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

AGENDA ITEM No. 13

DATE: January 12, 2011

TO: Fresno Local Agency Formation Commission

FROM: Jeff Witte, Executive Officer

SUBJECT: Consider Adoption – Municipal Service Review for the Panoche Drainage District.

Recommendations:

- A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations and the Municipal Service Review under consideration are Categorical Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and Section 15320, "Changes in Organization of Local Agencies".
- B. Find that the Municipal Service Review prepared for the District is complete and satisfactory.
- C. Find that the written determinations within the Municipal Service Review satisfies State Law.
- D. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Review and adopt the Municipal Service Review prepared for the Panoche Drainage District.
- E. Districts should post meeting times and dates at the location where the meetings are held.
- F. Districts need to follow the Brown Act in respect to meetings and the business activity of the districts.

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) every five years. Prior to, or in conjunction with an agency's SOI update, LAFCo is required to conduct a *Municipal Service Review* (MSR) for each agency.

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 six criteria:

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

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 are no land use changes or environmental impacts created by such studies.

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."

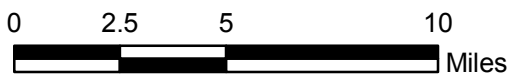
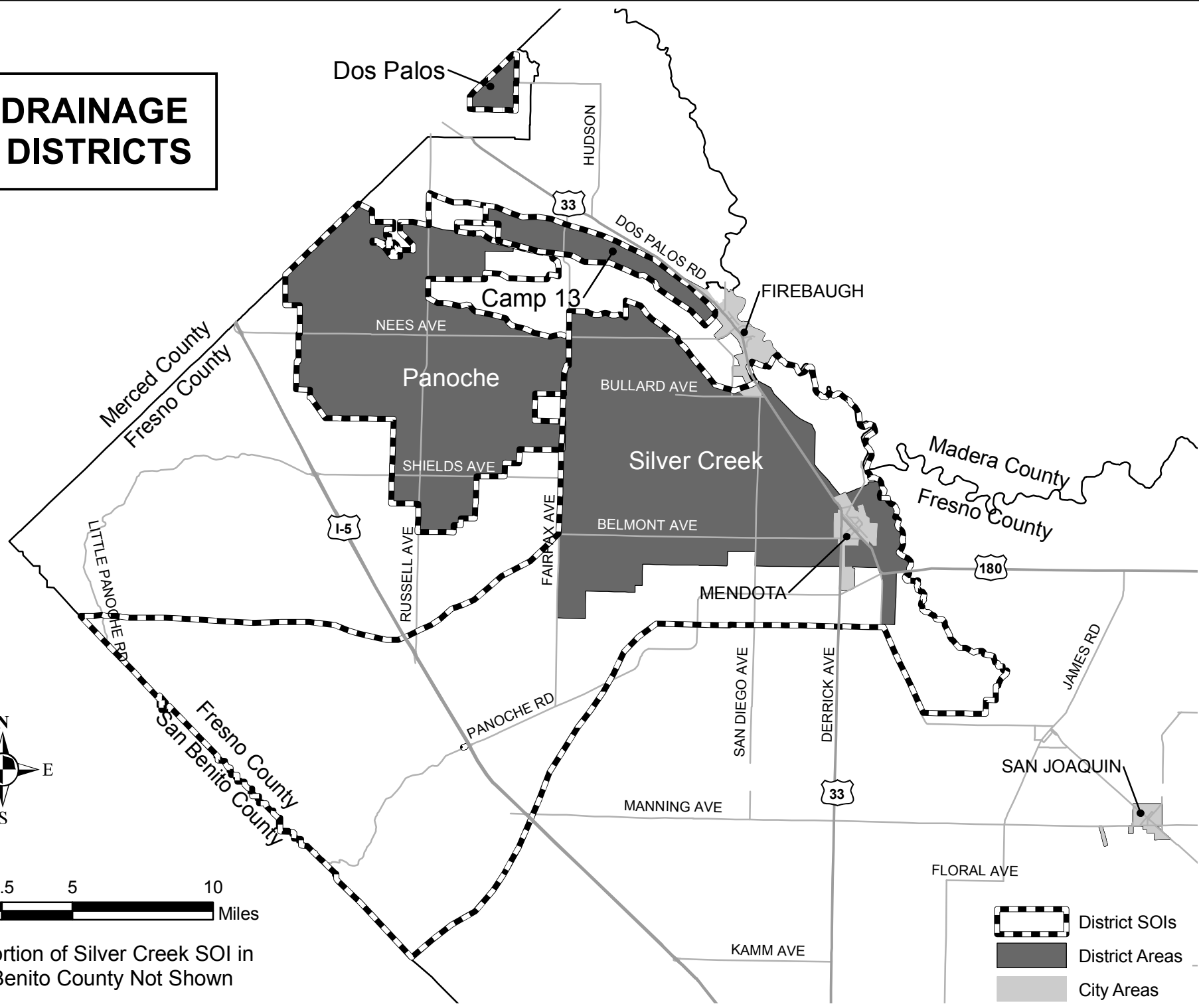
There is no possibility that this MSR may have a significant effect on the environment because there is no land use changes associated with the documents. If the Commission approves and adopts the MSR and determines that the project is exempt from CEQA, staff will prepare and file a notice of exemption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

Discussion / Summary of Determinations




The Panoche Drainage District encompasses approximately 45,000 acres in western Fresno County and extends into Merced County. The Commission will be hearing a proposal to update the sphere of influence and annex territory that will allow the District to use more of the water for irrigation and reduce the volume discharged into the San Joaquin River

There does not appear to be a need for or are there readily available opportunities to change the government structure. Consolidation would not appear to be practical.

DRAINAGE DISTRICTS



Note: Portion of Silver Creek SOI in San Benito County Not Shown

-  District SOIs
-  District Areas
-  City Areas

RESOLUTION NO. MSR-11-1

**FRESNO LOCAL AGENCY FORMATION COMMISSION
FRESNO COUNTY, CALIFORNIA**

In the Matter of

LAFCo Determination

**RESOLUTION MAKING DETERMINATIONS)
AND ADOPTING MUNICIPAL SERVICE)
REVIEW FOR THE PANOCHÉ DRAINAGE)
DISTRICT)**

**MADE DETERMINATIONS AND)
ADOPTED MUNICIPAL SERVICE)
REVIEW FOR THE PANOCHÉ)
DRAINAGE DISTRICT)**

WHEREAS, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56425 et. seq.) the Fresno Local Agency Formation Commission is required to review and update, as necessary, Spheres of Influence of local agencies not less than once every five years; and

WHEREAS, Government Code Section 56430 directs the Commission to conduct a review of municipal services not later than the time it considers an action to establish or update a Sphere of Influence (SOI); and

WHEREAS, the Executive Officer prepared a Municipal Service Reviews (MSR) for the Panoche Drainage District; and

WHEREAS, notice of this Commission’s hearing of said request was duly given in a publication of general circulation as required by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and State law, and at the time and in the form and manner provided by law; and

WHEREAS, the Commission has heard, discussed and considered all relevant evidence, including but not limited to the Executive Officer’s *Municipal Service Review*, environmental documentation, applicable land use plans and all testimony, correspondence and exhibits received during the public hearing process, all of which are included herein by reference.

NOW, THEREFORE, BE IT RESOLVED that the Local Agency Formation Commission of the County of Fresno does HEREBY STATE, FIND, RESOLVE, DETERMINE, AND ORDER as follows:

Section #1. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, this Commission finds that the written determinations and the Municipal Service Review under consideration are Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, “Information Collection” and Section 15320, “Changes in Organization of Local Agencies”.

Section #2. This Commission finds that the Municipal Service Review prepared for the District is complete and satisfactory.

Section #3. This Commission finds that the written determinations within the Municipal Service Review satisfies State Law.

Section #4. Pursuant to Government Code Sections 56425 and 56430, this Commission makes the required determinations for the Municipal Service Review and adopts the Municipal Service Review prepared for the Panoche Drainage District.

Section #5. This Commission finds that Districts should post meeting times and dates at the location where the meetings are held.

Section #6. This Commission finds that Districts need to follow the Brown Act in respect to meetings and the business activity of the districts.

* * * * *

ADOPTED THIS 12th DAY OF JANUARY, 2011, BY THE FOLLOWING VOTE:

AYES: COMMISSIONERS LUJAN, PEREA, FORTUNE, ANDERSON

NOES: NONE

ABSENT: NONE

**STATE OF CALIFORNIA)
COUNTY OF FRESNO)**

CERTIFICATION

I, Jeff Witte, Executive Officer, Fresno Local Agency Formation Commission, hereby certify that the foregoing resolution was adopted by the Commission on the 12th day of January, 2011.

**Jeff Witte, Executive Officer
Fresno Local Agency Formation Commission**

PANOCHÉ DRAINAGE DISTRICT

MUNICIPAL SERVICE REVIEW

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

Jeff Witte
Candie Fleming
Samantha Hendricks
2115 Kern Street, Suite 310
Fresno, CA 93721

January 2011

panoche Drainage District

Farm Land Drainage Services

Contact Information

Office Manager: Julie Cascia
Address: 52027 W. Althea Ave.
Firebaugh, CA 93622
Phone: (209) 364-6136

Management Information

Governing Body: Board of Directors
Board Members: John F. Bennett, President Appointed 2007, Expires 2011
Sue Redfern, Vice President Appointed 2005, Expires 2013
Mike Stearns, Secretary Appointed 2005, Expires 2013
Stephen Smith Appointed 2006, Expires 2013
Michael Linneman Appointed 2007, Expires 2011
Board Meetings: Second Tuesday of Each Month at the District office
Staffing: Utilizes the Panoche Water District staff and outside contractors.

Service Information

Empowered Services: Drainage Services
Services Provided: Subsurface drainage and runoff facilities
Area Served: South of the Helm Canal and west of Fairfax Avenue in both Fresno and Merced Counties.
Population Served:
Acres Served: 46,992
Infrastructure: Drains and sumps for storm runoff.

Fiscal Information

Budget: \$1,123,197
Sources of Funding: Reclaimed water sales, taxes, interest, drainage assessment fees, and other miscellaneous revenues.
Rate Structure: Fee Schedule.

Administrative Policies

| | | |
|-------------------------------|---------------------------------|--------------------|
| Master Plan: Yes | Policies/Procedures: Yes | By-laws: No |
| Boundary Updated: 2005 | SOI Updated: 2007 | Other: No |

1. MUNICIPAL SERVICE REVIEW

Description of District

The Panoche Drainage District was created in 1957. It operates pursuant to the County Drainage District Act of 1903 (Water Code, Section 56000 et seq.). The Drainage District Act of 1903 provides for the organization and governmental structure of special districts whose sole purpose is to drain agricultural lands. It does not grant authority to perform other services, including any urban service functions. It states that lands that all lands within the district must be served by one general mode of drainage. Lands that cannot be served by one common system of drainage may not be included in the district.

The District encompasses 46,992 acres (73.4 square miles) located in northwestern Fresno County. The District extends from Fairfax Avenue to the east (west of the City of Firebaugh), extending northwest into Merced County.

District Services and Background

The District provides subsurface drainage and runoff facilities for land within its borders.

The District is governed by a five-member board of directors elected by divisions. The District, which has no employees, utilizes the Panoche Water District staff and outside contractors for its needs.

2. MSR DETERMINATIONS

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

Growth and Population Projections

District services do not affect rates or location of development or population growth.

Present and planned capacity

The District owns and maintains drains and sumps used for storm runoff. Farmers own the pipes on their land that drain into the District sump.

The District discharges runoff into the San Joaquin River through the Grassland Bypass Project via a permit from the Regional Water Quality Control Board. The permit conditions establish restrictions that dramatically reduce the volume of drain water that can be discharged and the District has adopted and is implementing the Westside Regional Drainage Plan (Westside Plan) to manage drainage internally. As part of the Westside Plan, Panoche Drainage District has expanded its drainage reuse project (known as the San Joaquin River Improvement Project, or SJRIP) to 6,000 acres. The SJRIP utilizes subsurface drain water as an irrigation source for salt tolerant crops to reduce the volume of drainage that must be discharged into the San Joaquin River. The SJRIP expansion will require changes in the sphere of influence and the district boundary.

The District has submitted applications to annex 2,009 acres and to expand the sphere of influence by 2,900 for territory located south of the Helm Canal and west of Russell Avenue in both Fresno and Merced Counties.

Financial Ability of Agencies to Provide Services

District revenues for FY 2009-10 were \$1,373,732 which were derived from reclaimed water sales, taxes, interest, drainage assessment fees, and other miscellaneous revenues. District operating expenses for FY 2009-10 were \$1,123,197, including Operations and Maintenance (\$220,347), payments to San Luis & Delta-Mendota Water Authority (\$738,261), and legal services (\$6,331).

District debt as of 12/4/10 is \$2,209,078, payable to the State Water Resources Control Board's Agricultural Drainage Loan Program (ADLP). Debt repayments are made annually.

There are no obvious opportunities for cost avoidance in District operations other than those that the District is already implementing

There are no obvious opportunities for rate restructuring in the operations of the District.

Status of, and Opportunities for, Shared Facilities

Other than the administrative space shared with Panoche Water District, Pacheco Water District and Charleston Drainage District, there do not appear to be opportunities to share facilities in the operations of the District.

Governmental Structure and Operational Efficiencies

There are no obvious opportunities for a different government structure.

The District exhibits characteristics of an agency that is operating efficiently.

The five-member governing board is elected by division. Regular meetings are held on the second Tuesday of the month. Meeting notices and agendas are posted at the District office. The District does not maintain a website but at times news about the District is included in the Panoche Water District newsletter.

3. ACKNOWLEDGEMENTS & REFERENCES

This draft Municipal Service Review was prepared by the Fresno LAFCO staff. Responsibility for any errors or omissions rests with those who prepared the report.

The Panoche Drainage District provided information upon which the evaluation is based. The District Office Manager, Julie Cascia, and Chris Linneman from Summers Engineering were instrumental in providing data.

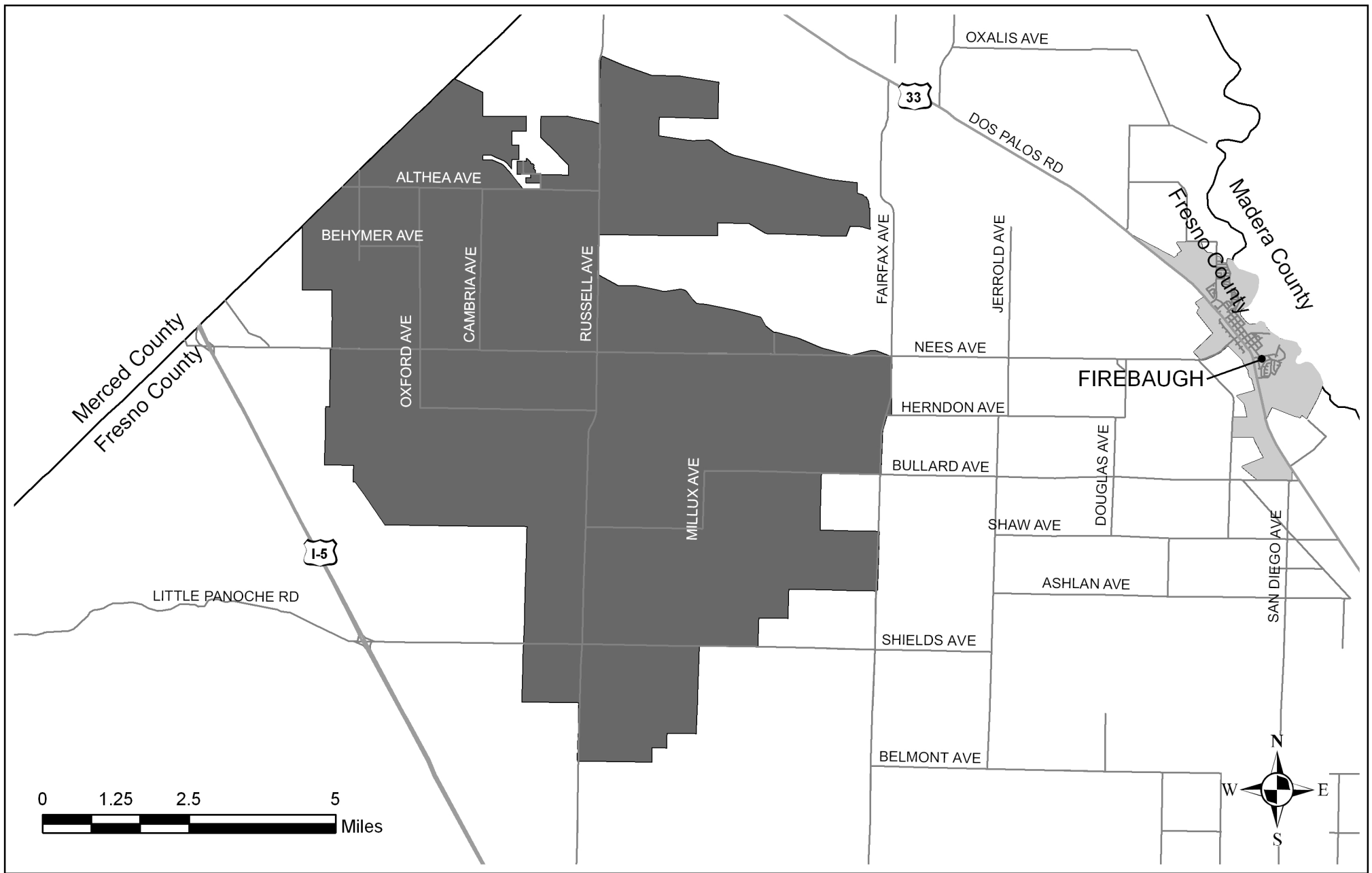
Available Documentation

The supporting documents referred to therein are available in the LAFCO office.

4 . R E C O M M E N D A T I O N S

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.



Fresno Local Agency Formation Commission Panoche Drainage District

Portion of District located in Merced County not shown.

District Formed: 1957

SOI Adopted: 03/24/1976

SOI Updated: 12/05/2007

Map Date: December 2007

District Area: 44,983 Acres In Fresno

Sphere Area: 44,983 Acres County

Legend

- City Area
- District Area and SOI

