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

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AGENDA ITEM NO. 7

**DATE:** July 8, 2020

**TO:** Fresno Local Agency Formation Commission

**FROM:** David E. Fey, Executive Officer 

**BY:** George Uc, Senior LAFCo Analyst

**SUBJECT: Consider Adoption:** Municipal Service Review and Sphere of Influence Update for the Laguna Irrigation District (File Nos. MSR 20-02, USOI-197).

**Attachment A** – Laguna Irrigation District SOI Update Map

**Attachment B** – Draft Laguna Irrigation District MSR and SOI Update

**Attachment C** – Notice of Determination, Laguna Irrigation District SOI Update

**Attachment D** – Laguna Irrigation District SOI Determinations

**Recommendation:** Adopt the Municipal Service Review update prepared for Laguna Irrigation District ("District") and update the sphere of influence by taking the following actions:

**Action 1: Municipal Service Review**

- A. Acting as Lead Agency pursuant to California Environmental Quality Act ("CEQA") Guidelines find that the MSR prepared for the District is Categorically Exempt from the provisions of CEQA under section 15306, "Information Collection."

**Action 2: Laguna Irrigation District SOI Update**

- B. Find that LAFCo, as a Responsible Agency pursuant to CEQA considered the Notice of Exemption prepared by the District, Lead Agency, for its review and update of the District SOI.
- C. Find that as a Responsible Agency, LAFCo, it can be seen with certainty that the District SOI update does not have the potential to result in a significant effect on the environment, and that the SOI update is not subject to CEQA pursuant to CEQA Guidelines section 15061 (b)(3).

**Action 3: Written Determinations and Recommendations**

- D. Receive this report and any public testimony regarding the proposed Municipal Service Review and proposed sphere of influence update.
- E. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.

- F. Approve the recommended sphere of influence update determinations, together with any changes deemed appropriate.
- G. Revise the District SOI to include 16,666 acres consisting of unincorporated land, as depicted in **Attachment A**.
- H. Recommendations to the Laguna Irrigation District:
  - a. That the District establish a website consistent with SB 929 (McGuire) Special Districts Transparency Act of 2020.

**Proponent:** Scott Sills, General Manager, Laguna Irrigation District

### **Executive Summary**

This MSR has been prepared in response to the Laguna Irrigation District's ("District") sphere of influence ("SOI") update application filed with LAFCo on February 7, 2020 (LAFCo File USOI-197). The District requests the 16,666 acres expansion of the existing District SOI in order to facilitate the subsequent annexation of the area locally known as the "Little Texas Annexation."<sup>1</sup> Of the 16,666-acre affected territory, approximately 16,421 acres are in Fresno County and 245 acres are in Kings County.

The requested District SOI update is generally bounded by Conejo Avenue to the north, between State Route 43 and Sunnyside Avenue, and the community of Laton to the south. The requested SOI expansion would increase the District SOI from the existing 35,197 acres to 51,863 acres, which represents a 47 percent increase to the District SOI. Further background, analysis, determinations, and recommendations are presented in the draft MSR (**Attachment B**).

### **Irrigation District Law**

The District was formed in 1920 and operates under the authority granted by California's Irrigation District Law.<sup>2</sup> The District's mission is to efficiently deliver available surface water supplies to its water users and manage the District's water resources.

### **MSR Summary**

The District is a multiple-county independent special district with a service area that crosses Fresno and Kings County lines. The District's service area and SOI are coterminous and encompass a total of 35,197 acres; approximately 18,237 acres are in Fresno County while 16,960 acres are in Kings County. In accordance with Government Code section 56066 and Water Code section 20518, Fresno County is the principal county and Fresno LAFCo is therefore responsible for updating the SOI for the District.

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<sup>1</sup> LAFCo File No. AD 20-1(LID Annexation), to be scheduled for a hearing later this year.

<sup>2</sup> Water Code section 20500 et seq.

A five-member board of elected officials serves as the governing body of the District. The District supplies non-treated irrigation water to landowners, controls the local water distribution system, stores, recharges, and manages surface and groundwater supplies within the District. The District is authorized to collect annual special assessments on all properties within the District and may fix and collect user rates for the furnishing of water to customers of the District.

The District operates and maintains approximately 50 miles of canals used to receive and convey irrigation water supply within the District's service area. The District also maintains 47 miles of water distribution pipeline used to deliver water supply to District customers. Each connection is equipped with water metering systems.

The District is the landowner of 320 acres used for eight noncontiguous recharge basins (See MSR, Figure 4) where water can be captured and banked as groundwater or temporarily held and reused as surface water becomes available to the District. The District's recharge facilities have a combined annual recharge capacity of 4,135 acre-feet. Additionally, the MSR notes that water loss in the canal system contributes to the District's recharge program. During 2019, the District estimated that canal loss (recharge) was 21,614 acre-feet, equivalent to 29 percent.

The District has a storage entitlement for 56,000 acre-feet of water storage at Pine Flat Reservoir and other reservoirs within the Kings River Watershed. The MSR notes that for the 2019 water year, the District's total water deliveries were 51,605 acre-feet. For the same water year, the MSR notes that the District had a total recharge of 26,003 acre-feet.

The District reported an adopted budget of \$1,638,298 for Fiscal Year ("FY") 2020. Main revenue sources are derived from water installment rates, water toll fees, assessment dues, sand and gravel sales, Pine Flat power sales, and recharge fees. For FY 2020, the District's expenditures amounted to \$1,638,298. The largest expenditures are attributed to personnel and employee health insurance cost, office equipment, engineering fees, basin maintenance services, equipment/vehicle purchases, and irrigation maintenance services.

### **Municipal Service Reviews and Public Review Availability**

MSRs are used by the LAFCo to collect information and evaluate service provisions and service providers from a broad perspective. The MSR Program provides the Commission the ability to retain the necessary information and data to ensure that the LAFCo has access to all the necessary information in a timely manner to make sound determinations with respect to services, capacities, or when requested to update an SOI for a local agency.

The draft District MSR update was circulated June 17, 2020 through July 7, 2020. Pursuant to Government Code sec. 56427, 364 mailed notices of the hearing were sent to the affected local agencies and owners of land within the affected territory. Additionally, a 21-day notice of Commission hearing was published on July 17, 2020, in *The Business Journal*.

As of the date of publishing this staff report, LAFCo has received general phone enquiries, however the office has not received any comments or written opposition to the information presented in the draft MSR or proposed update to the District SOI.

### **District SOI Update Analysis**

In 1976, LAFCo determined an SOI for the District that coincided with the District's service area. No changes to the LID SOI have been made since then.

In 2014, the California's Sustainable Groundwater Management Act ("SGMA") became law which requires high and medium priority groundwater basins to halt groundwater overdraft and bring groundwater basins into sustainability within a 20-year period by managing the groundwater basin in a manner that avoids undesirable results. The District is located within the Kings groundwater sub-basin, which is considered high priority and critically over drafted.

The District's service area boundaries are inside the North Fork Kings Groundwater Sustainability Agency ("NFKGSA"). The NFKGSA has adopted its GSP pursuant to SGMA mandate. In fulfillment of objectives set forth by the NFKGSA's GSP, the District is requesting LAFCo to amend the District SOI to encompass an additional 16,666 acres of land currently identified as non-districted territory by the NFKGSA's GSP. The affected territory is identified as a "white area," a SGMA term meaning territory that is not within the boundaries of an existing water management agency, such as city, irrigation or California water district.<sup>3</sup>

The affected territory is already part of the NFKGSA but is represented by the County of Fresno since it currently is outside any water management local agency. Likewise, the portion of the affected territory in Kings County is represented by County of Kings for purposes of SGMA.

The proposed District SOI update would facilitate a future concurrent application to annex the affected territory into the District. By annexing into the District, the affected territory would no longer be non-districted and would be represented by the District for SGMA and other purposes, landowners and registered voters would be eligible to serve on the District board, and landowners would be able to purchase water from the District, when available, for irrigation or groundwater recharge.

LAFCo staff reviewed the proposed District SOI update in light of the data collected during the MSR process, as well as from conversations with the District's General Manager in order to provide the Commission a sound SOI update recommendation for its consideration. Additional information is provided in **Attachment B** of this staff report.

### **MSR Discussion**

The MSR notes that effective January 1, 2020, Senate Bill 929 (McGuire) Special Districts Transparency Act of 2020, requires that every independent special district to maintain an internet website that clearly lists contact information for the special district. However, because

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<sup>3</sup> North Fork Kings Groundwater Sustainability Plan, December 18, 2019.

SB 929 would require local agencies to provide a new unfunded service, a special district's governing board may adopt a resolution declaring its determination that a hardship exists that prevents the district from establishing or maintaining a website.

The MSR notes that the District currently does not have a website. In compliance with SB 929, the District adopted a resolution on November 5, 2019, determining that it is exempt from establishing and maintaining a website as a result of having insufficient staff resources which result in a hardship under Government Code sec. 53087.8(b)(3). In order to remain in exempt status, SB 929 requires local agencies to annually adopt a resolution determining that a hardship continues to exist.

Being that the Legislative intent is for each independent special district to provide easily accessible and accurate information on a website, the MSR recommends the District to establish a website consistent with the spirit of SB 929 (McGuire).

### **Summary / Background**

Cortese-Knox-Hertzberg Act requires LAFCOs to review and update, as necessary, local agencies' SOIs every five years. Prior to, or in conjunction with a local agency's SOI update, LAFCo is required to conduct an MSR. State law requires that the LAFCo adopt written MSR determinations for each of the following seven items:

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

As part of the SOI update, the Commission is required to consider the following five criteria and make appropriate determinations in relationship to each:

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.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present

and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence

The attached MSR present these determinations with District information and the analysis used in support of the determinations and recommendations.

### **Environmental Determination**

A MSR collects and analyzes data in support of future LAFCo actions and therefore is exempt from environmental review, pursuant to section 15306, "Information Collection" of the California Environmental Quality Act ("CEQA") Guidelines.

However, this MSR update also evaluates the District's request to LAFCo for a SOI update that is essential to facilitate a successive 16,666-acre annexation application that mainly consists of active agricultural land. In addition, the District owns a 150-acre recharge facility within the proposed SOI update area.

In conducting environmental review for the District SOI update, the Laguna Irrigation District assumed the role of Lead Agency. The District determined that the SOI update will not change the existing land uses nor change the land use designations depicted by either Fresno County or Kings County's General Plan Land Use Elements. The District SOI update and future annexation would allow landowners to be represented by the District on items related to the State's Sustainable Groundwater Management Act of 2014. Furthermore, future annexation of the affected territory will allow landowners to be eligible to purchase non-treated water for irrigation and/or groundwater recharge from the District. Since it can be seen with certainty that the District SOI update does not have the potential to result in a significant effect on the environment, it is not subject to CEQA pursuant to CEQA guidelines Section 15061 (b)(3).

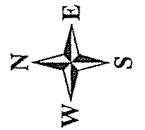
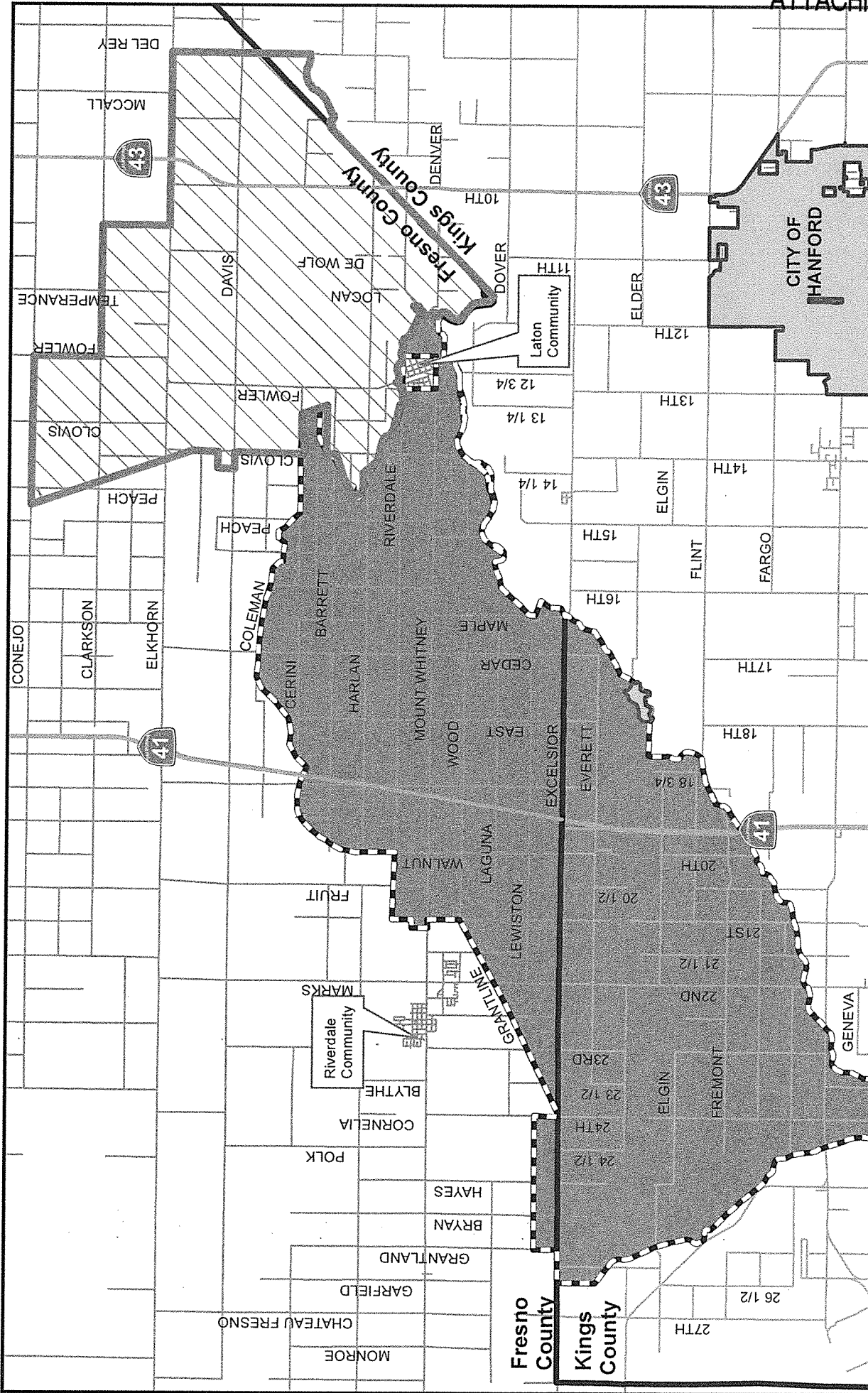
As a "Responsible Agency" pursuant to CEQA Guidelines, the Commission is required to independently review and consider the environmental review for the proposed SOI update prior to reaching its decision. Therefore, the LAFCo, finds that it can be seen with certainty that the SOI update does not have the potential to result in a significant effect on the environment, and that the SOI update is not subject to CEQA pursuant to CEQA guidelines Section 15061 (b)(3). Therefore, the proposal is exempt from environmental review.

Pursuant to CEQA Guidelines, if the Commission determines that these documents are adequate, a draft Notice of Determination has been prepared (**Attachment C**) to be filed with the County of Fresno Clerk's office in compliance with section 21152 of the Public Resources Code.

### **Individuals and Agencies Receiving this Report**

- Scott Sills, General Manager, Laguna Irrigation District
- Ken Price, LAFCo Counsel
- Bernard Jimenez, Manager, Fresno County Department of Public Works and Planning

# Laguna Irrigation District



- Proposed SOI update
- District SOI
- District Service Area

District service area: 35,197 acres (Multiple County)  
 Sphere area: 35,197 acres  
 Total Proposed SOI update: 16,666 acres

Map prepared: 04/08/2020

# **DRAFT LAGUNA IRRIGATION DISTRICT**

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

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

MSR 20-02 / USOI-197

Prepared with the assistance of  
Laguna Irrigation District  
Provost and Pritchard Consulting Group

Reviewed by  
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**21-day Public Review:**  
June 17, 2020 - July 7, 2020



# **LAGUNA IRRIGATION DISTRICT**

Distribution of irrigation water supplies and groundwater recharge services

## **Contact Information**

**General Manager:** Scott Sills  
**Address:** 5065 19 ½ Ave  
Riverdale, CA 93656  
**Phone:** (559) 923-4239  
**Website:** Not in place, *per GC sec. 53087.8(b)(3)*

## **Management Information**

**District formed:** 1920  
**Principal act:** Irrigation District Law, California Water Code section 20500, et seq.  
**Special district powers:** Delivery of irrigation water supplies, recharge, and storage

**Governing body:** Five-member board of directors, elected to four-year terms

<b>Board members:</b>	<b>Division</b>	<b>Term Expires</b>
Frank Zonneveld, President	1	12/2020
John Olivera, Vice-President	2	12/2022
Tony Thomas, Secretary/Treasurer	3	12/2022
Jake Miller	4	12/2020
Monty Hoggard	5	12/2022

**Board meetings:** Held on the first Tuesday of each month 9:30 a.m. at the District office  
**Staffing:** Ten full-time and two part-time seasonal employees

## **Service Information**

**Population served:** 1,199 landowners

**Acres served:** 35,197 acres, *Multiple County Special District* (18,237 acres in Fresno County; 16,960 acres in Kings County)

**Infrastructure:** Water distribution system, irrigation pumps, radio transmitters, SCADA, regulation reservoirs and eight non-contiguous ponding basins

## **Fiscal Information**

**Budget:** \$1,638,298 (FY 2019-2020); budget set annually by Board of Directors  
**Sources of funding:** Land based assessments, water sales, and delivery charge

## **Administrative Policies**

**Rules /Regulations:** Yes      **SOI adopted:** 1976      **Proposed SOI Updated:** add 16,666 acres

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Figure 1 – District Map

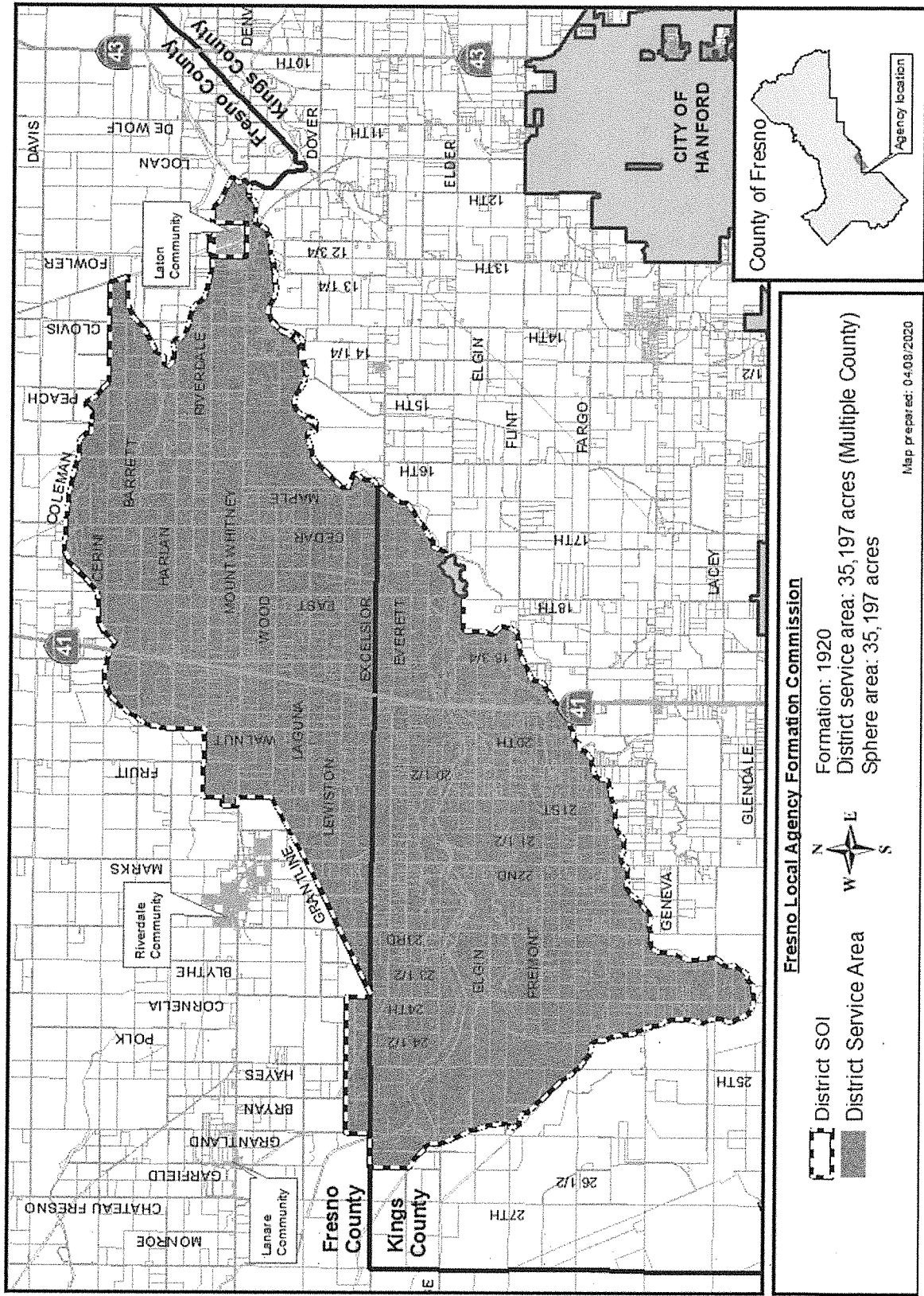


Figure 2 – Proposed Laguna Irrigation District SOI update

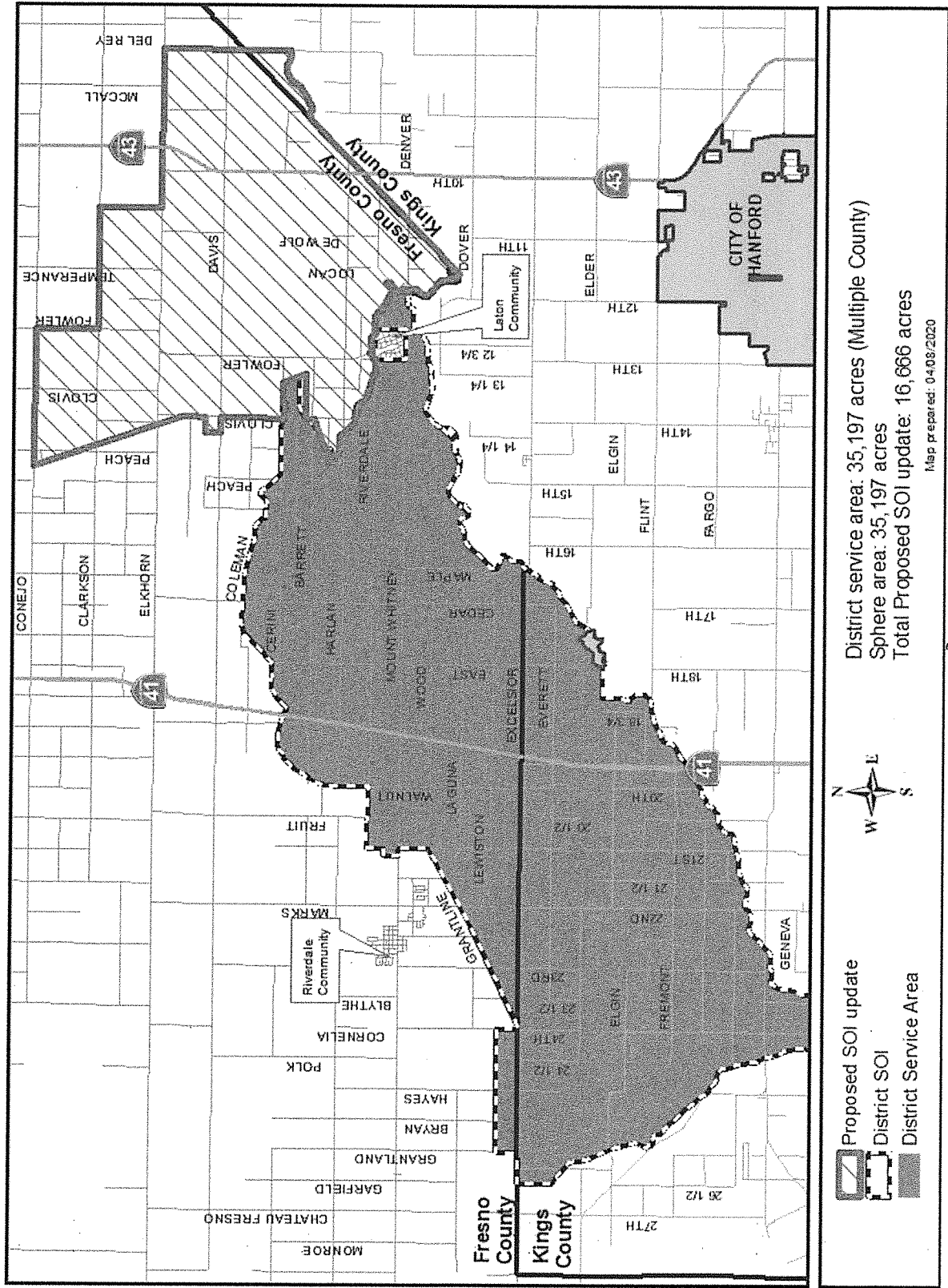


Figure 3 – Affected Territory

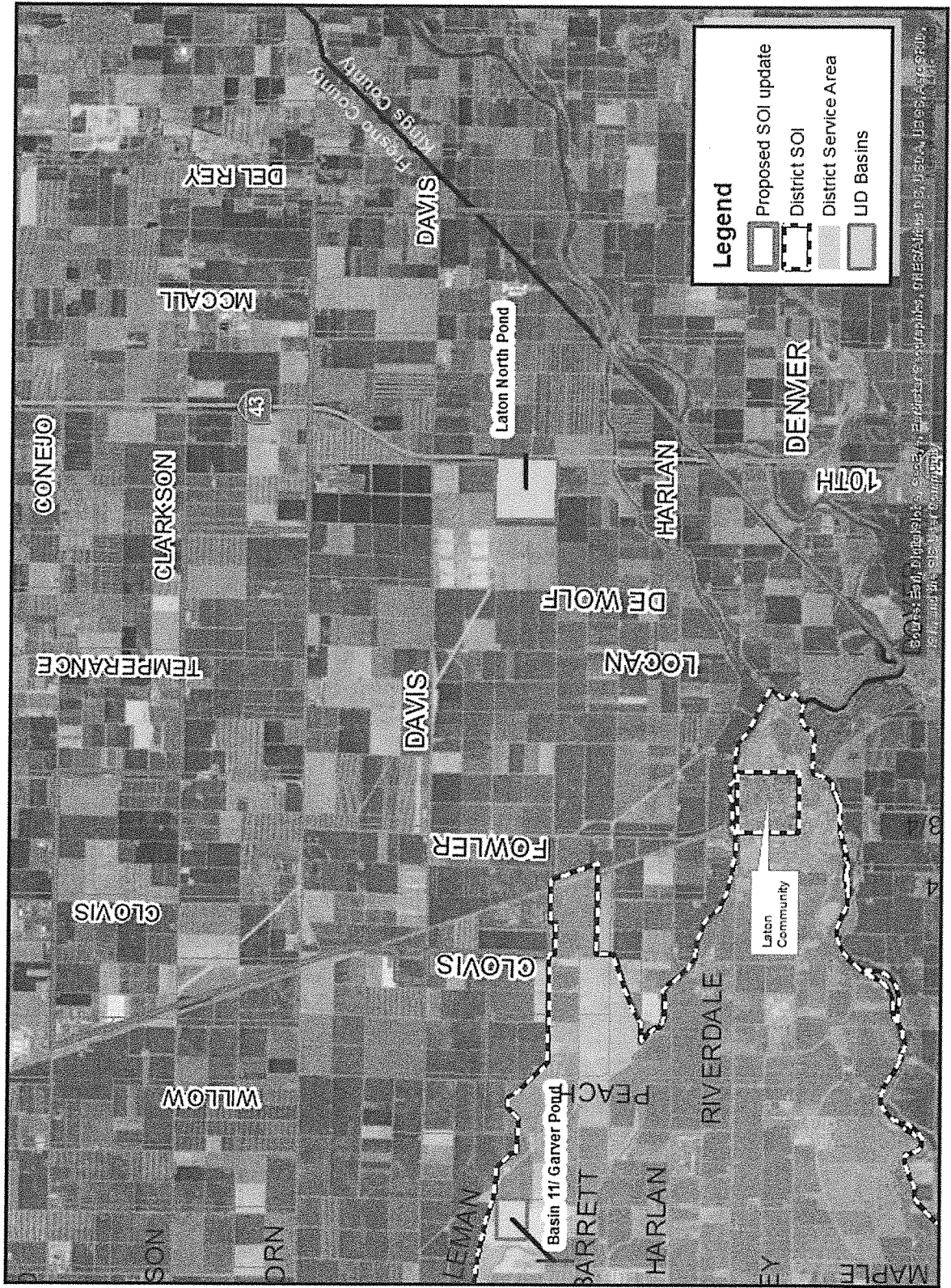
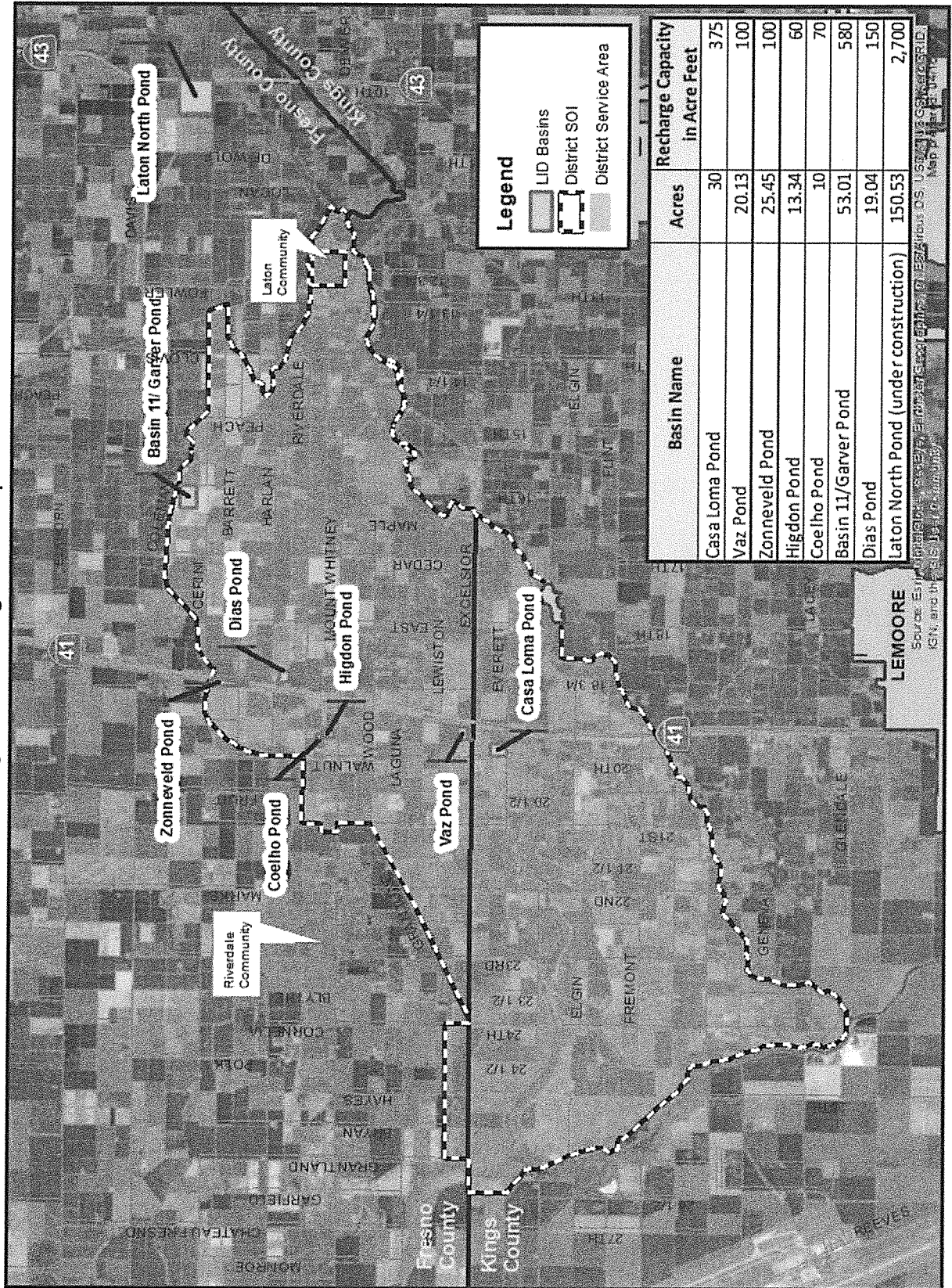




Figure 4 – Recharge Basin Map



## EXECUTIVE SUMMARY

This Municipal Service Review ("MSR") has been prepared in response to the Laguna Irrigation District's application for an amendment of its sphere of influence ("SOI") to include the area known locally as "Little Texas," filed with the Fresno Local Agency Formation Commission ("LAFCo") on February 7, 2020 (LAFCo application USOI-197). This MSR presents data and analysis in support of the Commission's determinations pursuant to Government Code ("GC") sections 56425 and 56430, to evaluate the District's service provisions, service policies, and financial practices in place to provide services in its existing and proposed SOI update over the next 20 to 25 years.

### Laguna Irrigation District Sphere of Influence Update

The Laguna Irrigation District ("LID" or "District") is a multiple-county independent special district governed by a five-member board of directors. In 1975, LAFCo estimated that the District's service area encompassed approximately 35,000 acres spanning the south-central portion of Fresno County and into the north-central portion of Kings County.

In 1976, LAFCo determined an SOI for the District that coincided with the District's service area. No changes to the LID SOI have been made since then.

Currently, the District is requesting inclusion of approximately 16,666 acres of unincorporated land into the LID SOI (hereafter referred to as the "LID SOI update"), as depicted on Figure 2. Of the 16,666-acres, approximately 16,421 acres are in Fresno County, and 245 acres are in Kings County. The LID SOI update is necessary to facilitate the subsequent annexation application (LAFCo File No. AD 20-1) of the affected territory into the District's service area. Additional information is provided later in this MSR.

According to more recent geographic information systems ("GIS") data gathered during the preparation of this service review, the entire District service area and SOI encompass 35,197 acres. LAFCo estimates that 18,237 acres are in Fresno County and 16,960 acres are in Kings County, as shown on Figure 1- District Map. The proposed LID SOI update and annexation have the potential to increase the District SOI and service area from the existing 35,197 acres to 51,863 acres, an increase of approximately 47 percent.

In accordance with GC section 56066 and Water Code section 20518, Fresno County is the principal county and Fresno LAFCo is therefore responsible for updating the SOI for the District consistent with section 56425(g).

Through effective collaboration with the District, LAFCo was able to obtain records and enough information to prepare a thorough service review update that outlines the District's plans and its commitment to annex the affected territory.

## California Environmental Quality Act (CEQA)

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH”) directs LAFCos to comply with the California Environmental Quality Act (“CEQA”)<sup>1</sup> for SOI updates.<sup>2</sup>

LAFCo prepared the MSR for the LID SOI update pursuant to GC section 56430. An MSR gathers data to present an independent assessment of service provisions provided within a geographic area in the County. Furthermore, an MSR provides a foundation that may support future LAFCo actions. Therefore, an MSR is exempt from environmental review under CEQA guidelines section 15306, “Information Collection.”

However, this MSR update also evaluates the District’s request to LAFCo for a SOI update that is essential to facilitate a successive 16,666-acre annexation application that mainly consists of active agricultural land. In addition, the District owns a 150-acre recharge facility within the proposed SOI update area.

In conducting environmental review for the LID SOI update and annexation, LID assumed the role of Lead Agency. The District determined that the proposal will not change the existing land uses nor change the land use designations depicted by either Fresno County or Kings County’s General Plan Land Use Elements. The proposal would allow landowners to be represented by the District on items related to the State’s Sustainable Groundwater Management Act of 2014 (“SGMA”). Furthermore, annexation of the affected territory will allow landowners to be eligible to purchase non-treated water for irrigation and/or groundwater recharge from the District.

Since it can be seen with certainty that the proposal does not have the potential to result in a significant effect on the environment, it is not subject to CEQA pursuant to CEQA guidelines Section 15061 (b)(3). Furthermore, because the affected territory contains existing public facilities the District determined that the proposal is exempt from environmental review under CEQA guidelines Section 15319, “Annexation of Existing Facilities.” On January 17, 2020, the District filed Notices of Exemption with the Fresno County Clerk (#E202010000017); and, on January 22, 2020, the District filed with the Kings County Clerk (Receipt #2024937).

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<sup>1</sup> California Environmental Quality Act, Division 13 (commencing with Section 21000) of the Public Resources Code.

<sup>2</sup> Government Code section 56428.



## 1. MUNICIPAL SERVICE REVIEW

The District was formed in 1920 under Irrigation District Law, California Water Code section 20500, *et seq.* as a successor to the Fresno Canal and Land Company which had previously provided irrigation water to the area.<sup>3</sup>

California law permits irrigation districts to perform all tasks necessary to supply water, control distribution, store, spread, sink, treat, and manage water supplies for beneficial purposes. Furthermore, irrigation districts may deliver water for fire protections purposes and provide for any and all drainage necessary within a district. State law also authorizes irrigation districts to provide recreational facilities and purchase or lease electric power and provide for the acquisition, operation, and control of plants for the generation, transmission, and provision of electric power.<sup>4</sup>

At the present time, the District supplies non-treated irrigation water to landowners, controls the local water distribution system, stores, recharges, and manages surface and groundwater supplies within the District (Figure 1 – District Map). The District is authorized to collect annual special assessments on all properties within the District and may fix and collect user rates for the furnishing of water to customers of the District. The District may acquire by any means any property or interest in property to carry out its purposes to supply and distribute water for irrigation purposes.

The District is a member of the Kings River Water Association (“KRW”). The KRW is a 28-member Joint Powers Agency formed in 1927 to manage irrigation surface water supply from Pine Flat Dam to KRW’s service area. The District has approximately 56,000 acre-feet of storage at Pine Flat Reservoir (capacity 1,000,000 acre-feet) and other reservoirs in the Kings River Watershed.

The District is a multiple-county independent special district governed by a five-member board of directors. The District’s board members are elected by division and serve four-year terms. The board members’ terms are staggered with two terms set to expire 2020, and the other three terms are set to expire in 2022. For a person to be eligible to serve as a board member he or she must be a registered voter and landowner within the District, and a resident of his or her respective division within the District.

The District board members are responsible for exercising powers granted by statute and their independent judgment on behalf of the interests of residents, property owners, and the community as a whole. The District functions independently from the County of Fresno, County of Kings, and is not governed by another legislative body (either a city council or a county board of supervisors).

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<sup>3</sup> Sphere of Influence Report—Water and Irrigation Districts, Fresno LAFCo, 1975.

<sup>4</sup> Water Code Sec. 22075 *et seq.*

## DISTRICT SERVICE AREA

The District is situated in the south-central portion of Fresno County and its service area includes land in Kings County. The District is generally bordered by Coleman Avenue to the north (Murphy Slough), Grantland Avenue to the west, Fremont Avenue (Kings River waterway) in Kings County to the South, and Fowler Avenue near the unincorporated community of Laton to the most eastern edge of the District.

The District is a multiple-county district meaning that its corporate boundaries include territory in both Fresno and Kings Counties. The District's service area and SOI are coterminous and encompass a total of 35,197 acres. Of the 35,197 acres, approximately 18,237 acres are situated in Fresno County while 16,960 acres are situated in Kings County.

The District's service area abuts the Riverdale Irrigation District to the west, the Liberty Water District to the north, the Lemoore Canal Company to the south in Kings County, and Kings County Water District in Kings County to the southeast.

Land northeast of the District's service area is identified as a "white area," a SGMA term meaning territory that is not within the boundaries of an existing water management agency, such as city, irrigation or California water district.<sup>5</sup> The white area is generally bounded by Conejo Avenue to the north, between State Route 43 and Sunnyside Avenue, and the community of Laton to the south (shown on Figure 3).

## SOI UPDATE PROPOSAL

LAFCo is charged with determining and updating the SOIs for local agencies (special districts and cities) within the County. An SOI is a LAFCo-approved plan that designates an agency's probable future boundary and service area.<sup>6</sup>

Spheres are planning tools used to provide guidance for individual boundary change proposals, they discourage duplication of services by local agencies, identify the need for specific reorganization studies, and provide the basis for recommendations to local agencies for potential government reorganizations. Every determination made by LAFCo must be consistent with that local agency's SOI.

In 2014, Governor Edmund G. Brown Jr. signed California's Sustainable Groundwater Management Act ("SGMA") into law which required a qualified local agency or group of qualified local agencies in groundwater basins identified by the Department of Water Resources as critically overdraft; and, as high and medium priority, to form Groundwater Sustainability Agencies ("GSAs") by 2017. SGMA further required GSAs in critically overdrafted, high and medium priority basins to develop and adopt groundwater sustainability plans ("GSPs") by January of 2020.

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<sup>5</sup> North Fork Kings Groundwater Sustainability Plan, December 18, 2019.

<sup>6</sup> GC sec. 56076.

Under SGMA, these basins should reach sustainability within 20 years of implementing their sustainability plans. For critically over-drafted basins, that will be 2040. For the remaining high and medium priority basins, 2042 is the deadline.

The District's service area boundaries are inside the North Fork Kings Groundwater Sustainability Agency ("NFKGSA"). The NFKGSA has adopted its GSP pursuant to SGMA mandate.

In fulfillment of objectives set forth by the NFKGSA's GSP, the District is requesting LAFCo to amend the LID SOI to encompass an additional 16,666 acres of land currently identified as non-districted territory by the NFKGSA's GSP. Of the 16,666-acre SOI update, approximately 16,421 acres of affected territory are in Fresno County, and 245 acres are in Kings County.

The affected territory is already part of the NFKGSA but is represented by the County of Fresno since it currently is outside any water management local agency. Likewise, the portion of the affected territory in Kings County is represented by County of Kings for purposes of SGMA.

The proposed LID SOI update would facilitate a concurrent application to annex the affected territory into the District (as shown on Figures 2 and 3). By annexing into the District, the affected territory would no longer be non-districted and would be represented by the District for SGMA and other purposes. Landowners and registered voters would be eligible to serve on the District board, and landowners would be able to purchase water from the District, when available, for irrigation or groundwater recharge. Additional analysis is provided on *Other matters related to Service Delivery*, of this MSR.

## AUTHORIZED DISTRICT SERVICES

Under GC section 56425(i), "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 District's principal act authorizes the District to do all things necessary to furnish, control, distribute, store, sink, treat, purify, recapture and salvage any water for any beneficial use, including agricultural use.<sup>7</sup> The District informed LAFCo that it provides the following services and exercises the following powers:

- Receive and temporarily store surface water supply from Pine Flat Dam.
- Divert, convey, and deliver surface water for irrigation to landowners in the District.
- Ground water recharge / bank Kings River flood water, and other surplus surface flows.
- Maintains its canals and waterways.
- Purchase and sells land in support of water management.
- Levies special assessment to fund District operations.

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<sup>7</sup> California Water Code Section 22075.

## FRESNO LAFCO MSR POLICY

An MSR is required in order to prepare or update a local agency's sphere of influence.<sup>8</sup> While the Commission is not required by law to make any changes to an SOI, the Commission may, at its discretion, opt to reaffirm, expand, or shrink an SOI, or approve, deny, or approve with conditions any changes of organization or reorganization impacting the governmental agency as a result of the information gathered during the MSR update process.<sup>9</sup>

In accordance with 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).

## GROWTH AND POPULATION PROJECTIONS

The District's service area encompasses only unincorporated land within Fresno and Kings Counties. There are no incorporated cities inside the District's boundaries. The majority of land inside the District consists of active agricultural operations and sparse rural residences.

The nearest population concentrations to the District service area occur in the unincorporated communities of Riverdale, Laton, and Camden. The Naval Air Station Lemoore is the nearest community to the District's service area located in Kings County.

The County of Fresno is the land use authority for the portion of the District in Fresno County. Likewise, County of Kings is the land use authority for the portion of the District in Kings County.

The Fresno County General Plan designates majority of the land within the District for agricultural use. The Kings County General Plan likewise designates its portion of the District's service area for agricultural use. Most of the land within the District service area is occupied by large-scale farming operations largely comprising forage crops, row crops, and orchards. Also, most land within the District service area is designated Prime Farmland.<sup>10</sup>

According to the Fresno County Multi-Jurisdictional 2015–2023 Housing Element adopted in April 2016, the 2014 population of the unincorporated areas of Fresno County was 169,500 people. From 2000 to 2014, the population grew by 0.2 percent. Based on projections through 2040, the County is expected to experience an annual growth rate of 1.8 percent.<sup>11</sup>

In Kings County, the population in unincorporated areas declined by 1.9 percent between 1990 and 2015. As reported in the County's 2016–2024 Housing Element, the California Department of

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<sup>8</sup> California Government Code Section 56430.

<sup>9</sup> Fresno Local Agency Commission – Policy 107 – Municipal Service Review Policy.

<sup>10</sup> California Department of Conservation, Data and Maps, <https://maps.conservation.ca.gov/dlrp/ciff/> Accessed: October 7, 2019.

<sup>11</sup> Fresno County Multi-Jurisdictional Fifth-Cycle Housing Element Update <https://www.co.fresno.ca.us/departments/public-works-planning/divisions-of-public-works-and-planning/development-services-division/planning-and-land-use/general-plan-maps> Accessed 16 October 2019.

Finance expects the total population of Kings County to increase 25 percent between 2015 and 2030.<sup>12</sup>

The District does not have land use authority; however, the District participates in the consultation process with each County through the evaluation of land use entitlements that may affect the District's services. The District informed LAFCo that proposed parcel splits within the District that affect property size, agriculture operations, or water delivery connections are identified through early consultation with applicants and land use authorities. The District coordinates with local agencies through the application review process so that landowners are made aware of potential costs that may be incurred if land use entitlement proposals affect the District's inventory of irrigable acreage, delivery connections, or water supply.

LAFCo obtained GIS files derived from the U.S. Census Bureau, American Community Survey ("ACS") five-year reports for year 2012 through 2016, to estimate a current population for territory inside the District. According to the ACS data for year 2012 through 2016, Census block group units located within the District show that there is an estimated total population of 5,284 residents within the portion of the District in Fresno County, while less than 2,340 people reside in the portion of the District in Kings County. LAFCo estimates that the District's service area may have a population of approximately 7,624 residents; however, LAFCo notes that the estimate can be higher number than actual because the census block group boundaries do not exactly match the boundaries of the District.

With respect to the District's proposed SOI update, annexation of the 16,666 acres has the potential to add 310 parcels that are primarily in agricultural operation. Based on Census information, the affected territory is sparsely populated with an estimated population of 1,700 residents.

## **DISADVANTAGED UNINCORPORATED COMMUNITIES**

The 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.<sup>13</sup>

For any updates to an 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 or contiguous to the SOI of a city or special district.

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<sup>12</sup> Kings County 2016–2024 Housing Element

<https://www.countyofkings.com/home/showdocument?id=17093> Accessed: October 16, 2019.

<sup>13</sup> GC sections 56375 (a)(8)(A), section 56425(e)(5), and section 56430 (a) (2).

GC section 56033.5 defines a DUC as: i) all or a portion of a “disadvantaged community” as defined by section 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 section 56046 and WC section 79505.5); and a status of ii) “inhabited territory” (12 or more registered voters), as defined by GC section 56046, or as determined by Commission policy. Fresno LAFCo policy further refines the definition of a DUC as having at least 15 dwelling units at a density not less than one unit per acre.

GIS files were derived from the ACS compiled for the five-year period 2012–2016 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 2012–2016 provide more precise data and mapping information for analyzing small populations. The five-year reports are the most reliable form of information generated by the US Census Bureau.<sup>14</sup> The statewide annual MHI reported for years 2012 through 2016 was \$63,783. Therefore, the calculated threshold for a DUC is any geographic unit with a reported annual MHI that is less than \$51,026.40. Census block group data was used to provide the economic and population backgrounds for this section of the MSR.

The District's service area and proposed SOI update encompasses census block groups that meet the Water Code definition of Disadvantaged Communities based on reported MHI levels. Table 1 details LAFCo's DUC measures for the District's service area and requested SOI update.

**Table 1 - Disadvantaged Unincorporated Communities, Census Tracts / Block Groups**

County	Census Tract	Block Group	MHI	Less than 80% Statewide Annual MHI	15 Units at a Density ≥ One Unit per Acre
Fresno	74	1	\$66,950	No	No
Fresno	74	2	\$49,250	Yes	No
Fresno	74	3	\$25,809	Yes	No
Fresno	77	1	\$47,405	Yes	No
Fresno	77	2	\$54,400	No	No
Fresno	77	4	Not enough data available to compute		
Kings	2	1	\$55,000	No	No
Kings	2	2	\$46,806	Yes	No

However, with the exception of the unincorporated communities of Laton and Camden, the majority of the territory within the District does not meet LAFCo's DUC density criteria of at least

<sup>14</sup> US Census Bureau, <https://www.census.gov/programs-surveys/acs/guidance/estimates.html> Accessed 11 October 2019.

15 dwelling units at a density not less than one unit per acre. The following points summarize the unincorporated communities of Laton and Camden:

- The unincorporated community of Laton is located near the intersection of South Fowler Avenue and Murphy Avenue. Laton is located within Census Tract 74.00-Block Group 3. The DUC consists of approximately 520 unincorporated parcels, located within an area that encompasses 196 acres. There are approximately 522 dwelling units within Laton. The ACS five-year estimate reports indicate that Census Tract 74.00-Block Group 3 had an MHI of \$25,809 between years 2012 through 2016. LAFCo estimates that the density is approximately two dwelling units per acre within this DUC.

As of the preparation of this MSR, there are 435 register voters within Laton. Potable water, sewer, storm drainage, solid waste, fire protection, and street lighting is provided by the Laton Community Service District.

- The unincorporated community of Camden is located near the intersection of East Mount Whitney Avenue and State Route 41. Camden consists of one parcel that houses a 28-lot mobile home park. The DUC encompasses approximately 25 acres. This DUC is located within Census Tract 77.00-Block Group 1. The ACS five-year estimate reports indicate that Census Tract 77.00-block group 1 had an MHI of \$47,405 between years 2012 through 2016. Within Camden, there is a mobile home park (28 units), a convenience store, and a gas station.

As of the preparation of this MSR, there are 18 registered voters within Camden. Water and sewer service is provided by private systems. The Fresno County Fire Protection District provides fire protection services in Camden.

LAFCo notes that there is one block group in Kings County that reports an MHI that meets the DUC threshold; however, the territory is primarily farmland. As mentioned earlier in this report, there are no incorporated cities within the District's service area and in the proposed SOI update. Parcels within the District are eligible to receive irrigation water from Laguna Irrigation District. Parcels that accommodate rural residential units are primarily equipped with private wells and septic systems.

Structural fire protection service is provided by Fresno County Fire Protection District, Kings County Fire Department, and the Fresno-Kings unit of CAL FIRE. Public safety and law enforcement is provided by the Fresno County Sheriff, Kings County Sheriff, and California Highway Patrol.

## **DISTRICT INFRASTRUCTURE**

The District owns and operates various public facilities and infrastructure necessary to conduct business, convey irrigation water to its customers, and conduct groundwater recharge activities. The District informed LAFCo that it owns the following public facilities:

MSR and SOI update

Laguna Irrigation District

### **District office and warehouse**

The District's office was built in 1922 and throughout the years routine maintenance work has been complete to preserve the structure in adequate conditions. The District's office is in Kings County, near the southwest corner of Excelsior Avenue and SR 41.<sup>15</sup> The office's mailing address is 5065 19 ½ Avenue, Riverdale, CA 93656.

The major purpose of the District office is to provide a workplace for the daily administration of the District. The building encompasses less than 1,200 square feet and it is equipped with office and lobby spaces, a kitchen/staff lunch area, and a conference room. The District's monthly board meetings are held at this office. The District also owns a maintenance shop and various out-buildings that house vehicles and equipment.

### **Canal distribution system**

The District informed LAFCo that it operates and maintains approximately 50 miles of canals used to receive and convey irrigation water supply within the District's service area. Of the 50-mile canal system, approximately 49 miles are unlined and one mile is lined. The canal distribution system is equipped with various trash screens, stilling wells, pumps, electric motors, SCADA equipment (computers, radio transmitters and receivers, antennae).

Additionally, the District also maintains 47 miles of water distribution pipeline used to deliver water supply to District customers. Each connection is equipped with water metering systems.

The District operates an arranged delivery system, with the entire system working as a complete unit. In order to receive irrigation water from the District, landowners place their order a minimum of 24 hours before their desired delivery start and give the District a 24-hour notice again prior to their desired shutoff. In cases where multiple landowners wish to receive deliveries from the same diversion point facility, the District may stagger the deliveries such that landowners may take water in series rather than simultaneously. This practice minimizes the fluctuation of water and reduces the possibility of water loss.

### **Storage, recharge basins/reservoirs**

During the winter months, Kings River water users depend on the Sierra Nevada snowpack to store the majority of the water. During the spring and summer months, local canals convey the snow melt to recharge basins. The District is the landowner of 320 acres used for eight noncontiguous recharge basins (See Figure 4) where water can be captured and banked as groundwater or temporarily held and reused as surface water becomes available to the District.

Of the eight basins, seven are in Fresno County and one is in Kings County.

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<sup>15</sup> County of Kings, Assessor Parcel Number 004-070-071-000.



The following points summarize the District's recharge basins:

1. Casa Loma Pond encompasses 30 acres located at the northeast corner of Everett Avenue and 20<sup>th</sup> Avenue in Kings County. The Casa Loma Pond has an annual recharge capacity of 375 acre-feet.
2. Vaz Pond encompasses 20 acres located north of Excelsior Avenue and west of SR 41 in Fresno County. The Vas Pond has an annual recharge capacity of 100 acre-feet.
3. Zonneveld Pond encompasses 25 acres located north of Barrett Avenue and west of SR 41 in Fresno County. The Zonneveld Pond has an annual recharge capacity of 100 acre-feet.
4. Higdon Pond encompasses 13 acres located at the north of Mount Whitney Avenue and west of SR 41 in Fresno County. The Higdon Pond has an annual recharge capacity of 60 acre-feet.
5. Coelho Pond encompasses 10 acres located at the north of Mount Whitney Avenue and west of SR 41 in Fresno County, adjacent to Higdon. The Coelho Pond has an annual recharge capacity of 70 acre-feet.
6. Basin 11 / Garver Pond encompasses 53 acres located south of Coleman Avenue and west of Chestnut Avenue in Fresno County. The Basin 11 / Garver Pond has an annual recharge capacity of 580 acre-feet.
7. Dias Pond encompasses 19 acres located south of Harland Avenue and east of SR 41 in Fresno County. The Dias Pond has an annual recharge capacity of 150 acre-feet.
8. Laton North Pond encompasses 150 acres located south of Davis Avenue and west of Highland Avenue in Fresno County. This pond is located in the Little Texas area (See Figure 3). The pond is under construction and designed with an annual recharge capacity of 2,700 acre-feet.

Combined, the District's recharge facilities have an annual recharge capacity of 4,135 acre-feet.

Basins sites are routinely inspected, evaluated, and the condition of each site is recorded by District personnel. The purpose of the inspection is to facilitate and maximize recharge efficiency at each of the District's recharge basin facilities. If deemed necessary, the District conducts or contracts with a local company to perform maintenance work that may consist of grading and disposal of vegetation, debris, and silt-laden soils from the floor of the recharge basin.

Routine inspections assure that the District's recharge basins continue to perform as intended, noting potential issues early in the water year, and to note any potential percolation performance problem as soon as they arise.

## WATER SUPPLY AND RESOURCES

As previously noted, the District is a member of the 28-member joint powers authority known as the Kings River Water Association ("KRWA"). KRWA oversees Kings River entitlements and water deliveries for members agencies within KRWA's service area.

There are six water right licenses on the Kings River issued by the State Water Resources Control Board ("SWRCB") that are held by KRWA in trust for the benefit of the member agencies. The District receives Kings River water for irrigation deliveries or storage based on a monthly water diversion schedule and how much water is flowing into Pine Flat Reservoir.

In 2016, the District updated its Agricultural Water Management Plan, which the Board of Directors adopts and periodically updates.

According to the District, its annual water supply is affected by various factors, including but not limited to the Kings River Watershed, rain season, and snowpack levels which on an annual basis make water deliveries difficult to predict.

The District has a storage entitlement for 56,000 acre-feet of water storage at Pine Flat Reservoir and other reservoirs within the Kings River Watershed. From 1997 through 2011 water years, the District's average water diversion was 53,811 acre-feet. During the wet years in this time frame, the District's surface water diversion average was 91,780 acre-feet. However, during the dry years the District's surface water diversion average was 12,522 acre-feet.<sup>16</sup>

During the 2019 water delivery year, river diversions within the District's distribution system amounted to 73,219 acre-feet.

For the 2019 water year, the District's total water deliveries were 51,605 acre-feet. Of the total deliveries, roughly 47,216 acre-feet were on farm deliveries and 4,389 acre-feet were deliveries dedicated for recharge activities.

The District informed LAFCo that water loss in the canal system contributes to the District's recharge program. During 2019, the District estimated that canal loss (recharge) was 21,614 acre-feet, equivalent to 29 percent. The District informed LAFCo that total recharge for water year 2019 amounted to 26,003 acre-feet.

The District is located in a "conjunctive use" area, meaning that in years when surplus water supplies are available, the surplus water is recharged to the underlying aquifer. That stored water is later used in dry years to supplement available surface water supplies to meet demand for local farmers' crop needs. As noted earlier, Kings River water availability varies each year making irrigation water deliveries difficult to predict. During years when surface water supply deliveries are limited, landowners offset demand by pumping groundwater from their own private wells to meet their crop water needs.

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<sup>16</sup> Historical Surface Water Diversion for North Fork Kings GSA. NFKSGA GSP page 3-109.

The District provides educational material and resources to educate farmers with emerging sustainable agricultural practices. The District also works in cooperation with the Kings River Conservation District ("KRCD") to assist farmers to find the most efficient use of irrigation water supply. The District informed LAFCo that landowners in the District and KRCD may also request KRCD staff to conduct an onsite visit to review and make recommendations to improve irrigation practices.

## **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 in place to continue providing service to its customers. The analysis in this section is based on annual budgets, most recent audited financial statements, and supportive documents provided by the District.<sup>17</sup>

The District General Manager prepares an annual budget for the District's operation, and the District board of directors adopts an annual budget for the District's operation on or before January 1<sup>st</sup> of each year. The District's fiscal year starts January 1<sup>st</sup> and ends December 31<sup>st</sup>. The District's budget identifies anticipated revenues and expenditures using detailed line items for the upcoming year. Once a budget is adopted by the District, it can only be amended by resolution action of the District. All budget appropriations lapse at the end of the fiscal year.

The primary source of financing for the District's operations are special assessments and user water rates. Special assessments are collected from all land within the District. The special assessment is based on land rating classification (irrigated, recharge, pasture, or exempt) and acreage. Additional revenue is collected from District water rates charged to customers generally to cover the cost of water and operation and maintenance (O&M) of the District. The District water rates are established on a per acre-foot basis.

The operation of the District is accounted for in an enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private businesses where costs of providing services on a continuing basis are financed through user fees and charges for service. Revenues are budgeted by source of income, while expenses are budgeted by source of expense such as source of water supply, system operation and maintenance, equipment shop, office operation, payroll, administration, and capital overlay. The board of directors may amend the adopted budget when the District incurs unexpected expenses.

Generally, the District has an annual land-based assessment rate of \$24.50 per acre for irrigated land. General and administrative services are covered in this charge (acreage-based). Landowners are also charged a water delivery fee of \$5.00 per acre-foot. The cost of water is determined by dividing the land-based assessment by the allocation in acre-feet. For example, in a year where two acre-feet per acre is allocated, the water cost for irrigated land would be \$12.25 per acre-foot. In a year where 0.5 acre-feet per acre is allocated, the water cost would be \$49 per acre-

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<sup>17</sup> Laguna Irrigation District's Audited Financial Statements prepared by Cuttone & Mastro CPA. 2017 and 2018.

foot. As of the preparation of this MSR, the District's water rates and special assessments are as follows:

- Rate 1, Irrigated land: \$24.50 per acre
- Rate 2, Recharge land: \$12.25 per acre
- Rate 3, Pasture/undeveloped: \$2.45 per acre
- Rate 4, Exempt: no charge
- Water delivery charge: \$5.00 per acre-foot
- Water cost for landowner trading: based on allocation.

Operating expenditures consist of assessments and dues paid to JPAs, capital improvements, depreciation, employee compensation and benefits, office costs, operation and maintenance, professional fees, and utilities. Non-operating revenue consists of income from interest, miscellaneous sources, outside district sources, rent, and sand and gravel sales. District liabilities consist of long-term debt, accounts payable, and accrued employee vacation.

For fiscal year (FY) 2019, the District had an adopted budget of \$1,715,765. Main revenue sources were from water installment rates, water toll fees, assessment dues, sand and gravel sales, Pine Flat power sales, and recharge fees. For the same FY, the District's expenditures amounted to \$1,715,765. The largest expenditures were attributed to personnel and employee health insurance cost, environmental review permits, basin maintenance services, and building maintenance work.

Most recently, for FY 2020, the District reported an adopted budget of \$1,638,298. Main revenue sources were from water installment rates, water toll fees, assessment dues, sand and gravel sales, Pine Flat power sales, and recharge fees. For FY 2020, the District's expenditures amounted to \$1,638,298. The largest expenditures are attributed to personnel and employee health insurance cost, office equipment, engineering fees, basin maintenance services, equipment/vehicle purchases, and irrigation maintenance services.

For both FYs 2019 and 2020, the District's budgets were balanced, meaning that enough revenues were received to fund expenditures.

During the development of this MSR, the District provided LAFCo with copies of its two most recent audited financial statement for FY ending on December 31, 2017 and 2018 prepared by an independent Auditor/Certified Public Accountant. The District's financial audit for year ending December 31, 2019, was in progress during the preparation of this service review. The auditor's report provided LAFCo with an overview of the District's financial practices and its end of year procedures to close a financial year.

According to the District's audited financial statements, the District's annual budgets and financial practices conformed with generally accepted accounting principles ("GAAP").

At the end of December 31, 2018, the District's total net position was \$10,155,634. This represents an increase of \$5,752,362, compared to the previous year's net position of \$4,444,698

reported at the end of December 31, 2017. The increase is attributed to the District uptake in sand and gravel sales which generated revenue to purchase additional recharge land.

The District's operating revenue was \$940,895 for the year ending on December 31, 2018. The District's revenue decreased by \$244,196 compared to the District's \$1,185,091 operating revenues for the year ending on December 31, 2017.

For year ending December 31, 2018, the District's operating expense was \$1,557,649. The District's operating expense increased by \$296,621, compared to the District's \$1,261,028 operating expense reported for year ending on December 31, 2017. The District's expense increased between year 2017 and 2018 was attributed to the groundwater sustainability fees and costs.

The District had a reported long-term debt item of \$107,017 at the end of December 31, 2018. At the end of December 31, 2018, the District's long-term debt balance was \$51,706. The long-term debt at present is secured by a John Deere loader backhoe with a net book value of \$155,639. This long-term debt is paid in annual installments of \$59,168 with interest at 6.973% per annum through August 2020.

Additional long-term liabilities consist of the District's accounts payable and accrued employee vacation. At the end of December 31, 2018, the District's accounts payable totaled \$88,755 and accrued employee vacation time amounted to \$38,840.

The District's revenues and financial management practices are structured to adequately allocate funding to meet its financial obligations. The District states that its revenues and fees are at adequate levels to properly maintain its water system and to continue providing services to customers.

## **PUBLIC FACILITIES, OPPORTUNITIES FOR SHARED FACILITIES**

LAFCo observes that the District utilizes various shared facilities through its memberships with KRWA and NFKGSA. LAFCo expects that the District's continued participation in the implementation of the State's Sustainable Groundwater Management Act of 2014 (SGMA) could present additional future shared facilities and partnerships with neighboring water districts to offset costs or promote greater efficiency in provision of services within the region.

As noted, the District is one of 28 members of the KRWA. The KRWA allocates irrigation water to member entities depending on annual water flow into Pine Flat Reservoir. Pine Flat Reservoir operations are monitored and controlled by the U.S. Army Corps of Engineers.

The District's service area, facilities, and recharge basins are solely within the NFKGSA. The NFKGSA was created through California special act legislation (SB 564 Canella) for the specific purpose of implementing SGMA. The NFKGSA is comprised of Clark's Fork Reclamation District, Laguna Irrigation District, Upper San Jose Water Company, Laton Community Services District, Riverdale Public Utility District, Lanare Community Services District, Crescent Canal Company,

Stinson Canal and Irrigation Company, Riverdale Irrigation District, Reed Ditch Company, Liberty Mill Race Company, Burrel Ditch Company, Liberty Water District, and Liberty Canal Company.

Under SGMA, a GSA is responsible for developing and implementing a groundwater sustainable plan (GSP) to meet the sustainability goal of the basin to ensure that it is operated within its sustainable yield, without causing undesirable results. The NFKGSA developed a GSP in accordance with SGMA and was submitted to the Department of Water Resources in January 2020.

As such, LAFCo anticipates that the NFKGSAs will work with various local agencies and landowners to achieve sustainability in the groundwater basin by the year 2040. Sustainability is measured by the management of a groundwater basin in a manner that avoids undesirable results. Furthermore, LAFCo expects that NFKGSA will continue to establish and/or continue developing recharge programs in an effort to achieve compliance with SGMA. Participation in the implementation of SGMA could present future opportunities for shared facilities with neighboring water districts.

At the time this MSR was prepared, there were no opportunities identified for additional shared facilities that would present a benefit to the District. The District's service area overlaps with the following types of special districts and agencies located in Fresno and Kings Counties:

**County of Fresno**

- Consolidated Mosquito Abatement District
- Fresno County Fire Protection District
- Kings River Conservation District
- Kingsburg Hospital District
- Laton Community Service District
- Liberty Water District (partial)
- Oak Grove Cemetery District
- Riverdale Irrigation District
- Riverdale Memorial District
- West Fresno County Red Scale Protection District
- Zalda Reclamation District No. 801

**County of Kings**

- Clark's Fork Reclamation District
- Excelsior-Kings River Resource Conservation District
- Hanford Cemetery District
- Island Reclamation District No. 776
- Kings County Water District
- Kings Mosquito Abatement District
- Lemoore Cemetery District

**Mutual Water Companies (privately held water stock companies)**

- Burrel Ditch Company
- Crescent Canal Company
- Liberty Canal Company
- Liberty Mill Race Company
- Reed Ditch Company
- Stinson Canal and Irrigation Company
- Upper San Jose Water Company

**Public Schools Districts:**

- Riverdale Joint Union High School District
- Laton Joint Unified School District
- Island Union Elementary School District
- Kings River Hardwick Union Elementary School District
- Kingsburg Joint Union High School District
- Lemoore Union High School District

**GOVERNMENT ACCOUNTABILITY**

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

Accountability for community service needs, including governmental structure and operational efficiencies is evaluated as part of the MSR Program to encourage the orderly formation of local government agencies, create logical boundaries, and promote the efficient delivery of services. This MSR is an informational document that will be used by LAFCo, other local agencies, and the public at large to examine the governmental structure of the District.

The District operates under the authority granted by California's Irrigation District Law (Water Code section 20500 *et seq.*). The District's principal act authorizes irrigation districts to perform several services including but not limited to furnish, control, distribute, store, spread, sink, treat, purify, recapture and salvage any water, purchase or lease electric power, control of plants for the generation, transmission, distribution, sale, and lease of electric power, including sale to municipalities, public utility districts, or person.<sup>18</sup>

The District informed LAFCo that its primary services and activities consist of the following:

- Securing and supplying non-treated irrigation water to landowners.
- Control the local water distribution system, stores, recharges, and manages surface and groundwater supplies within the District.
- Collecting the District's annual special assessments on all properties within the District and fixing and collecting user rates for the furnishing of water to customers of the District.

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<sup>18</sup> Water Code Section 22075-22186.

- Acquiring from time to time property or interest in property to carry out its purposes to supply and distribute water for irrigation purposes.
- Participating in the implementation of SGMA.

According to the District, its mission is to efficiently deliver available surface water supplies to its water users and manage the District's water resources.

The District is a multiple-county independent special district with a service area that crosses Fresno and Kings County lines. A five-member board of elected officials serves as the governing body of the District. The five members of the board are elected by the voters within their respective division within the District boundaries. There are three District director divisions in Fresno County, and two director divisions in Kings County. Board members serve four-year terms or until their successor qualifies and takes office. According to the District, due to a series of uncontested elections current board members have been appointed in lieu of an election by Fresno County Board of Supervisors, Supervisorial District 4, consistent with requirements of the California Elections Code.

Two board seats are set to expire in December 2020. Three board seats are set to expire in December 2022. Active District board members receive a \$100 per diem for each board meeting attended, plus mileage reimbursement for district related travel.

The District board meets on the first Tuesday of each month at 9:30 a.m. at the District office located at 5065 19½ Ave, Riverdale. Meetings are noticed consistent with Brown Act requirements, which include posting agendas and notices of hearings in public places. Public notices and agendas listing items to be considered by the board are displayed outside of the District office at least 72 hours before each meeting. District board meetings are open to the public. Landowners, residents, and the public may attend the monthly board meetings. Landowners are notified by mail of significant activities.

Meetings of the board of directors are conducted by the District president in a manner consistent with the policies of the District, and the latest edition of Robert's Rules of Order. The District board annually elects one of its members to serve as the District president, another member to serve as a vice-president, and another to serve as Secretary/Treasurer.

The District president presides at all meetings of the board, announces the Board's decisions on all subjects, decides all questions of orders, subjects, and signs all board ordinances, resolutions, and contracts approved by the District board.

The president also performs any other duties imposed by the board, after first receiving approval by at least three members of the board. In the absence of the president, the vice-president assumes all duties of the president. The District Secretary/Treasurer is the custodian of all records of the proceedings taken by the board of directors and the District's financial records.

Opportunity to address the District board 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 encouraged to contact



the District secretary, general manager, or the board president in advance to be scheduled on an upcoming agenda. Occasionally, the District board may elect to modify its meeting schedule. Changes to the board meeting calendar must be approved by the board, and the District informs the public regarding potential changes to any of the upcoming meetings.

The District informed LAFCo that it does not have a website, as required by Senate Bill 929 (McGuire), Special Districts Transparency Act of 2020. On November 5, 2019, the District adopted a resolution determining that it is exempt from establishing and maintaining a website as a result of having insufficient staff resources which result in a hardship under GC sec. 53087.8(b)(3).<sup>19</sup> In order to remain in exempt status, SB 929 requires local agencies to annually adopt resolution determining that a hardship continues to exist.<sup>20</sup> Customers communicate with District staff in person, by phone, or email.

Each District board member and certain district officers receive required ethics and sexual harassment training. The District consults with its legal counsel from time to time on such matter. The District is a member of the Association of California Water Agencies, which also provides training materials and course work that enables public officials to comply with training requirements, i.e. ethics and sexual harassment prevention.

Consistent with Irrigation District Law, the District has one appointed full-time general manager responsible for the daily operations of the District, with the support of nine full-time employees.<sup>21</sup> The District's legal counsel services are provided through a contract with a local attorney with experience in local government. The General Manager reports directly to the District board, and oversees office staff and service contracts, monitors the water delivery system, schedules maintenance work, and oversees the District's annual budget.

The General Manager is responsible to carry out the District's day-to-day operation, implement District policies, establish the annual work program, and oversee supporting staff, and the District's infrastructure and public facilities. The General Manager administers the overall operation of the District, including but not limited to arranging facility maintenance services, drafting work contracts, and management of the District's financial accounts, billings, and payroll. The General Manager oversees the District's expenditures, and regularly assess the District's infrastructure and maintenance needs. The General Manager also acts as the human resources officer responsible for safety. Additionally, the General Manager is responsible for landowner relations, purchasing, and external affairs.

The District has an adopted internal organizational chart that identifies officer titles and their responsibilities. The District's General Manager is assisted by an office manager and the operations manager.

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<sup>19</sup> Laguna Irrigation District Resolution No. 19-06, November 5, 2019.

<sup>20</sup> Government Code section 53087.8.

<sup>21</sup> Water Code sections 21185–21190.

The office manager is responsible for the District's payroll, water accounts, finances, and serves as the District's assessor/recorder. The operation manager is the superintendent of field staff (ditch tenders/maintenance), oversees the water distribution system, facility maintenance, equipment maintenance, and building maintenance. Additionally, two part-time seasonal employees are hired as field staff during the irrigation season to help with water deliveries.

The District informed LAFCo that it functions as a generalist agency, meaning that due to limited staff members, the District cross trains within the organization to assist in the operation of the District. Upon employment, District staff is provided with an organization orientation, training on sexual harassment, and on safety and safe practices. Field staff also receive training in the following areas: trench and excavation safety, pesticide safety, tractor safety, heat illness prevention, global harmonized systems, water accounting and landowner relations, and specific job and equipment training. Continued education and training ensure that staff members are generally familiar with other's duties within the District, in addition to their primary assignments. The District is confident that staff experience and number of employees are adequate to continue the District's operation.

The District adopted its bylaws on March 9, 1920, following the formation of the District. The District periodically updates its bylaws to reflect current conditions, ensure compliance with applicable state and federal laws, and to ensure legal compliance of internal governance practices.

Additionally, the District adopted its Rules and Regulations for the Distribution of Water in the Laguna Irrigation District in 1928 pursuant to Water Code section 22257. The District Rules and Regulations consist of 31 sections that outline the District governance, infrastructure, responsibilities, and provide for an equitable set of rules for the distribution of water within the District. Periodic updates to the District's Rules and Regulations have been approved by the board in 1989 and 2005 to update the rules governing the distribution of water supply. The District's water distribution procedures adhere to the April 2005 Rules and Regulation.

The District is a member of the Association of California Water Agencies (ACWA). The ACWA advocates for member water and irrigation districts in the State by providing legislative representation, educational resources, and district support and collaboration.

The District is also a member of the Association of California Water Agencies Joint Powers Insurance Agency (ACWA JPIA), which provides a full-service risk management program for California's public water agencies. ACWA JPIA provides local agencies with comprehensive coverage protection for workers' compensation, general liability, public officials' errors and omissions, employment practices liability, as well as auto, property, boiler and machinery, mobile equipment, and crime and fidelity coverage. In addition, ACWA JPIA provides local agencies with access to a health benefits program including medical, dental, vision, and life insurance.

The District's governance structure is appropriate to ensure adequate services are provided and managed. At the time of MSR preparation, the District's government structure appears to be adequately structured to operate and fulfill its role as a services provider in the community.

## ANY OTHER MATTERS RELATED TO EFFECTIVE OR EFFICIENT SERVICE DELIVERY

As noted earlier in this report, SGMA was signed into law in 2014, requiring high and medium priority groundwater basins to halt groundwater overdraft and bring groundwater basins into sustainability within a 20-year period by managing the groundwater basin in a manner that avoids undesirable results. The District is located within the Kings groundwater sub-basin, which is considered high priority and critically overdrafted.<sup>22</sup>

The District is a member of the NFKGSA which was formed to address SGMA.<sup>23</sup> The NFKGSA adopted its GSP late 2019, and the GSA submitted its GSP to the Department of Water Resources in January of 2020, pursuant to SGMA.

In fulfillment of objectives set forth by the NFKGSA's GSP, the District requests that the LAFCo consider the SOI update that will facilitate a subsequent annexation of approximately 16,666 acres of the NFKGSA's "white area." Of the 16,666-acre SOI update, approximately 16,421 acres of affected territory are in Fresno County, and 245 acres are in Kings County.

The affected territory is already part of the NFKGSA but is represented by the County of Fresno since it is currently outside any water management special districts. Likewise, the portion of the affected territory in Kings County is represented by County of Kings on items related to SGMA.

At the present time, landowners in the "white area" are subject to groundwater pumping regulations; however, because the Counties do not actively manage water supplies landowners have limited representation with regards to SGMA. Additionally, landowners in the affected territory do not qualify for potential funding resources to construct recharge projects, have no access to surface water entitlements, and solely depend on groundwater pumping to meet their agricultural irrigation needs. The affected territory is noteworthy because all of its land consists of agricultural operations.

The District informed LAFCo that constituents in the affected territory have been involved in the formation of the NFKGSA. Consequently, constituents are aware of the potential groundwater pumping restrictions, and other potential measures that the NFKGSA would need to consider in order to comply with SGMA. Revising the LID SOI to encompass the affected territory will assist the District and NFKGSA to effectively address groundwater pumping activities in the white area and facilitate beneficial recharge programs necessary to offset and balance groundwater usage.

The District informed LAFCo that the annexation of the affected territory would enable the landowners to be represented by the District predominantly for SGMA related items. Landowners and residents in the affected territory would be constituents of the District, and eligible

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<sup>22</sup> California Department of Water Resources, SGMA Portal, <http://sgma.water.ca.gov/portal/gsa/print/211>.

<sup>23</sup> California Department of Water Resources, SGM Sustainable Groundwater Management, <http://www.water.ca.gov/groundwater/sgm/gsa.cfm>.

candidates to serve on the District board. LAFCo notes that the District is the best form of local government in place to address the affected territory's groundwater and long-term irrigation water service needs.

No evidence has been presented to or found by LAFCo that the LID SOI update or annexation will result in a physical effect or effect on the environment to occur as a consequence of the LID SOI expansion and annexation. Rather, LAFCo expects that the District's annexation application would assist both landowners and NFKGSA to continue working together to address groundwater usage. The SOI update is the necessary prerequisite for annexation.

## 2. MUNICIPAL SERVICE REVIEW DETERMINATIONS

The LAFCo has prepared this MSR for the Laguna Irrigation District in accordance with Government Code section 56430. State law requires LAFCo's to identify and evaluate public services provided by the District and possible changes to the District SOI. The following provides LAFCo's written statement of its determinations with respect to each of the following seven topics:

### 1. Growth and population projections for the affected area.

- The District is generally bordered by Coleman Avenue to the north (Murphy Slough), Grantland Avenue to the west, Fremont Avenue (Kings River waterway) in Kings County to the South, and Fowler Avenue near the unincorporated community of Laton to the most eastern edge of the District.
- The District is a multiple-county district meaning that its corporate boundaries include territory in both Fresno and Kings Counties. The District's service area and SOI are coterminous and it encompasses a total of 35,197 acres.
- The District does not have land use authority; however, the District participates in the consultation process with each County through the evaluation of land use entitlements that may affect the District's services.
- There are no incorporated cities inside the District's boundaries. The majority of the land inside the District consists of active agricultural operations.
- The County of Fresno is the land use authority for the portion of the District in Fresno County. Likewise, County of Kings is the land use authority for the portion of the District in Kings County.
- According to the ACS data for year 2012 through 2016, Census block group units located within the District show that there is an estimated total population of 5,284 residents within the portion of the District in Fresno County, while less than 2,340 people that reside in the portion of the District in Kings County.
- With respect to the District's proposed SOI update, annexation of the 16,666 acres has the potential to add 310 parcels that are primarily in agricultural operation. Based on Census information, the affected territory is sparsely populated with an estimated population of 1,700 residents.

### 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

- Government Code sec. 56033.5 defines a "disadvantaged unincorporated community" as an inhabited territory, as defined by Government Code sec. 56046, or as determined by commission policy, that constitutes all or a portion of a "disadvantaged community" as defined by section 79505.5 of the California Water Code (WC).

- The District's service area and proposed SOI update encompasses census block groups that meet the Water Code definition of Disadvantaged Communities based on MHI levels reported in the American Community Survey five-year reports for year 2012 through 2016.
  - The unincorporated communities of Laton and Camden are located within the District's service area and both locations meet LAFCo's DUC definition. Parcels within the District are eligible to receive irrigation water from Laguna Irrigation District. Parcels that accommodate rural residential units are primarily equipped with private septic systems. Structural fire protection service is provided by Fresno County Fire Protection District, Kings County Fire Department, and the Fresno-Kings unit of CAL FIRE.
3. **Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**
- The District supplies non-treated irrigation water to landowners, controls the local water distribution system, stores, recharges, and manages surface and groundwater supplies within the District's service area.
  - The District operates and maintains approximately 50 miles of canals used to receive and convey irrigation water supply within the District service area. The canal distribution system is equipped with various trashed screens, stilling wells, pumps, electric motors, SCADA equipment (computers, radio transmitters and receivers, antennae).
  - The District maintains 47 miles of water distribution pipeline used to deliver water supply. Each connection is equipped with water metering systems.
  - The District owns eight recharge basins where water can be captured and banked as groundwater or temporarily held and reused as surface water becomes available to the District. Combined, the District's recharge facilities have an annual recharge capacity of 4,135 acre-feet. Basins sites are routinely inspected, evaluated, and the condition of each site is recorded by District personnel.
  - The District is located in a "conjunctive use" area, meaning that in years when surplus water supplies are available, the surplus water is recharged to the underlying aquifer. That stored water is later used in dry years to supplement available surface water supplies to meet demand for local farmers' crop needs.
  - The District owns and operates various public facilities and infrastructure necessary to conduct business, convey irrigation water to its customers, and conduct groundwater recharge activities. The District owns an office that is routinely maintained to preserve

the structure in adequate condition. The District also owns a maintenance shop and various out-buildings that house vehicles and equipment.

**4. Financial ability of agencies to provide services.**

- The District General Manager prepares an annual budget for the District's operation, and the District board of directors adopts an annual budget for the District's operation on or before January 1st of each year. The District's fiscal year starts January 1st and ends December 31st. For FY 2020, the District reported an adopted budget of \$1,638,298.
- The primary source of financing for the District's operations are special assessments and user water rates. Special assessments are collected from all land in the District. The special assessment is based on land rating classification (irrigated, recharge, pasture, or exempt) and per acreage.
- The District has annual audits performed by independent certified public accountant consulting firm. The audits are submitted to the Fresno County Auditor and State Controller consistent with State law. Annual audits conclude that the District's financial practices conformed with generally accepted accounting principles (GAAP).
- The District's revenues and financial management practices are structured to adequately allocate funding to meet its financial obligations. The District informed LAFCo that its revenues and fees are at adequate levels to properly maintain its water system and to continue providing services to customers.

**5. Status of, and opportunities for, shared facilities.**

- The District participates and utilizes various shared facilities through its memberships with Kings River Water Association ("KRWA") and the North Fork Kings Groundwater Sustainability Agency ("NFKGSA").
- The District is a member of the Kings River Water Association ("KRWA"), a 28-member Joint Powers Agency formed in 1927 to manage irrigation surface water supply from Pine Flat Dam to KRWA's service area. The District has approximately 56,000 acre-feet of storage at Pine Flat Reservoir (capacity 1,000,000 acre-feet) and other reservoirs in the Kings River Watershed.
- The District's service area, facilities and recharge basins are solely within the NFKGSA. The NFKGSA was created through California special act legislation (SB 564 Canella) to implement California's Sustainable Groundwater Management Act of 2014 (SGMA).
- LAFCo anticipates that the local GSAs will work with various local agencies and landowners to begin the implementation of their adopted GSPs. Participation in the implementation of SGMA could present future shared facilities with neighboring water districts.

**6. Accountability for community service needs, including governmental structure and operational efficiencies.**

- The District operates under the authority granted by California's Irrigation District Law. According to the District, its mission is to efficiently deliver available surface water supplies to its water users and manage the area's water resources.
- A five-member board of elected officials serves as the governing body of the District. The five members of the board are elected by the voters within their respective division within the District boundaries.
- Each District board member and certain district officers receive required ethics and sexual harassment training. The District consults with its legal counsel from time to time on such matter.
- The District board meets on the first Tuesday of each month at 9:30 a.m. at the District office located at 5065 19 ½ Ave, Riverdale. Meetings are noticed consistent with Brown Act requirements, which include posting agendas and notices of hearings in public places. Opportunity to address the District board on items not on the agenda is provided on each meeting agenda. The District informed LAFCo that it does not have a website.
- The District has adopted bylaws which govern and controls its affairs. The District periodically updates its bylaws to reflect current conditions, ensure compliance with applicable state and federal laws, and to ensure legal compliance of internal governance practices.
- The District has adopted Rules and Regulations for the Distribution of Water in the Laguna Irrigation District pursuant to Water Code section 22257. Periodic updates to the District's Rules and Regulations have been approved by the board in 1989 and 2005 to update the rules governing the distribution of water supply.
- The District has one appointed full-time General Manager responsible for the daily operations of the District, with the support of nine full-time employees. The General Manager reports directly to the District board, and oversees office staff and service contracts, monitors the water delivery system, schedules maintenance work, and oversees the District's annual budget.
- The District has an adopted internal organization chart that identifies officer titles and their responsibilities.
- At the time of MSR preparation, the District's government structure appears to be adequately structured to operate and fulfill its role as a services provider in the community.



7. Any other matter related to effective or efficient service delivery, as required by commission policy.

- LAFCO has reviewed its local policies and there are no other pertinent matters.

### 3. SPHERE UPDATE DETERMINATIONS

LAFCO has prepared this MSR consistent with GC sec. 56430 in order to update the LID SOI in accordance with GC sec. 56425. The purpose of the service review is to get a “big picture” of the public services provided by a local agency, determine service needs, and make recommendations in order to promote the orderly development of local agencies.

#### SPHERE UPDATE ANALYSIS

LAFCO staff reviewed the proposed District SOI update in light of the data collected during the MSR process, as well as from conversations with the District's General Manager in order to provide the Commission a sound SOI update recommendation for its consideration.

The proposed LID SOI update and subsequent annexation has the potential to increase the District's service area from the existing 35,197 acres to 51,863 acres. The District informed LAFCO that its Laton North Pond (150 acres site under construction) is located within the proposed SOI update area. The expanded District SOI represents a 47 percent growth change to the existing SOI. The SOI update will facilitate the subsequent 16,666-acre annexation application which consists of 310 parcels that are primarily in active agricultural operations.

As noted in the MSR, by annexing into the District, the affected territory would be represented by the District on SGMA related activities, landowners and registered voters would be eligible to serve on the District board, and landowners would be able to purchase water from the District, when available, for irrigation or groundwater recharge.

In summary, the service review found that the District is efficiently providing services within its service area and adequate planning efforts to represent non-districted landowners on items related to the State's groundwater restrictions within the proposed District SOI update.

#### SPHERE OF INFLUENCE DETERMINATIONS

Based on the information and analysis in the MSR, this section of the report fulfills the requirements of Government Code section 56425 and allows LAFCO to update the District SOI consistent with the written determinations for the Laguna Irrigation District. In determining the SOI of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following items pursuant to Government Code Section 56425 (e):

1. **The present and planned land uses in the area, including agricultural and open-space lands.**
  - As outlined in the MSR, the Fresno County General Plan designates a majority of the land within the District for agricultural use. The Kings County General Plan likewise designates its portion of the District service area for agricultural use. Land within the District's service area is occupied by large-scale farming operations largely comprising forage crops, row crops and orchards. Also, most land within the District service area is designated Prime Farmland.
  - There are no incorporated cities within the District's service area. The County of Fresno is the land use authority for the portion of the District in Fresno County. Likewise, County of Kings is the land use authority for the portion of the District in Kings County.
2. **The present and probable need for public facilities and services in the area.**
  - The 2014 Sustainable Groundwater Management Act requires local agencies to develop groundwater sustainability plans that are compatible with their regional economic and environmental needs. SGMA requires governments and water agencies of high and medium priority basins to halt overdraft and bring groundwater basins into balance levels of pumping and recharge.
  - The District's service area boundaries are inside the North Fork Kings Groundwater Sustainability Agency ("NFKGSA"). The NFKGSA has adopted its GSP pursuant to SGMA mandate.
  - LAFCo anticipates that within the next five years the NFKGSA will work with all Local Agencies that rely on groundwater pumping to establish and/or continue developing recharge programs in an effort to achieve compliance with SGMA.
  - The District demonstrates that it is capable of addressing and adjusting its probable service needs for additional public facilities.
3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**
  - Irrigation District Law authorizes the District to do all things necessary to furnish, control, distribute, store, spread, sink, treat, purify, and manage water supplies for beneficial purposes. The District's mission is to efficiently deliver available surface water supplies to its water users and manage the area's water resources.
  - The District has approximately 56,000 acre-feet of storage at Pine Flat Reservoir (capacity 1,000,000 acre-feet) and other reservoirs in the Kings River Watershed. The District owns a water distribution system and eight noncontiguous recharge basins where water can be captured and banked as groundwater or temporarily held and reused as surface water becomes available to the District. Combined, the District's recharge facilities have an annual recharge capacity of 4,135 acre-feet.

- The MSR notes that Kings River water availability varies each year making irrigation water deliveries difficult to predict. During years when surface water supply deliveries are narrow, landowners offset demand by pumping groundwater from their own private wells to meet their crop water needs.
  - The District implements Rules and Regulations for the Distribution of Water in the Laguna Irrigation District that enables the District to monitor water supplies available to the District. The District employs a practice that water costs are a direct function of supply, and irrigation water demand has remained stable over time.
  - The District provides educational material and resources to educate farmers with emerging sustainable agricultural practices. The District also works in cooperation with the Kings River Conservation District ("KRCD") to assist farmers to find the most efficient use of irrigation water supply.
  - The District informed LAFCo that its current infrastructure is routinely inspected and maintained on an on-going basis in order to adequately continue serving the needs of customers. Current facilities and services provided by the District are adequate for the current and expected future demands.
  - Present capacity of District facilities and services appear adequate. District provides services consistent with its principal act. The District's financial practices appear to be adequate to support District's ongoing operations into the affected territory.
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 no relevant social or economic communities of interest in the District's service area.
5. **For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**
- The unincorporated communities of Laton and Camden are located within the District's service area, and both locations meet LAFCo's DUC definition. Rural residential parcels in these DUCs are equipped with private wells and septic systems. Structural fire protection service to these DUCs is provided by Fresno County Fire Protection District, Kings County Fire Department, and the Fresno-Kings unit of CAL FIRE; public safety and law enforcement is provided by the Fresno County Sheriff, Kings County Sheriff, and California Highway Patrol.

## 4. RECOMMENDATIONS

In consideration of information gathered and evaluated in this Municipal Service Review, it is recommended that the Commission:

1. Receive this report and any public testimony regarding the proposed Municipal Service Review and proposed sphere of influence update.
2. Find that the Municipal Service Review is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines section 15306 (Information Collection).
3. Approve the recommended Municipal Service Review determinations, together with any changes deemed appropriate.
4. Approve the recommended sphere of influence update determinations, together with any changes deemed appropriate.
5. Find that LAFCo, as a Responsible Agency pursuant to the California Environmental Quality Act (CEQA) considered the Notice of Exemption prepared by Laguna Irrigation District, Lead Agency, for its review and update of the District SOI.
6. Find that as a Responsible Agency, Fresno LAFCo, it can be seen with certainty that the proposal does not have the potential to result in a significant effect on the environment, and that the proposal is not subject to CEQA pursuant to CEQA guidelines Section 15061 (b)(3). Therefore, the proposal is exempt from environmental review under CEQA guidelines section 15319, "Annexation of Existing Facilities."
7. Revise the Laguna Irrigation District SOI to include 16,666 acres consisting of unincorporated land, as depicted in Figure 2 of the MSR.
8. Recommendations to the Laguna Irrigation District:
  - a. That the District establish a website consistent with SB 929 (McGuire) Special Districts Transparency Act of 2020.

## 5. ACKNOWLEDGEMENTS

This MSR and SOI update was prepared by Fresno LAFCo. Supporting documentation was made available through the effective partnership with the Laguna Irrigation District (General Manager, Scott Stills) and the District's consulting firm Provost and Pritchard Consulting Group (Jeffrey O'Neal, Senior Planner). LAFCo extends its appreciation to the Laguna Irrigation District for their assistance in the development of this Municipal Service Review.

Available Documentation – documents used for the preparation of this report consist of public records and 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 Municipal Service Review is available on Fresno LAFCo's website:  
<http://www.fresnolafco.org/MSR.asp>

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## ATTACHMENT C

**NOTICE OF DETERMINATION**

In compliance with Section 21152 of the Public Resources Code

**LEAD AGENCY:** Fresno Local Agency Formation Commission, 2607 Fresno Street, Suite B, Fresno, CA 93721 (559) 600-0604.

**PROJECT TITLE:** Adoption of Municipal Service Review and Sphere of Influence update for the Laguna Irrigation District (LAFCo File No. USOI-197 – LID SOI Update)

**PROJECT LOCATION:** The Laguna Irrigation District (“District”) is situated in the south-central portion of Fresno County and its service area includes land in Kings County. The District’s service area encompasses a total of 35,197 acres, situated in an area generally bordered by Coleman Avenue to the north (Murphy Slough), Grantland Avenue to the west, Fremont Avenue (Kings River waterway) in Kings County to the South, and Fowler Avenue near the unincorporated community of Laton to the most eastern edge of the District.

The Proposal requests the LAFCo to expand the existing LID SOI to encompass an additional 16,666 acres in order to facilitate the subsequent future annexation of the area locally known as the “Little Texas Annexation.” Of the 16,666-acre affected territory, approximately 16,421 acres are in Fresno County and 245 acres are in Kings County.

**NAME OF AGENCY APPROVING PROJECT:** Fresno Local Agency Formation Commission.

**PROPOSAL DESCRIPTION:** The Fresno LAFCo has prepared a Municipal Service Review update (“MSR”) for the District pursuant to Government Code Section 56430. The District MSR update consists of data collection, research, and LAFCo’s written determinations and recommendations pertaining to services provided by the District. The Cortese-Knox-Hertzberg Act of 2000 require LAFCos to conduct a service review prior to, or in conjunction with, but no later than the time it considers a sphere of influence (“SOI”) update. The District MSR recommends the LAFCo to consider an update of the District SOI pursuant to Government Code section 56425.

**FINDINGS:** This is to advise that, in conducting environmental review for the District SOI update, the Laguna Irrigation District assumed the role of Lead Agency. The District determined that the SOI update will not change the existing land uses nor change the land use designations depicted by either Fresno County or Kings County’s General Plan Land Use Elements. The District SOI update and future annexation would allow landowners to be represented by the District on items related to the State’s Sustainable Groundwater Management Act of 2014. Furthermore, future annexation of the affected territory will allow landowners to be eligible to purchase non-treated water for irrigation and/or groundwater recharge from the District. Since it can be seen with certainty that the District SOI update does not have the potential to result in a significant effect on the environment, it is not subject to CEQA pursuant to CEQA guidelines Section 15061 (b)(3).

As a “Responsible Agency” pursuant to CEQA Guidelines, Fresno LAFCo, finds that it complied with the requirements of the CEQA section 15096 *et seq.* by independently reviewing and considering the environmental effects of the SOI update as presented in the NOE prepared by

the Laguna Irrigation District, Lead Agency, prior to reaching a decision on the Proposal. The Commission finds that it can be seen with certainty that the SOI update does not have the potential to result in a significant effect on the environment, and that the SOI update is not subject to CEQA pursuant to CEQA guidelines Section 15061 (b)(3). Therefore, the proposal is exempt from environmental review.

The information described above consisting of the District's NOE, District Municipal Service Review, and District SOI update (LAFCo File No. USOI-197) are available to the general public at office address:

**Fresno Local Agency Formation Commission**  
2607 Fresno Street, Suite B  
Fresno, CA 93721

	<u>July 8, 2020</u>
David E. Fey, Executive Officer	Date

**Attachments:**

- A - Determinations for District SOI update (LAFCo USOI No. 197)
- B - Notice of Exemption/s for Laguna Irrigation District

G:\LAFCO WORKING FILES\000 HEARINGS\2020\07 July 8, 2020\Items for hearing\_LID\_MSR\04-STAFF REPORT LAGUNA ID Attachment C - CEQA NOD for MSR\_SOI\_GU.doc

E202010000017

## Notice of Exemption

To: County Clerk  
County of Fresno  
2221 Kern Street  
Fresno, CA 93721

From: Laguna Irrigation District  
5065 19 1/2 Ave  
Riverdale, CA 93656

Project Title: Laguna Irrigation District Annexation 19-01

Project Applicant: Laguna Irrigation District

Project Location – Specific: See attached exhibit.

Project Location – City: N/A

Project Location – County: Fresno

FILED  
JAN 17 2020  
TIME 1:50pm

FRESNO COUNTY CLERK

By Jessica Munoz DEPUTY

Jessica Munoz

**Description of Nature, Purpose, and Beneficiaries of Project:** The project proposes reorganization consisting of the annexation of certain adjoining lands and a corresponding amendment to the District's current sphere of influence. The District plans to subordinatedly annex approximately 16,666 acres in Fresno and Kings Counties that is located adjacent to and northeast of the District and just north of Laton, a census-designated place. The Sustainable Groundwater Management Act (SGMA) has made annexing to the District an attractive option to the landowners in this area. The area is already part of the North Fork Kings Groundwater Sustainability Agency but is represented by Fresno County as a "white area" under SGMA since it currently is outside any district boundaries. By annexing into the District, the area would be represented by the District in SGMA related activities and landowners would be able to purchase water from the District, when available, for irrigation or groundwater recharge.

**Name of Public Agency Approving Project:** Laguna Irrigation District

**Name of Person or Agency Carrying Out Project:** Laguna Irrigation District

**Exempt Status:**

- ☐ Ministerial (Sec. 15268);
- ☐ Declared Emergency (Sec. 15269(a));
- ☐ Emergency Project (Sec 15269(b)(c));
- ☒ Categorical Exemption. State type and section number: 15319, Annexation of Existing Facilities and Lots for Exempt Facilities
- ☐ Statutory Exemption. State code number:

**Reason(s) why project is exempt:** The Project Area contains adjoining agricultural land interspersed with rural residences. The sphere of influence amendment, and the corresponding annexation, does not have the potential to result in a significant effect on the environment. Since it can be seen with certainty that the sphere of influence amendment does not have the potential to have a significant effect on the environment, it is not subject to CEQA pursuant to CEQA Guidelines Section 15061(b)(3).

**Lead Agency Contact:** Scott Sills, General Manager      **Phone:** (559) 923-4239

**Signature:** [Signature]      **Date:** 12/3/2019      **Title:** General Manager

**Date received for filing at OPR:** n/a



FRESNO COUNTY  
CLERK'S OFFICE  
BRANDI L. ORTH

2221 KERN STREET  
FRESNO, CA 93721

Finalization 2020023944  
01/17/2020 01:49pm  
78 jmuraoz

Item Title	Count
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1 EIPA EIP Administrative Fee	1
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Document ID	Amount
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DOC# E202010000018	50.00
Time Recorded 01:49 pm	

Total	50.00
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Payment Type	Amount
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Credit Card # 094530	50.00
Amount Due	0.00

Thank You  
Please Retain This Receipt  
For Your Records

FRESNO COUNTY CLERK ELECTIONS  
2221 KERN ST  
FRESNO CA 93721  
559-600-2575

Terminal ID: \*\*\*\*\*779 \*\*\*5

1/17/20 1:46 PM

VISA DEBIT - INSERT  
AID: A0000000031010  
ACCT #: \*\*\*\*\*3373

CREDIT SALE  
UID: 001730024250 REF #: 6929  
BATCH #: 072 AUTH #: 094530  
AMOUNT \$50.00

APPROVED

ARQC - 8E5ED4490F65EF0F

CUSTOMER COPY

State of California - Department of Fish and Wildlife  
2020 ENVIRONMENTAL FILING FEE CASH RECEIPT  
DFW 753.5a (REV. 12/01/19) Previously DFG 753.5a

RECEIPT NUMBER:

E202010000017

STATE CLEARINGHOUSE NUMBER (if applicable)

SEE INSTRUCTIONS ON REVERSE. TYPE OR PRINT CLEARLY.

LEAD AGENCY

LAGUNA IRRIGATION DISTRICT

LEAD AGENCY EMAIL

DATE

01/17/2020

COUNTY/STATE AGENCY OF FILING

FRESNO COUNTY

DOCUMENT NUMBER

E202010000017

PROJECT TITLE

LAGUNA IRRIGATION DISTRICT ANNEXATION 19-01

PROJECT APPLICANT NAME

LAGUNA IRRIGATION DISTRICT

PROJECT APPLICANT EMAIL

PHONE NUMBER

(559) 923-4239

PROJECT APPLICANT ADDRESS

5065 19 1/2 AVE

CITY

RIVERDALE

STATE

CA

ZIP CODE

93656

PROJECT APPLICANT (Check appropriate box)

☐ Local Public Agency

☐ School District

☐ Other Special District

☐ State Agency

☒ Private Entity

CHECK APPLICABLE FEES:

<input type="checkbox"/> Environmental Impact Report (EIR)	\$3,343.25	\$	0.00
<input type="checkbox"/> Mitigated/Negative Declaration (MND)(ND)	\$2,406.75	\$	0.00
<input type="checkbox"/> Certified Regulatory Program (CRP) document - payment due directly to CDFW	\$1,043.75	\$	0.00

☒ Exempt from fee

☒ Notice of Exemption (attach)

☐ CDFW No Effect Determination (attach)

☐ Fee previously paid (attach previously issued cash receipt copy)

<input type="checkbox"/> Water Right Application or Petition Fee (State Water Resources Control Board only)	\$1,136.50	\$	0.00
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<input checked="" type="checkbox"/> County documentary handling fee	\$50.00	\$	50.00
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<input checked="" type="checkbox"/> Other CATEGORICAL EXEMPTION		\$	0.00
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PAYMENT METHOD:

☐ Cash ☒ Credit ☐ Check ☐ Other

TOTAL RECEIVED \$ 50.00

SIGNATURE

X

Jessica Munoz  
Jessica Munoz

AGENCY OF FILING PRINTED NAME AND TITLE

Jessica Munoz Deputy Clerk

Date Received For Filing

**Notice of Exemption**

TO: ☐ Office of Planning and Research

For U.S. Mail

P.O. Box 3044, Room 113

Sacramento, CA 95812-3044

Street Address

1400 Tenth St.

Sacramento, CA 95814



County Clerk

County of Kings

Kings County Government Center

Hanford, California 93230

**FROM:**

Laguna Irrigation District

5065 19 1/2 Ave

Riverdale, CA 93656

**PROJECT TITLE:** Laguna Irrigation District Annexation 19-01

**PROJECT LOCATION - Specific:** See attached exhibit.

**PROJECT LOCATION - City:** N/A

**PROJECT LOCATION - County:**

Kings County and Fresno County

**DESCRIPTION OF PROJECT:**

The project proposes reorganization consisting of the annexation of certain adjoining lands and a corresponding amendment to the District's current sphere of influence. The District plans to subordinately annex approximately 16,666 acres in Fresno and Kings Counties that is located adjacent to and northeast of the District and just north of Laton, a census-designated place. The Sustainable Groundwater Management Act (SGMA) has made annexing to the District an attractive option to the landowners in this area. The area is already part of the North Fork Kings Groundwater Sustainability Agency but is represented by Fresno County as a "white area" under SGMA since it currently is outside any district boundaries. By annexing into the District, the area would be represented by the District in SGMA related activities and landowners would be able to purchase water from the District, when available, for irrigation or groundwater recharge.

**NAME OF PUBLIC AGENCY APPROVING PROJECT:**

Laguna Irrigation District

**NAME AND ADDRESS OF PERSON OR AGENCY CARRYING OUT PROJECT:**

Laguna Irrigation District

**EXEMPT STATUS: (check one)**



Ministerial (Section 21080(b) (1); 15268);



Declared Emergency (Section 21080(b) (4); 15269(a));



Emergency Project (Section 21080(b) (4); 15269(b) (c));



Categorical Exemption. State type and section number: 15319, Annexation of Existing Facilities and Lots for Exempt Facilities



Statutory Exemptions. State code number: \_\_\_\_\_

**REASONS WHY PROJECT IS EXEMPT:** The Project Area contains adjoining agricultural land interspersed with rural residences. The sphere of influence amendment, and the corresponding annexation, does not have the potential to result in a significant effect on the environment. Since it can be seen with certainty that the sphere of influence amendment does not have the potential to have a significant effect on the environment, it is not subject to CEQA pursuant to CEQA Guidelines Section 15061(b)(3).

**CONTACT PERSON:** Scott Sills, General Manager

**TELEPHONE NUMBER:** (559) 923-4239



Signature

Title: General Manager

Date: 12/3/2019

**ORIGINAL  
FILED**

**JAN 22 2020**

**KRISTINE LEE  
KINGS COUNTY CLERK**

Receipt of Fees  
County of Kings

Building Permit:

29438

Planning Permit:

Receipt Number: 2024937

Received From: Provost & Pritchard

Received By:

Notes:

<u>DESCRIPTION</u>	<u>FUND</u>	<u>DEPT</u>	<u>ACCT #</u>	<u>AMOUNT PAID</u>	<u>PAID DATE</u>
ZONING FEES		270000	82005	55.00	1/22/2020 1
DFG CLERK FEE (\$50.00)		157200	87138	50.00	1/22/2020 1
				105.00	
				105.00	

<u>Receipt #</u>	<u>Payment Date</u>	<u>Payment Type</u>	<u>Check</u>	<u>Payment Amount</u>
2024937	1/22/2020	CC	3773882316	105.00



**ATTACHMENT D****Laguna Irrigation District Sphere of Influence Update Determinations  
(LAFCo USOI No. 197)**

In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following pursuant to Government Code Section 56425 (e). (LAFCO Policy Section 330)

- 1. The present and planned land uses in the area, including agricultural and open-space lands.**
  - As outlined in the MSR, the Fresno County General Plan designates a majority of the land within the District for agricultural use. The Kings County General Plan likewise designates its portion of the District service area for agricultural use. Land within the District's service area is occupied by large-scale farming operations largely comprising forage crops, row crops and orchards. Also, most land within the District service area is designated Prime Farmland.
  - There are no incorporated cities within the District's service area. The County of Fresno is the land use authority for the portion of the District in Fresno County. Likewise, County of Kings is the land use authority for the portion of the District in Kings County.
- 2. The present and probable need for public facilities and services in the area.**
  - The 2014 Sustainable Groundwater Management Act requires local agencies to develop groundwater sustainability plans that are compatible with their regional economic and environmental needs. SGMA requires governments and water agencies of high and medium priority basins to halt overdraft and bring groundwater basins into balance levels of pumping and recharge.
  - The District's service area boundaries are inside the North Fork Kings Groundwater Sustainability Agency ("NFKGSA"). The NFKGSA has adopted its GSP pursuant to SGMA mandate.
  - LAFCo anticipates that within the next five years the NFKGSA will work with all Local Agencies that rely on groundwater pumping to establish and/or continue developing recharge programs in an effort to achieve compliance with SGMA.
  - The District demonstrates that it is capable of addressing and adjusting its probable service needs for additional public facilities:
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**
  - Irrigation District Law authorizes the District to do all things necessary to furnish, control, distribute, store, spread, sink, treat, purify, and manage water supplies for beneficial purposes. The District's mission is to efficiently deliver available surface water supplies to its water users and manage the area's water resources.
  - The District has approximately 56,000 acre-feet of storage at Pine Flat Reservoir (capacity 1,000,000 acre-feet) and other reservoirs in the Kings River Watershed. The District owns a water

distribution system and eight noncontiguous recharge basins where water can be captured and banked as groundwater or temporarily held and reused as surface water becomes available to the District. Combined, the District's recharge facilities have an annual recharge capacity of 4,135 acre-feet.

- The MSR notes that Kings River water availability varies each year making irrigation water deliveries difficult to predict. During years when surface water supply deliveries are narrow, landowners offset demand by pumping groundwater from their own private wells to meet their crop water needs.
  - The District implements Rules and Regulations for the Distribution of Water in the Laguna Irrigation District that enables the District to monitor water supplies available to the District. The District employs a practice that water costs are a direct function of supply, and irrigation water demand has remained stable over time.
  - The District provides educational material and resources to educate farmers with emerging sustainable agricultural practices. The District also works in cooperation with the Kings River Conservation District ("KRCD") to assist farmers to find the most efficient use of irrigation water supply.
  - The District informed LAFCo that its current infrastructure is routinely inspected and maintained on an on-going basis in order to adequately continue serving the needs of customers. Current facilities and services provided by the District are adequate for the current and expected future demands.
  - Present capacity of District facilities and services appear adequate. District provides services consistent with its principal act. The District's financial practices appear to be adequate to support District's ongoing operations into the affected territory.
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 no relevant social or economic communities of interest in the District's service area.
5. **For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**
- The unincorporated communities of Laton and Camden are located within the District's service area, and both locations meet LAFCo's DUC definition. Rural residential parcels in these DUCs are equipped with private wells and septic systems. Structural fire protection service to these DUCs is provided by Fresno County Fire Protection District, Kings County Fire Department, and the Fresno-Kings unit of CAL FIRE; public safety and law enforcement is provided by the Fresno County Sheriff, Kings County Sheriff, and California Highway Patrol.