

COUNTY SERVICE AREA NO. 23 EXCHEQUER HEIGHTS

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

Report to the
Fresno Local Agency Formation Commission

MSR-16-16

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COUNTY SERVICE AREA NO. 23 (Exchequer Heights)

Water Services

Contact Information

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Management Information

District Formation: 1970
Principal Act: County Service Area Law, Government Code Section 25210-25217.4
Special District Powers: Prescribed in Government Code Section 25212-25212.4
LAFCo
Authorized Services:¹ Retail Water Delivery, Park and recreation facilities, lake maintenance, levy and collect tax assessments, perform agreements, enter into contracts, and provide governmental services necessary to maintain its public facilities.
Governing Body: Fresno County Board of Supervisors

Citizen Advisory Committee: No

| | | |
|-----------------------|------------------------------|---------------------------|
| Board Members: | Buddy Mendes, Chairman | Elected 2015-Expires 2018 |
| | Brian Pacheco, Vice Chairman | Elected 2015-Expires 2018 |
| | Henry Perea | Elected 2013-Expires 2016 |
| | Andreas Borgeas | Elected 2013-Expires 2016 |
| | Debbie Poochigian | Elected 2013-Expires 2016 |

Board Meetings: On scheduled Tuesdays, the dates which have been approved at a regularly scheduled board meeting in the Board of Supervisors Chambers

Staffing: Fresno County Public Works and Planning, Resources Division, a district administrator, four staff analysts, one program technician, one office assistant, and administrative and technical support staff

Service Information

Population Served: Approximately 42 people; 16 parcel water connections
Acres Served: 17 acres
Infrastructure: Two water wells, water pipe lines, storage tank

Fiscal Information

Budget: \$27,797
Sources of Funding: Property taxes, service charges, and special assessment
Rate Structure: \$779.56 per year per parcel

Administrative Policies

| | | |
|-------------------------------|---------------------------------|------------------------------|
| Master Plan: No | Policies/Procedures: Yes | By-laws: Not required |
| Boundary Updated: 1970 | SOI Updated: 2016 | Other: No |

¹ Pursuant to GC sec. 56425(i)

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Figure 1 – District Map



1. MUNICIPAL SERVICE REVIEW

PRINCIPAL ACT

County Service Area No. 23 Exchequer Heights (“District”) was formed in 1970 pursuant to County Service Area Law (Government Code section 25210-25217) to provide water service and maintenance of the public water system with in Exchequer Heights (Tract No. 1994), a 16-lot subdivision in Fresno County. In the past, the District has been also referred to as “CSA No. 23 Dinkey Creek,” this MSR will refer to “CSA No. 23 Exchequer Heights.” The District provides its constituency retail domestic water service, operates, and maintains the public water system. The District’s infrastructure includes two wells sites, a 30,000 gallon water storage tank, a fire hydrant, and a series water mains and pipelines used to deliver water supply.

The District is a dependent special district governed by the Fresno County Board of Supervisors (BOS). Fresno County Public Works and Planning Department, Resource Division (County Resource staff) provides staff support for the administration of the District. The District’s service area and sphere of influence (SOI) are coterminous and encompasses 17 acres. The District provides water service to 16 connections, and each parcel hosts one rural style single-family residential unit.

DISTRICT SERVICE AREA

The District is located south of the Exchequer Drive and Dinkey Creek Road intersection approximately three miles southwest of the Dinkey Creek camp area. The community of Shaver Lake, is located approximately six miles northwest of the District while the City of Clovis, California is approximately 30 miles southwest of the District.

The main access roads into the District are via State Route 168 to Dinkey Creek Road to Exchequer Drive, and Chahlip Lane. The District’s service area is generally bounded by Dinkey Creek Road to the north and east, while Forked Meadow Creek, bounds the western and southern District edges. The District’s service area and SOI are coterminous and encompass 17 acres. Parcel within the District service area range between 1 to 2 acres in size. The subdivision is considered fully built out and no additional development is expected to occur near the District’s vicinity.

AUTHORIZED DISTRICT SERVICES

Government Code Section 56425(i) states, “when adopting, amending, or updating a sphere of influence for a special district, the commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts.” Under the District’s principal act, County Service Areas could provide up to 26 different types of governmental services within its boundaries.²

² GC sec. 25213-25213.6.

In the past, maintenance of the water system was contracted to the Exchequer Heights property owners association; however Fresno County Resources Division has recently assumed responsibility for the operation of District facilities.

The District is a water supplier within its limited boundaries, and currently exercises its authority to levy and collect tax assessments, perform agreements, enter into contracts, and provide governmental services necessary to maintain its service provisions. The Fresno County Public Works and Planning Department, Resources Division operates and maintains the District's water distribution system.

All other services, facilities, functions or powers enumerated in the District's principal act are determined to be "latent," meaning that they are authorized by the principal act under which the District is formed, but are not being exercised. Activation of these latent powers and services not currently provided by the District will require LAFCo authorization as indicated in Government Code section 25213.5.^{3,4}

FRESNO LAFCo MSR POLICY DESIGNATION

Fresno LAFCo MSR policy designates the District as a "level two" special district that provides municipal services to its constituency. The District is a dependent special district that generally does not request or experience modifications to their SOI or service area. A municipal local agency (special district) designation means, in Fresno LAFCo's judgment, that services provided by the agency facilitate or have potential to induce population growth.

In accordance with Government Code (GC) section 56066, Fresno County is the principal county. Fresno LAFCo is responsible for updating the SOI for the District consistent with GC section 56425(g). In order to update the agency's SOI, Fresno LAFCo has prepared this service review consistent with GC sections 56430.

DISTRICT GROWTH AND POPULATION PROJECTIONS

The District is located in the Sierra National Forest in the eastern unincorporated portions of County of Fresno. The County of Fresno is the land use authority for territory within the District's service area and the Fresno County General Plan Land Use Element designates land within the District as Resource Conservation. The District is located in Fresno County's Sierra-North Regional Plan (SNRP) area. The SNRP area is located in eastern part of Fresno County adjacent to the Friant Kern Canal, extending east of the Friant Kern Canal to the Fresno-Mono and Fresno-Inyo County boundary.

The SNRP area is a part of the General Plan and refines the County's general plan goals and policies. The County's general plan and SNRP designate areas within the District as Public Lands and Open Space. Parcels within the District are conditionally compatible within the County's RC-40 Resource Conservation zone district. Within the RC-40 zoning designation, residential use is permitted, however the zone designation is intended to provide for the conservation of natural

³ GC sec. 56050.5, "Latent service or power."

⁴ GC sec. 25213.5 (a) "Services and Facilities."

resources, planned to remain open in character, and intended to protect the natural habitat areas in the Sierra National Forrest.

The District is remote from any cities in Fresno County. The City of Clovis is the nearest city approximately 55 miles southwest of the District. The District hosts a housing stock of 16 units with an estimated population of 35 residents.⁵

The District is not expected to experience additional growth as it relates to expanding service area or increasing housing density. Land within the District could be classified as completely built-out. The Commission's adopted SOI for the District is coterminous with the District's service area, and encompasses 17 acres.

DISADVANTAGED UNINCORPORATED COMMUNITIES

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH) requires LAFCo to make determinations regarding "disadvantaged unincorporated communities" ("DUCs") when considering a change of organization, reorganization, SOI expansion, and when conducting municipal service reviews.

For any updates to a SOI of a local agency (city or special district) that provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection, the Commission shall consider and prepare written determinations regarding the present and planned capacity of public facilities and adequacy of public services, and infrastructure needs or deficiencies for any disadvantaged unincorporated community within of contiguous to the SOI of a city or special district.

Government Code sec. 56033.5 defines a DUC as: i) all or a portion of a "disadvantaged community" as defined by sec. 79505.5 of the Water Code (territory with an annual median household income (MHI) that is less than 80 percent of the statewide annual median household income and as defined in GC sec. 56046 and Water Code sec. 79505.5); and a status of ii) "inhabited territory" (12 or more registered voters), as defined by GC sec. 56046, or as determined by Commission policy. Fresno LAFCo policy further refines a DUC as having at least 15 dwelling units at a density not less than one unit per acre.

U.S. Census Bureau information was used for this section to quantify the economic composition of all the census block groups within the vicinity of the District's boundaries. A census block group is a geographical unit used by the U.S. Census Bureau to sample data, which is only collected from a fraction of all households within the census unit. On average a census block group has a population of 600 to 3,000 people. Geographic Information System (GIS) files were derived from the U.S. Census Bureau's American Community Survey (ACS) compiled for the five-year period 2010-2014 to identify the demographic composition for the various census geographies. Although the ACS provides annual and three-year estimates, the five-year reports between years 2010-2014 provide more precise data and mapping information for analyzing small sample populations. California's statewide MHI reported for years 2010 through 2014 was

⁵ Fresno Council of Governments, Current and Historic Data-Population and Housing, Average Household Size and Occupancy by Census Tract – Census Tract 64.02.

\$61,489. The DUC MHI threshold is any geographic unit within the District boundaries with an income less than \$49,191.

For the purpose of this section, LAFCo identified the District as a level two “municipal local agency” which means services provided by the District, in LAFCo’s judgment, support or could induce population growth. The District is a retail water supplier to its residents and landowners. The District service area lies within Fresno County’s census tract 64.02 block group two. The average MHI levels reported between 2010 through 2014 for census tract 64.02 block group two is \$67,702.⁶ At the time this MSR was prepared, there was no indication, physical evidence, or demographic data that would indicate the presence of a DUC as defined by California statute and Fresno LAFCo DUC policy. The District is located within a census geographic unit that exceeded the MHI threshold for Disadvantaged Communities as defined by California Water Code section 79505.5.

DISTRICT INFRASTRUCTURE

The District infrastructure consists of two hard-rock water wells, a 30,000 gallon water storage tank, a fire hydrant, pumps, and a series of pipes which comprise the District’s water distribution system. The District’s water distribution system became active in 1976; its primary source of water is groundwater pumping. The District annually pumps approximately 1.21 acre-feet of groundwater from its two wells. The District’s water distribution system has 16 unmetered residential water connections, and the District is designated as a small water supplier by the State. The District previously had three wells, however one of three wells (Well site #2) was abandoned in 1995.

The critical period for the District groundwater supply is during the month of July. The critical period is identified by a period of time during a given year in which capacity of water production and distribution system and water demand are closest to each other. During this critical period the demand was within 11% of well capacity and capacity exceeded demand by 11 gallons per minute. The District’s wells’ capacity exceeds demand so that water for human consumption, sanitation, and fire protection is available.

The County Resources Division budget information anticipates a Proposition 218 proceeding to be initiated to allow landowners to vote on a measure that would allow the County to initiate the collection of a special assessment fee to finance water distribution system repairs and improvements including a new booster pump and two well pumps.

DISTRICT FINANCES

This section of the MSR includes financial information provided by the District to determine if the District has sufficient revenue and financial systems to continue providing service to its customers. The following information and analysis section is based on annual budgets, and supportive documents available through the County Department of Public Works and Planning, Resource Division.

⁶ U.S. Census Bureau's American Community Survey (ACS) compiled for the five-year period 2010-2014

The District's primary source of financing is an annual property tax assessment charged on the 16 parcels in the District. The County Board of Supervisors adopts an annual budget for the District which projects operational and maintenance costs on an annual basis for services.

As previously mentioned, residential lots within the District are similar in size, and all 16 water connections are unmetered. Residential water usage is assumed to be relatively equal, so the District bills its customers an annual assessment flat rate of \$1,187.14 per connection, which on a monthly basis breaks down to \$98.93 per month.⁷

On July 21, 2009, the BOS adopted a special assessment rate increase during a duly-noticed public hearing pursuant to the Proposition 218 proceedings. This approval was effective for one year to raise annual user fees significantly for FY 2009-10 from the base rate \$615.56 up to \$1,312.50. The objective of the significant fee increase was to quickly generate funds to repair the District fire hydrant and finance the costs to properly abandon well site #2. The fire hydrant repair and abandonment of well site #2 was financed and completed during FY 2010-11.

The rate increase was necessary to also generate reserve funds equal to 50 percent of the average operation costs for the previous three years, and operation costs average for the previous five years.

As a condition of Proposition 218, annual fees have progressively adjusted from \$1,312.50 to \$1,187.14 since 2012. The District's current annual special assessment remained higher than the 2009 baseline in order to generate funds for its reserves, and also included cost for the Fresno County Health Department surveillance fees of \$17.32 per parcel that was previously billed separately.

For fiscal year 2016-2017, the District's proposed budget is \$32,108. Expenditures for general liability insurance, equipment maintenance, utilities, and professional and specialized services are balanced by anticipated revenues, and its reserves account. At the time this MSR was prepared, the District management indicated that there were no outstanding loans or debts. As of June 30, 2016, the District shows \$11,192 in its reserves account with the County Treasury. The District's management has the ability to use funds in the District's reserve account to cover unexpected District expenditures.

The County Resources Division informed LAFCo that through the beginning of July 1, 2015, up to June 2, 2016, the District collected \$1,727 in annual property taxes from each of the 16 parcels within the District. Additionally, the District generated \$18,994.24 through its annual special assessment fee. The District generated \$173 in interest shown as revenue, and \$22 in State homeowners' property taxes. The District revenues for FY 2016-17 amount to \$20,916 plus \$11,192 attained from its reserves, for a total of \$32,108.

The District's adopted FY 2016-17 budget shows the following expenditure line items which amounts equal anticipated revenues of \$32,108:

- \$108 General Liability Insurance
- \$685 Maintenance/equipment
- \$11,389 Maintenance-Buildings and grounds

⁷ CSA No. 23 Method of Financing – FY 2016-17

- \$20 Postage
- \$1,231 People Soft Financial Charges
- \$15,855 Professional and Specialized Services
- \$2,781 Utilities
- \$39 County Wide Cost Allocation

The District's proposed FY 2016-17 budget show the following revenue line items:

- \$0 Increase to reserves during FY 2016-17
- \$18,991.24 special assessment, Prop. 218
- \$1,727 annual property tax revenue
- \$22 Homeowners property tax
- \$173 Interest
- \$11,192 (Release of prior year reserves/designation)

The District has allocated \$11,192 of its reserves to be used during FY 2016-17. The District's ending reserves account is anticipated to amount to \$0 by June 30, 2017.

The District appears to generate adequate revenue to finance its operational costs. The County Resources Division anticipates the need to conduct a Proposition 218 process in the near future, possibly during FY 2016-17. The Proposition 218 measure is needed to generate additional funds to create a reserve to finance various repairs of the District's existing water distribution system, such as new booster pump and two well pumps.

Based on financial information provided to LAFCo, the District's financial practices appear to be adequate to support District's ongoing operations. The District's electorate has supported fee increases to fund necessary District operational costs through successful passage of Proposition 218 elections.

PUBLIC FACILITIES, OPPORTUNITIES FOR SHARED FACILITIES

The District is located in a remote rural location in the Sierra National Forrest within the eastern portions of Fresno County, approximately three miles southwest from Dinkey Creek. Opportunities for shared facilities are limited in this area of the County. There are no other similar Districts near CSA No. 23 that could present an opportunity for shared facilities.

The Fresno County Resource division provides administration support to 22 CSAs in Fresno County. During the preparation of this MSR no obvious opportunities for shared facilities were identified by Fresno LAFCo.

The District overlaps with the following special districts:

- West Fresno County Red Scale Protective District
- Sierra Resource Conservation District
- Sierra Unified School District
- Sierra National Forest– High Sierra Ranger District

GOVERNMENT ACCOUNTABILITY

This section of the MSR considers various topics, such as compliance with state disclosure laws, the Brown Act, public participation, i.e. open meetings, accessible staff, election processes, and the agency's governing structure. Additionally, this considers the agency's level of participation with the Commission MSR program.

CSA No. 23 operates under GC sec. 25210-25217 which enables the formation of a County Service Area to distribute public water supplies for residents within the District's service area. California Government Code limits government restructuring options for dependent Districts such as Exchequer Heights.

The District is a dependent special district, which means that the BOS sits as the governing body. County Resource division provides staff supports and administers all functions of the District. Similarly, the County Resource staff manages the daily operations of all CSAs located within Fresno County.

Under GC section 25212.4, the BOS may appoint one or more advisory committees within the District to provide advice to the Resources Division regarding the District's service provisions. The District does not have an active citizen advisory committee to assist with communication between residents, County Resource staff, and BOS.

The BOS creates District policies by adopting resolutions through duly-noticed public hearings. County Resource staff implements those policies specific to District operations. The BOS meets on every scheduled Tuesday, or dates which have been approved at regularly-scheduled BOS meetings with the exception of holidays and or planned recesses. BOS meetings are held at Fresno County Hall of Records located at 2281 Tulare Street, Room 301 Fresno, CA 93721. BOS hosts morning sessions beginning at 9:00 a.m. and/or the afternoon sessions at 2:00 p.m. on Tuesdays. Meeting agendas are posted on the east entrance doors on first floor in the Hall of Records building and on the Fresno Count website at least 72 hours prior to the BOS meeting.

BOS meetings are open to the public and the residents are invited to attend. Opportunity to address the BOS on items not on the agenda is provided on each meeting agenda. If a public member desires to present to the board, the person is encourage to contact the Clerk to the board in advance. Meetings are noticed consistent with Brown Act requirements, which include postings in public places.

The District's government structure is appropriate to ensure adequate services are provided and managed. At the time preparing this MSR, the District's government structure appears to be adequately structured, operates, and fulfills its role as a services provider within the Fresno area.

ANY OTHER MATTER RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY

The California's Sustainable Groundwater Management Act ("SGMA") is the groundbreaking legislation was signed into law by Governor Edmund G. Brown Jr. on September 16, 2014. SGMA is comprised of three bills: Assembly Bill 1739 (Dickenson) and Senate Bills 1319 and

1168 (Pavley). This three-part legislation allows local agencies to develop groundwater sustainability plans that are compatible with their regional economic and environmental needs. SGMA creates a framework for sustainable local groundwater management for the first time in California's history.

SGMA requires local agencies to form a Groundwater Sustainability Agencies ("GSAs") in local groundwater basins by June 2017; and, also requires the adoption of Groundwater Sustainability Plans ("GSPs") for groundwater basins deemed high priority by year 2020.

The District service area resides in the Tulare Lake Hydrologic Region, which includes various basins and sub-basins in the San Joaquin Valley floor. The Kings Sub-Basin is the nearest delineated basin located west of the District. The Kings Sub-Basin been designated by the California Department of Water Resources ("DWR") as a high-priority sub-basin and subject to a condition of critical overdraft.

The District is located outside of the Kings Sub-Basin boundaries, however within the Tulare Lake Hydrological Region boundaries. In LAFCo's judgement, the District will be represented by County of Fresno as it relates to SMGA working groups and compliance with groundwater legislation.

2. MSR DETERMINATIONS

This portion of the report addresses the factors specified in the governing statute for Municipal Service Reviews and provides analysis in conformance with GC section §56425 and Fresno LAFCo policy. Pursuant to GC section §56430, the Commission prepares the following written determinations.

1. GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

- The County of Fresno is the land use authority for territory within the District’s service area. The Fresno County General Plan and zoning ordinance regulate land uses in the District. The District lies within the County’s Sierra North Regional Plan (SNRP) area.
- The SNRP is a part of the General Plan and refines that plan’s goals and policies. The County’s general plan and SNRP designate areas within the District as Public Lands and Open Space. Parcels within the District are conditionally compatible within the County’s RC-40 Resource Conservation zone district.
- Fresno LAFCo MSR policy designates the District as a “level two” special district that provides municipal services to its constituency. As previously mentioned, the District is a municipal water provider within its boundaries.
- The District service area and SOI are coterminous, and encompasses 17 acres. The District is fully built out and does not anticipate any additional growth. Land within the District’s boundaries and SOI are within Fresno County.

2. THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE

- The District as a level two “municipal local agency” which means services provided by the District, in LAFCo’s judgment, support or could induce population growth.
- At the time this MSR was prepared, there was no indication, physical evidence, or demographic data that would indicate the presence of a DUC as defined by California statute and Fresno LAFCo DUC policy.

3. PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND INFRASTRUCTURE NEEDS OR DEFICIENCIES

- The District infrastructure consists of two water wells, a fire hydrant, and a water distribution system.
- The District’s water distribution system primary source of water is groundwater pumping from two hard-rock well sites. The District annually pumps approximately 1.21 acre-feet of groundwater from its two wells. The District’s water distribution system includes 16 unmetered residential water connections.

- The District is not expected to experience additional growth as it relates to expanding service area or increasing housing density. Land within the District could be classified as completely built-out with rural residential homes.
- Existing infrastructure appear to be sufficient in type and quality to meet the existing and foreseeable demands of District customers.

4. FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES

- The majority of the District's revenues come from an annual property tax assessment collected from 16 parcels, and a special assessment fee that was approved by the District's citizenry in 2009. The District annually generates approximately \$1,713 in tax revenues, and an additional \$12,472.96 from the special assessment fee.
- The BOS adopts an annual budget for the District which projects operational and maintenance costs on an annual basis for services.
- The District's financial practices appear to be adequate to support District's ongoing operations. The Resources Division staff and District citizenry appear to be supportive of raising fees when warranted to fund District operations or specific project costs.

5. STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

- The Fresno County Resource division provides administration support to 22 CSAs in Fresno County.
- During the preparation of this MSR no obvious opportunities for shared facilities were identified by Fresno LAFCo.

6. ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

- The District was formed in 1970 pursuant to County Service Area Law GC section 25210-25217) to provide water services and maintenance of these public facilities.
- The District is a dependent special district, which means that the Fresno County Board of Supervisors sits as the District's governing body. Under GC section 25212.4, the BOS may appoint one or more advisory committees to provide advice to the board regarding the District services.
- The BOS meets on every scheduled Tuesday, or dates which have been approved at regular scheduled board meetings with the exception of holidays and or planned recesses. Board meeting agendas are posted on the east entrance doors on first floor in the Hall of Records building and on the Fresno Count website at least 72 hours prior to the Board of Supervisors meeting.
- Board meetings are open to the public and the residents are invited to attend. Opportunity to address the board of supervisors on items not on the agenda is provided

on each meeting agenda. Meetings are noticed consistent with Brown Act requirements, which include postings in public places.

- At the time preparing this MSR, the District’s government structure appears to be adequately structured, operates, and fulfills its role as a services provider within the Fresno area.

7. ANY OTHER MATTERS RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVER, AS REQUIRED BY COMMISSION POLICY

- SGMA requires local agencies to form a Groundwater Sustainability Agencies (“GSAs”) in local groundwater basins by June 2017; and, also requires the adoption of Groundwater Sustainability Plans (“GSPs”) for groundwater basins deemed high priority by year 2020.
- The District service area resides in the Tulare Lake Hydrologic Region, which includes various basins and sub-basins in the San Joaquin Valley floor.
- The District is located outside of the Kings Sub-Basin Boundaries, however within the Tulare Lake Hydrological Region Boundaries. It is anticipated that the District will be represented by County of Fresno as it relates to SGMA working groups and compliance with Groundwater legislation.

3. SPHERE OF INFLUENCE UPDATE

In order to carry out the Commission’s purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to its jurisdiction, the Commission shall develop and determine the sphere of influence of each city and each special district within the County and enact policies designed to promote the logical and orderly development of areas within the sphere. A sphere of Influence (SOI) is defined as “a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.”

In determining a sphere of influence, the Commission may assess the feasibility of governmental reorganization of particular agencies and recommend reorganization of those agencies when reorganization is found to be feasible and if reorganization will further the goals of orderly development and efficient and affordable service delivery. The Commission shall make all reasonable efforts to ensure wide public dissemination of the recommendations.

When adopting, amending, or updating a sphere of influence for a special district, the Commission shall establish the nature, location, and extent of any functions or classes of services provided by existing districts. The Commission may require existing districts to file written statements with the commission specifying the functions or classes of services provided by those districts.

Chapter one of this MSR provides the foundation for the Commission’s SOI determinations. As previously indicated, the District’s boundaries and sphere of influence are coterminous; the District service area and SOI encompasses 17 acres. The District reports its sphere and boundaries are correct at this time and no changes are requested. The County of Fresno is the land use authority for land located in the District’s service area.

In accordance with GC section 56066, Fresno is the principal county and Fresno LAFCO is responsible for preparing the following determinations for the Sphere of Influence include in this Municipal Service Review. When Fresno LAFCO updates a sphere of influence it must adopt specific determinations with respect to the following factors:

1. PRESENT AND PLANNED LAND USES, INCLUDING AGRICULTURAL AND OPEN-SPACE LANDS

- The District resides in the Sierra National Forrest, within the eastern area of unincorporated Fresno County. The County of Fresno is the land use authority for territory within the District’s service area and the Fresno County General Plan Land Use Element designates land within the District as Public Lands and Open Space. Parcels within the District are conditionally compatible within the County’s RC-40 Resource Conservation zone district.
- The District service area and SOI are coterminous, and encompasses 17 acres. The District provides water service to 16 residential parcels. The District service area is considered built-out, with no growth anticipated as it relates to expansion of services.

2. PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE AREA.

- The District is not expected to experience additional growth as it relates to expanding service area or increasing housing density. Land within the District could be classified as completely built-out with rural residential homes. There is no growth anticipated by the District.
- The District's water distribution system primary source of water is groundwater pumping from two rock material well sites. The District annually pumps approximately 1.21 acre-feet of groundwater from its two wells. The District's water distribution system includes 16 unmetered residential water connections.
- The District demonstrates that it is capable of addressing and adjusting its probable service needs for public facilities.

3. PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES THAT THE AGENCY PROVIDES OR IS AUTHORIZED TO PROVIDE.

- Present capacity of District facilities and services appear adequate. District provides services consistent with its principal act and as authorized by the Fresno LAFCo. The District's financial practices appear to be adequate to support District's ongoing operations.

4. 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 no relevant social or economic communities of interest relevant to the District's service provisions.

5. THE PRESENT AND PROBABLE NEED FOR THOSE PUBLIC FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE.

- The District provides water supplies within its limited boundaries. At the time this MSR/SOI revision was prepared, there was no indication, physical evidence, or demographic data that would indicate the presence of a DUC as defined by California statute and Fresno LAFCo DUC policy.

4. 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. Approve the recommended Sphere of Influence determinations and affirm the current Sphere of Influence.

5. ACKNOWLEDGMENTS

This Municipal Service Review update was prepared by Fresno LAFCO. County of Fresno Public Works and Planning, Resources Division provided substantial information included in this service review. Supporting documentation was made available through the effective partnership between the Resources Division and Fresno LAFCO. Fresno LAFCO staff extends its appreciation to the Fresno County Resources Division staff, for their assistance in the development of this Municipal Service Review. Responsibility for any errors or omissions rests with those who provided information to support the report.

Available Documentation – documents used for the preparation of this report are available in the LAFCO office. A significant amount of effort has been invested in bringing the District's Municipal Service Review and Sphere of Influence Update to this point. Documents are available at the Fresno Local Agency Formation Commission Office located at:

Fresno Local Agency Formation Commission
2607 Fresno Street, Suite B
Fresno, California 93721

The Draft Municipal Service Review is available on Fresno LAFCO's website, <http://www.fresnolaftco.org/default.asp>

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