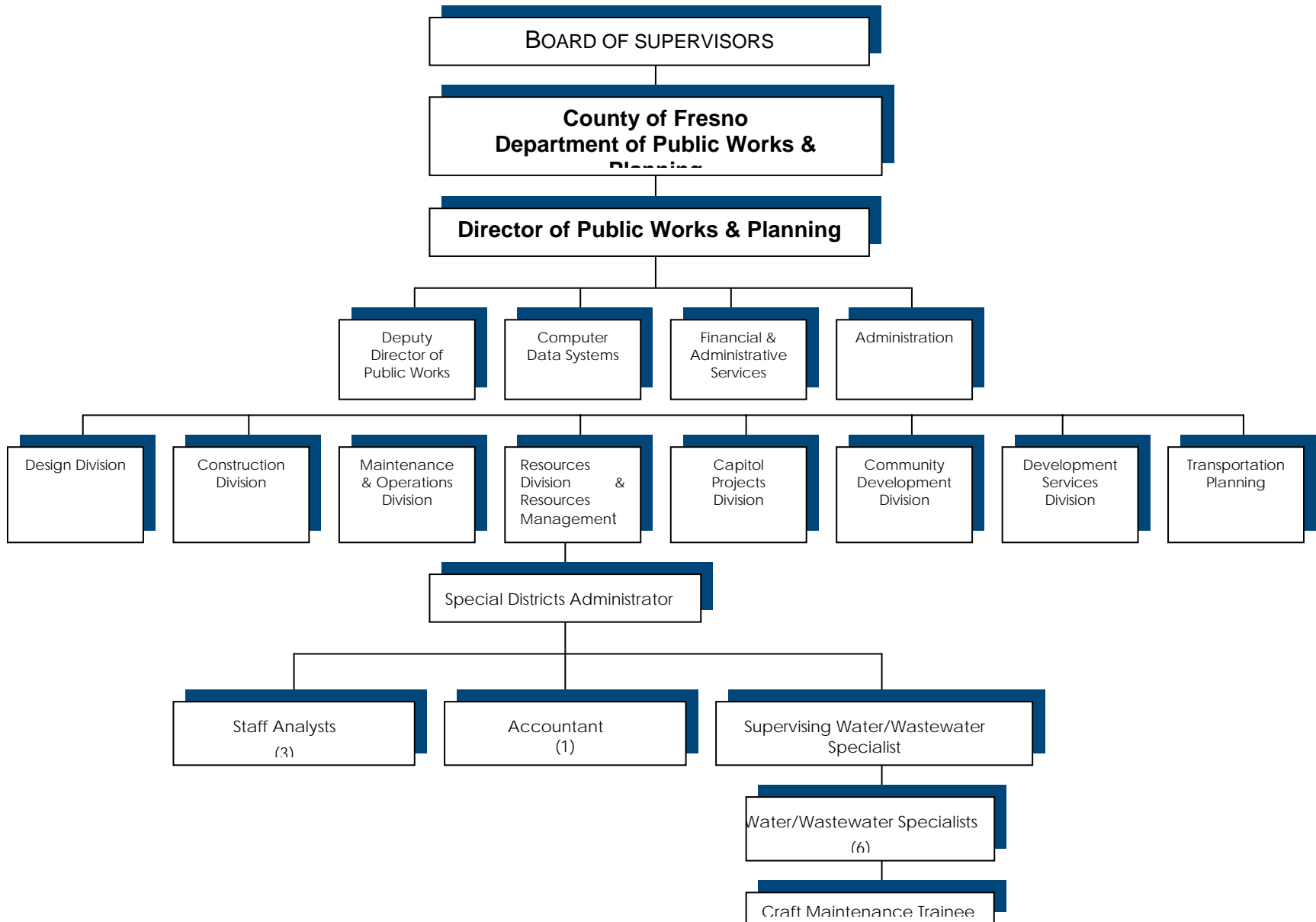
alternative government structure would make the suitability of such a transition extremely difficult. The existing structure of the District as a County Waterworks District is sufficient to allow the District to continue service provision in the foreseeable future. Therefore, a reorganization of the current government structure is not likely to significantly improve services. The current government structure is able to provide adequate service within district boundaries. No additional government structure options have been identified.

The five-member Fresno County Board of Supervisors is the governing body for the District. Each Board member may continue to run for election after his or her term.

District operations and maintenance are performed by members of the County Public Works and Planning Department. Relevant Public Works personnel consist of a Special District Administrator, three Staff Analysts, one Accountant, one Supervising Water/Wastewater Specialist, six Water/Wastewater Specialists, and one Craft Maintenance Trainee. According to staff, this level of personnel is adequate to serve the District, and perform required services. See **Figure 3.2-2** for the District's organizational chart.

The District communicates openly with the County. The District also relies on the County for administrative functions. Open communication allows property owners an avenue to express any concerns.

**FIGURE 3.2-2: WATERWORKS DISTRICT NO. 37 ORGANIZATIONAL CHART**



## VIII. LOCAL ACCOUNTABILITY

The County Board of Supervisors meets approximately 31 times per year. Meetings are held on the designated Tuesdays. These meetings are held at the Fresno County Board Chambers, Room 301 Hall of Records, 2281 Tulare Street in Fresno.

Agendas are posted at the hall of records as well as on the County website at [www.co.fresno.ca.us](http://www.co.fresno.ca.us).

As previously mentioned, the Citizen's Advisory Council is made up of District members who act as the liaison between the district and the property owners. Their role is advisory and instrumental in determining the level of service provided to the District.

While there have been no formal surveys, Public Works personnel feel that they are providing the District with the requested level of services. There are no performance measures for customer satisfaction. Staff is typically made aware of positive and negative feedback during public meetings and through communication with the Citizen's Advisory Council. Existing customers are provided with equal service opportunities.

## 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.

Waterworks District No. 37 staff did not provide any information related to land uses within the District.

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

Waterworks District No. 37 indicated that current infrastructure is adequate to serve the residents. The District has recently experienced domestic water pump failures and may need to restructure fees in order to finance required replacements and repairs.

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

Waterworks District No. 37 did not provide information relating to the present capacity of existing systems. Existing water needs are based on a system of wells.

- 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.

Waterworks District No. 37 did not indicate that there are any communities of interest within the District.

## X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

### **Growth and Population**

Waterworks District No. 37 grows by approximately one connection per year, and according to Public Works staff, has adequate infrastructure to serve the District's residents. Staff is planning on upgrading existing infrastructure to meet existing and future demand.

### **Infrastructure**

Waterworks District No. 37's infrastructure has been adequately serving the District's residents. Recent failures in domestic water supply pumps may require pump repair and/or replacement. Upgrades would be financed through the Proposition 218 fee increase hearing.

### **Financing Constraints and Opportunities**

Waterworks District No. 37 is recovering its annual costs through the rate structure it charges its customers. The District does not have any long term debt.

### **Rate Restructuring**

The utility rates of Waterworks District No. 37 were updated in 2005 and are adequate to continue providing services to the District at the current levels. The District may undergo rate restructuring through the Proposition 218 fee increase hearing in order to finance necessary infrastructure improvements.

### **Cost Avoidance Opportunities**

Waterworks District No. 37 appears to utilize a sufficient range of cost avoidance measures including utilizing County Public Works staff to provide day-to-day and ongoing maintenance to the district.

### **Opportunities for Shared Facilities**

Waterworks District No. 37 does not share facilities other than making fire hydrants available to other agencies in case of emergencies.

### **Government Structure Options**

Waterworks District No. 37 is a dependant District and is operating efficiently. The overall management structure of the District is sufficient to account for necessary services and maintain operations in an effective manner.

### **Evaluation of Management Efficiencies**

Waterworks District No. 37 appears to operate efficiently and to provide adequate service to the District.

### **Local Accountability**

Waterworks District No. 37 appears to maintain a sufficient level of accountability in its governance and public meetings appear to be held in compliance with the Brown Act. As a dependent district, the County Board of Supervisors is the governing entity of the District. The Board of Supervisors is elected and holds regular meetings at which time the public has the opportunity to comment. Information regarding the District is readily available to members of the public.

#### XI. BIBLIOGRAPHY

Pacific Municipal Consultants, *Survey Response from Patrick Hinds*, February 2007.

# **WATERWORKS DISTRICT No. 40**

## **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

July 2007

**WATERWORKS DISTRICT No. 40**

Water, sewer, and fire protection

<b>Contact Information</b>		
Address:	2281 Tulare St Fresno, CA 93721	
Website:	www.co.fresno.ca.us	
<b>Management Information</b>		
Governing Body:	County Board of Supervisors	
Board Members:	Bob Waterston Susan B. Anderson Henry Perea Phil Larson Judy Case	Expires Jan. 5, 2009 Expires Jan. 5, 2009 Expires Jan. 5, 2009 Expires Jan. 3, 2011 Expires Jan. 3, 2011
Board Meetings:	Tuesdays at 9:00 a.m. and 2:00 p.m.	
Staffing:	Special District Administrator, three Staff Analysts, one Accountant, one Supervising Water/Wastewater Specialist, six Water/Wastewater Specialists, and one Craft Maintenance Trainee	
<b>Service Information</b>		
Empowered Services:	Water, Sewer, Fire protection	
Services Provided:	Water, sewer, fire protection	
Latent Powers:	None	
Area Served:	Unknown	
Population Served:	Population unknown; 92 connections	
Infrastructure:	One production well and storage tank system, fire suppression hydrants, and extended aeration and spray fields for wastewater.	
<b>Fiscal Information</b>		
Budget:	\$99,942	
Sources of Funding:	Bimonthly service fees	
Rate Structure:	Residential service is \$40.15 a month for water and \$20.69 per month for sewer service. There are additional charges of \$2.98 annually for the Health Department Surveillance fee, and the annual Regional Water Quality fee of \$12.90	
<b>Administrative Policies</b>		
Master Plan: None	Policies/Procedures: Yes	By-laws: None
Boundary Updated: None	SOI Updated: None	Other: None

### 3.4 WATERWORKS DISTRICT NO. 40

#### I. SETTING

Fresno County Waterworks District No. 40 ("District") was founded in 1971, and is a dependent special district formed pursuant to Division 16 of the California Water Code Section 55000, *et seq.* Waterworks districts are empowered to provide water for domestic, agricultural, industrial, and fire protection uses, in addition to operating facilities relative to the sale of water, treatment and reclamation of saline and wastewater, and sewage collection.

#### Area Served

The District serves one customer outside the District's boundary. District services do not currently overlap with similar services provided by other agencies.

The boundaries of the District are shown on the map attached as **Figure 3.4-1**.

#### Services Provided

The District provides water and wastewater services to the residents of the District. The District also owns and maintains fire suppression hydrants and supplies water for fire protection uses. Fire protection is considered an active power.

#### II. GROWTH AND POPULATION

The District serves 92 residential lots within its service boundaries. It averages approximately one new service connection per year. The Citizens Advisory Council, which is a volunteer property owner group, makes recommendations to the Board related to the adequacy of the level of service.

#### III. INFRASTRUCTURE

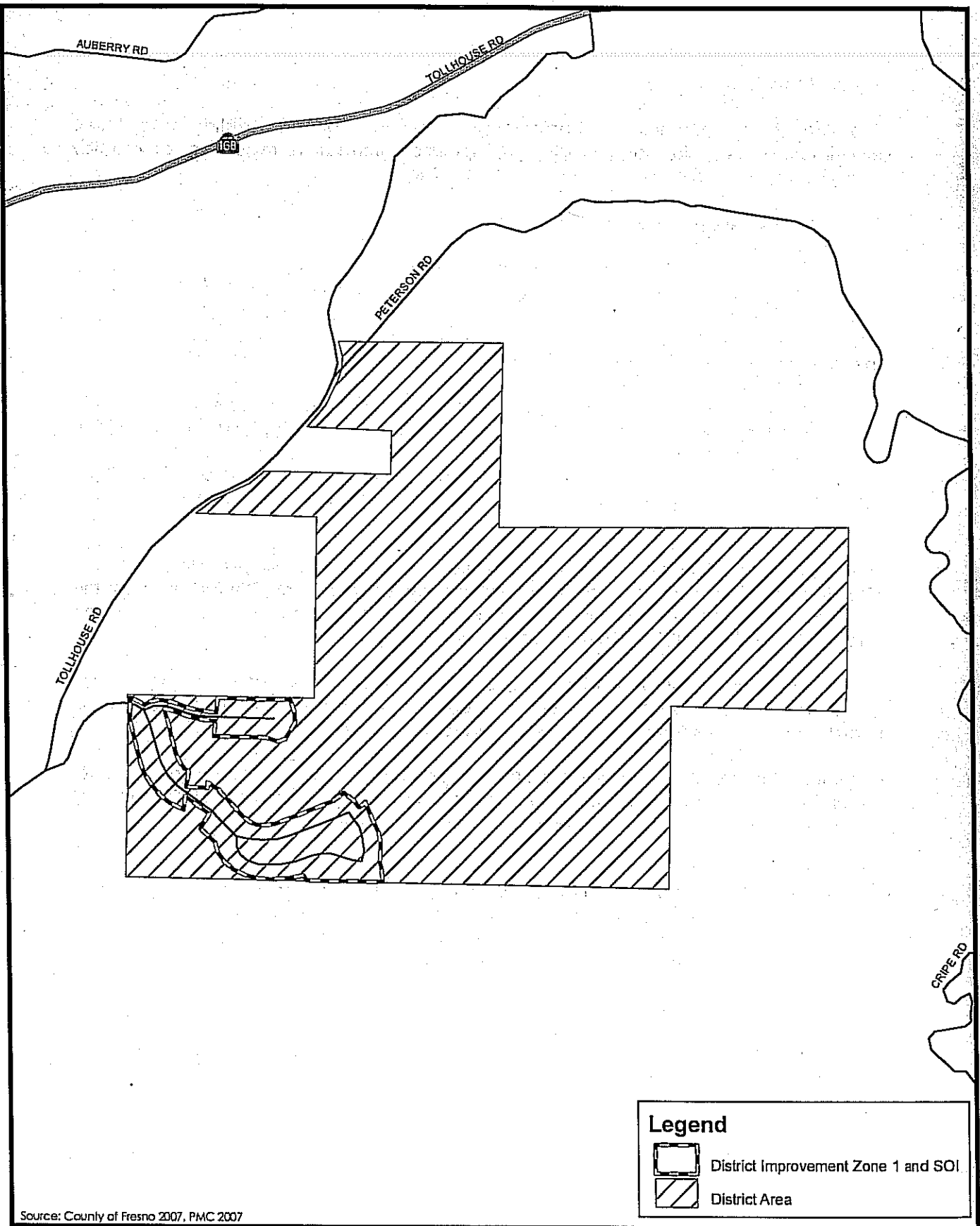
#### Existing Infrastructure Facilities and Conditions

The District's existing infrastructure includes one production well and storage tank system, fire suppression hydrants, and extended aeration and spray fields for wastewater. The infrastructure currently serves approximately 92 lots within the District. According to Public Works personnel, existing infrastructure is not sufficient to accommodate future development. Water well production cannot keep up with demand and water quality exceeds maximum contaminant levels for radiological contaminants.

The District operates under a permit (permit number PT00000093/WA0020042) from the Fresno County Environmental Health Department, which is valid until June 30, 2007. Public Works staff did not provide information related to the specification of the permit or the District's compliance history.



The District operates under a water permit, order number 83-010, from the California Regional Water Quality Control Board Central Valley Region. As of 1983, the District permitted flows not to exceed 34,000 gallons for a 30 day average in dry weather; this is the permitted capacity of the existing treatment facility.

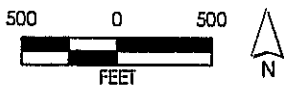
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Source: County of Fresno 2007, PMC 2007

**Legend**

-  District Improvement Zone 1 and SOI
-  District Area



**Figure 3.4-1**  
Waterworks District No. 40  
**PMC**

## Planned Facilities

The District recommends an engineering assessment of the existing and future infrastructure, but did not provide any specific information regarding day-to-day maintenance activities or long term plans for facilities.

### IV. FINANCING AND RATE RESTRUCTURING

The County provided financial statements for Fiscal Years (FYs) 2000-02, as well as the District's proposed budget for FY 2006-07, which were reviewed to determine the fiscal status, assess financial practices, and review pertinent management findings. Additional information was given in response to PMC's questionnaire. All information provided by the District was analyzed in the preparation of this MSR.

According to the FYs 2000-02 bi-yearly audit, the District's operating assets were \$413,771 mostly in machinery and equipment, but also \$133,995 in cash. The District had \$8,599 in liabilities, all in accounts payable. Therefore the net assets for FYs 2000-02 amounted to \$405,172. These numbers include the revenue, \$64,559, and liabilities, none, from Maintenance District No 3. The District's greatest operational expenses were water and sewer services.

The proposed budget for FY 2006-07 projected \$99,942 in expenditures with \$8,242 and \$9,283 for contingencies and general reserves respectively. The District assumed the funding would come from a variety of sources, but mostly from tax revenue, \$28,600, and charges for service, \$28,787. The budget is balanced.

The District is financed through bimonthly service fees which were last revised on January 9, 2007 through a Proposition 218 hearing. Funds have not been sufficient to cover the Board's policy of maintaining a 50% fund balance in reserve.

Current fees for residential service are \$40.15 a month for water and \$20.69 per month for sewer service. There are additional charges of \$2.98 annually for the Health Department Surveillance fee, and the annual Regional Water Quality fee of \$12.90.

Upgrades to the District's infrastructure are financed through fund transfers from Maintenance District No. 3, District reserve funds, existing user fees and any available loan, and grant or bond programs. The boundary of Maintenance District No. 3 is coterminous with the District's boundaries. The Public Works personnel did not provide information on the relationship between the District and Maintenance District No. 3.

### 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 avoids costs by utilizing the administrative and professional staff of the County, including oversight by the County Public Works Department. The organizational structure of the District is discussed in greater detail in Section VII.

## VI. OPPORTUNITIES FOR SHARED FACILITIES

In case of fire, hydrants within the District can be utilized for emergency purposes by outside agencies. The District also utilizes the County's buildings. No additional opportunities for shared facilities were noted.

## VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

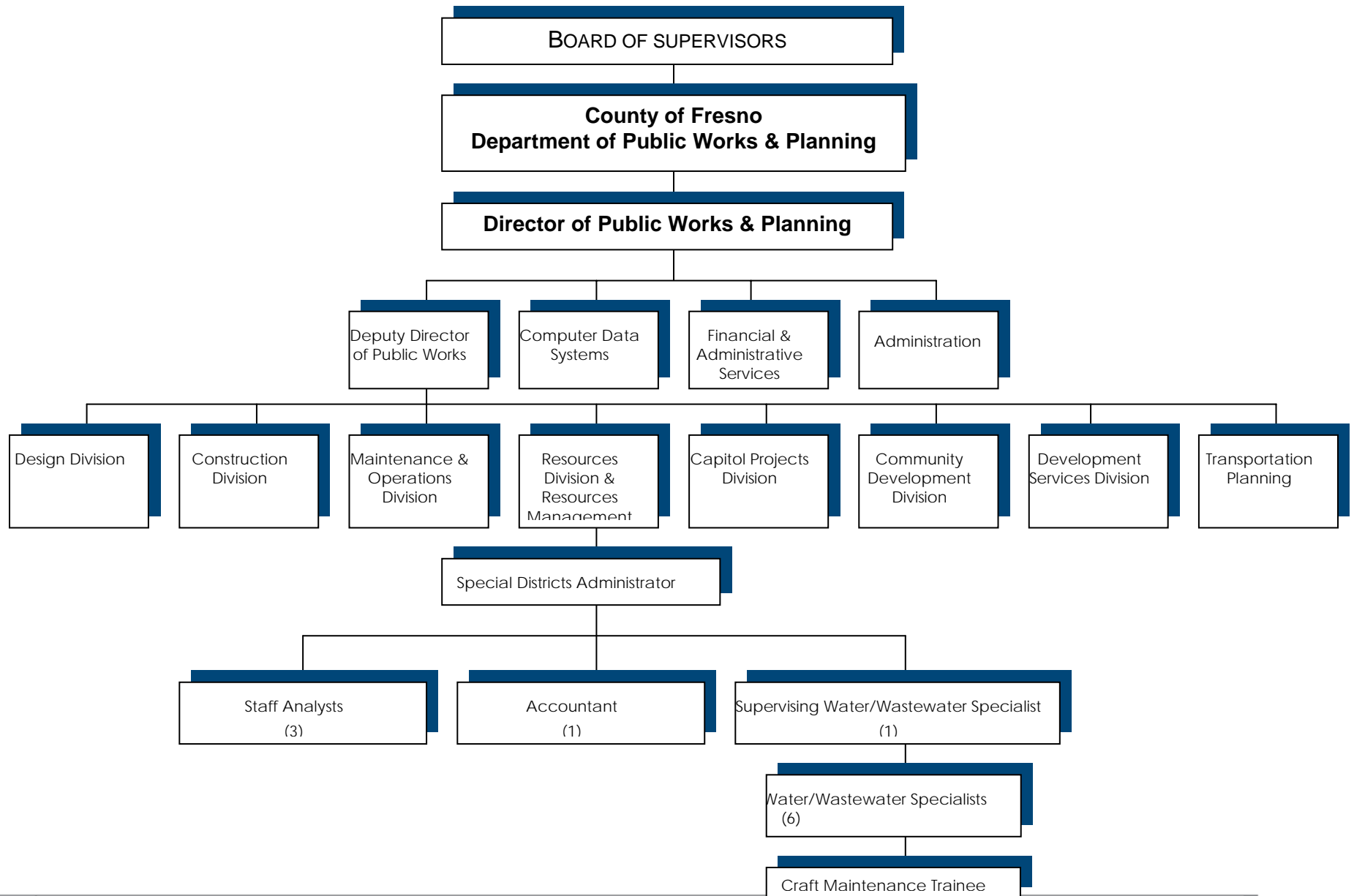
County Waterworks districts are dependent special districts formed pursuant to Division 16 of the California Water Code Section 55000, *et seq.* Waterworks districts are empowered to provide water for domestic, agricultural, industrial, and fire protection purposes, as well as operate facilities relative to the sale of water, treatment and reclamation of saline and wastewater, and sewage collection. The District currently provides water and sewer service to the members of the District. County Waterworks District No. 40 is dependent special district which is run by the members of the County Board of Supervisors. The District, under its current legal form, is able to function under its current government structure. The cost, time, and administrative complexity of a transition to an alternative government structure makes the suitability of such a transition extremely difficult. The existing structure of the District as a County Waterworks District is sufficient to allow the District to continue service provision in the foreseeable future. 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. No additional government structure options have been identified.

The five-member Fresno County Board of Supervisors is the governing body for the District. Each Board Member may continue to run for election after his or her term.

District operations and maintenance are performed by members of the County Public Works Department. Relevant Public Works personnel consist of a Special District Administrator, three Staff Analysts, one Accountant, one Supervising Water/Wastewater Specialist, six Water/Wastewater Specialists, and one Craft Maintenance Trainee. According to staff, this level of personnel is adequate to serve the District, and perform required services. See **Figure 3.4-2** for the District's organizational chart.

The District communicates openly with the County. The District also relies on the County for administrative functions. Open communication allows property owners an avenue to express any concerns.

FIGURE 3.4-2: WATERWORKS DISTRICT NO. 40 ORGANIZATIONAL CHART



## VIII. LOCAL ACCOUNTABILITY

The County Board of Supervisors meets approximately 31 times per year. Meetings are held on the designated Tuesdays. These meetings are held at the Fresno County Board Chambers, Room 301 Hall of Records, 2281 Tulare Street in Fresno.

Agendas are posted at the hall of records as well as on the County website at [www.co.fresno.ca.us](http://www.co.fresno.ca.us).

As previously mentioned, the Citizen's Advisory Council is made up of District members who act as the liaison between the District and the property owners. Their role is advisory and instrumental in determining the level of service provided to the District.

While there have been no formal surveys the Public Works personnel feel that they are providing the District with the requested level of services. There are no performance measures for customer satisfaction. Staff is typically made aware of positive and negative feedback during public meetings, and through communication with the Citizen's Advisory Council. Existing customers are provided with equal service opportunities.

## 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.

Waterworks District No. 40 did not provide information on the land uses within the District and did not indicate whether changes to those land uses are being anticipated.

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

Waterworks District No. 40 recommended an engineering assessment of the existing and future infrastructure. Due to water quality and quantity issues, the District is in need of additional water capacity. The District may consider future boundary adjustments to include additional properties that may be able to provide additional water supply to the District.

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

The District's existing infrastructure includes one production well and storage tank system, fire suppression hydrants, and extended aeration and spray fields for wastewater. According to the Public Works personnel, existing infrastructure is not sufficient to accommodate future development. Water well production cannot keep up with the demand and water quality exceeds maximum contaminant level for radiological contaminants.

- 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.

Waterworks District No. 40 did not indicate that there are communities of interest within the District.

## X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

### **Growth and Population**

Waterworks District No. 40 grows by approximately one connection per year. Staff did not indicate that major growth in the District is anticipated.

### **Infrastructure**

The District's existing infrastructure includes one production well and storage tank system, fire suppression hydrants, and extended aeration and spray fields for wastewater. According to the Public Works personnel, existing infrastructure is not sufficient to accommodate future development. Water well production cannot keep up with the demand and water quality exceeds maximum contaminant level for radiological contaminants.

### **Financing Constraints and Opportunities**

Waterworks District No. 40 service fees were last revised on January 9, 2007 through a Proposition 218 hearing. Funds have not been sufficient to cover the Board's policy of maintaining a 50% fund balance in reserve, although they have met service costs within the District. The District may require financing through loans or grants in order to secure a reliable water source.

### **Rate Restructuring**

Waterworks District No. 40 is financed through bimonthly service fees which were last revised on January 9, 2007 through a Proposition 218 hearing. Funds have not been sufficient to cover the Board's policy of maintaining a 50% fund balance in reserve.

### **Cost Avoidance Opportunities**

Waterworks District No. 40 appears to utilize a sufficient range of cost avoidance measures including utilizing County Public Works staff to provide day-to-day and ongoing maintenance to the District.

### **Opportunities for Shared Facilities**

Waterworks District No. 40 does not share facilities other than making fire hydrants available to other agencies in case of emergencies.

### **Government Structure Options**

Waterworks District No. 40 is a dependant District and is operating efficiently. The overall management structure of the District is sufficient to account for necessary services and maintain operations in an effective manner.

### **Evaluation of Management Efficiencies**

Waterworks District No. 40 appears to operate efficiently and to provide adequate service to the District.

### **Local Accountability**

Waterworks District No. 40 appears to maintain a sufficient level of accountability in its governance and public meeting appear to be held in compliance with the Brown Act. The Board of Supervisors is elected and holds regular meetings at which time the public has the opportunity to comment. Information regarding the District is readily available to members of the public.

### **XI. BIBLIOGRAPHY**

Pacific Municipal Consultants, *Survey Response from Patrick Hinds*, February 2007