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

CONSENT AGENDA ITEM No. 12

DATE: August 22, 2007

TO: Fresno Local Agency Formation Commission

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

SUBJECT: **Consider Adoption** – Municipal Service Reviews and Sphere of Influence Updates Prepared for the Following Districts:

1. Broadview Water District
2. Garfield Water District
3. International Water District
4. Kings River Water District
5. Liberty Water District
6. Mid-Valley Water District
7. Panoche Water District
8. Raisin City Water District
9. Stinson Water District
10. Tri-Valley Water District
11. Westlands Water District
12. Widren Water District

Summary / Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update, as necessary, special districts' Spheres of Influence (SOI) before January 1, 2008, and every five years thereafter. Prior to, or in conjunction with an agency's SOI update, LAFCo is required to conduct a *Municipal Service Review* (MSR) for each agency.

On December 13, 2006, the Commission directed staff to enter into a contract with Pacific Municipal Consultants (PMC) to prepare MSRs and SOI Updates for numerous special districts. The attached MSRs and SOI Updates have been prepared for 12 of the 18 Water Districts operating within Fresno County.

Municipal Service Reviews provide a comprehensive review of the services provided by a city or district and present recommendations with regard to the condition and adequacy of these services and whether or not any modifications to a city or district's SOI is necessary. MSRs can be used as informational tools by LAFCo and local agencies in evaluating the efficiencies of current district operations and may suggest changes in order to better serve the public.

SOI updates may involve an affirmation of the existing SOI boundary or recommend modifications to the SOI boundary. LAFCo is not required to initiate changes to an SOI based on findings and recommendations of the service review, although it does have the power to do so. Such updates are required by State law to be conducted every five years. MSRs are required to be prepared prior to, or in conjunction with SOI updates.

State law requires that the Commission in its consideration of the MSRs adopt written determinations for each of the following nine criteria:

1. Infrastructure needs or deficiencies
2. Growth and population projections for the affected area
3. Financing constraints and opportunities
4. Cost avoidance opportunities
5. Opportunities for rate restructuring
6. Opportunities for shared facilities
7. Government structure options, including advantages and disadvantages of the consolidation or reorganization of service providers
8. Evaluation of management efficiencies
9. Local accountability and governance

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

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

There are 18 California Water Districts operating within Fresno County. This report covers 12 of these districts that include: the Broadview, Garfield, International, Kings River, Liberty, Mid-Valley, Panoche, Raisin City, Stinson, Tri-Valley, Westlands, and Widren Water Districts. MSR and SOI Updates prepared for the Farmers, Firebaugh Canal, Fresno Slough, Mercy Springs, Ora Loma, and Pleasant Valley Water Districts will be presented at a later hearing.

California Government Code Sections 34000 thru 38500 enables the formation of water districts in order to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes, and any drainage or reclamation works connected therewith or incidental thereto.

Environmental Determination

The California Environmental Quality Act ("CEQA") requires that the Commission undertake and review an environmental analysis before granting approval of a project, as defined by CEQA. The MSRs are categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation section 15306), which states: "Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded." Indeed, these MSRs collect data for the purpose of evaluating municipal services provided by the agencies. There are no land use changes or environmental impacts created by such studies.

Furthermore, the MSRs qualify for a general exemption from environmental review based upon CEQA Regulation section 15061(b)(3), which states: "The activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity

in question may have a significant effect on the environment, the activity is not subject to CEQA." Additionally, the SOI updates qualify for the same general exemption from environmental review based upon CEQA Regulation section 15061(b)(3).

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

Discussion & Summary of Determinations

1. Broadview Water District

- A. Encourage dissolution of the District following finalization of its business obligations.

The Broadview Water District is located in northwestern Fresno County, west of the City of Firebaugh and shares a common boundary with Panoche Water District and Westlands Water District to the west and south, respectively. On February 28, 2005, Westlands Water District purchased all of the District's lands and subsequently annexed these lands into Westlands Water District. As a result, the District has no boundaries or SOI. The map provided identifies the District's former boundary and SOI.

The District formerly provided irrigation water to parcels within its boundaries. The District reports that it is finalizing its business obligations including assigning its Central Valley Project water to the Westlands Water District in preparation of dissolution of the District.

2. Garfield Water District

- A. Maintain the District's existing Sphere of Influence boundary.
- B. Encourage the Cities of Fresno and Clovis and the County of Fresno to work with the District regarding water rights and water usage in lands within the District and to identify, consider, and resolve water related issues which may develop as these lands are developed with urban uses.

The Garfield Water District is located in the central part of Fresno County, mostly east of the City of Fresno and north of the City of Clovis. A portion of the District is located within the City of Fresno's boundary and Sphere of Influence and within the City of Clovis' Sphere of Influence. The District encompasses approximately 1,809 acres (2.83 square miles). Its boundary and Sphere of Influence are coterminous.

The District provides irrigation water via pipeline for agricultural purposes to approximately 1,700 acres of land within the District and has a contract, expiring in 2025, for 3,500 acre feet of Class I water from the Friant-Kern Canal.

Land within the District's boundary is primarily agricultural in nature and open space with some residential buildings. That portion of the District located south of Copper Avenue and west of Willow Avenue is within the City of Fresno's boundary and Sphere of Influence and contains a community college, high school, and middle school. A portion of this area is also designated for Business Park uses in the City's General Plan.

That portion of the District located south of Copper Avenue and east of Willow Avenue to approximately the mid-point between the Minnewawa and Clovis Avenue Alignments is within the City of Clovis' Sphere of Influence. The City's General Plan designates this area Mixed Use/Business Campus; Low, Very Low, and Rural-Residential; and Agriculture. Existing uses in this area include a church, as well as agriculture and residential uses.

It is not known when those lands within the District and located within the Fresno and Clovis boundaries/SOIs will be developed to their intended uses. Those portions of the District that are located outside the Cities' respective SOIs are expected to remain primarily in agricultural and open space uses with some residential development.

Revenues for FY 2006-07, were projected to be \$280,000. Revenues are primarily derived from water sales with some income derived from property assessments. Water rates are currently \$66 per acre-foot. Expenditures were projected to be \$395,000. Expenses include purchase of water, repairs, maintenance and operations, and other costs. The District's current rates and assessments do not cover its current costs. The District states that rates are monitored and adjusted as needed.

The District is governed by a five-member, elected Board of Directors. The District does not have any employees. Secretary and water master services are contracted for with another service provider. The District also contracts with an engineering consultant for necessary services. The District does not share any facilities with another agency.

The District's present facilities are adequate for present and expected future demands for service. The District states that it does intend to modify its service area by detaching non-agricultural lands which do not require its services and annexing additional agricultural lands, which currently lie outside its boundaries and which could benefit from its services. The District has not submitted an application to LAFCo for this potential reorganization. Should boundary adjustments not be made to remove non-agricultural lands from the District and add agricultural lands within the area, the District may wish to work with the Cities of Fresno and Clovis to develop a transition plan for converting a portion of the District's surface water rights to allow municipal and industrial uses.

In its response to the draft MSR prepared for the District, the County of Fresno Department of Public Works and Planning, commented that the MSR should encourage such a transition plan, and that "*The transition plan should also examine compatibility, infrastructure and reliability issues that will arise with urbanization of a portion of the District. Depending on market pressures, urbanization of the area could begin to occur within the next five years.*" (Comments letter is attached.)

The Cities of Fresno and Clovis and the County are encouraged to work with the District regarding water rights and water usage in the area and to identify, consider, and resolve water related issues which may develop as the area is developed with urban uses.

3. International Water District

- A. Maintain the District's existing Sphere of Influence boundary.
- B. Encourage the District to submit financial statements to the County of Fresno as required by law.
- C. Encourage the City of Clovis and the County of Fresno to work with the District regarding water rights and water usage in lands within the District and to identify,

consider, and resolve water related issues which may develop as these lands are developed with urban uses.

- D. Direct staff to conduct research to determine whether existence of the District is necessary to provide its services to the lands within the District's boundary.

The International Water District is located in the central part of Fresno County, immediately east of the City of Clovis and the City's SOI, encompassing approximately 741 acres (1.16 square miles). The District provides irrigation water for agricultural purposes to one family-owned farm. The District appears to have been created solely to acquire irrigation water for this farm.

The District does not have any infrastructure or other facilities. Water acquired by the District is conveyed through the landowner's private facilities.

The District is financed by the family-owned farm which pays for all of the District's expenses. Financial statements were not provided by the District. The District has not filed audited financial statements with the County, as required by law. The State Controller's Office Special Districts Annual Report for FY 2003-04, states operating revenues were \$66,672 and enterprise non-operating revenues were \$304.

No significant cost avoidance opportunities or opportunities for shared facilities were identified in this review.

No changes to the District's boundary or SOI have been proposed.

As stated, the District is located immediately east of the City of Clovis and the City's SOI. It is staff's understanding that the area is currently under consideration by the City for use as an industrial area which would include one or more industrial uses, potentially including Anlin Windows. The City's General Plan designates some or all of the area occupied by the District for industrial uses and also identifies land within/near to the District for residential uses of varying intensities.

As the District urbanizes, it should consider working with the City of Clovis in developing a transition plan that would allow conversion of the District's surface water rights to allow municipal and industrial uses.

In its response to the draft MSR prepared for the District, the County of Fresno Department of Public Works and Planning commented that the MSR should encourage such a transition plan, and that, "*The transition plan should also examine groundwater management, infrastructure and reliability issues that will likely arise should urbanization of a portion of the District occur. Depending on market pressures, urbanization of the area could begin to occur within the next five years.*" (Comments letter is attached.)

The City of Clovis and the County are encouraged to work with the District regarding water rights and water usage in the area and to identify, consider, and resolve water related issues which may develop as the area is developed with urban uses.

Only limited information was submitted in response to the consultant's request for information about the District. It is not clear from the information provided that the property requires services from a Water District and that the service could not continue to be provided by the landowner absent the District, as farmers are able to acquire water rights without the need for a special district. Therefore the District does not appear to serve a compelling public interest.

Staff believes additional research should be performed to determine whether the existence of this District is necessary for provision of water services to the lands within its boundary.

4. Kings River Water District

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

The Kings River Water District is in central Fresno County in an area known as the Sanger River Bottom, immediately east of the City of Sanger and including a portion of the City. The District encompasses approximately 14,385 acres (22.48 square miles). Its boundary and SOI are coterminous. District lands are primarily agricultural in nature.

The District provides irrigation water for agricultural purposes serving approximately 14,000 acres of agricultural lands within its boundaries as well as 1,960 acres within the boundaries of Alta Irrigation District. The District also provides water-tending services and maintains many of the local irrigation ditches used to deliver water to landowners. Water is conveyed through gravity flow ditches and pumps. The District is planning to fund and replace gate heads and upgrade other operations as needed, but has not adopted any plans to identify the full extent of necessary improvements.

The District is governed by a five-member, elected Board of Directors. The District has two field employees who perform water tending and ditch maintenance functions and one part-time secretary-treasurer.

In FY 2005-06, the majority of revenues were derived from service charges. Other revenues are derived from ditch assessments, the Pine Flat power plant, and property tax assessments. Revenues are also received from Tri-Valley Water District, which currently contracts for treasury and secretarial services from the Kings River Water District. Total revenues were \$195,230 whereas expenses totaled \$207,228, a deficit of \$11,998. Assessment rates, which have remained static for nearly a decade, are \$.01 per \$100 of assessed valuation. The District's Board of Directors has determined that an increase in rates is necessary to continue providing service at the current level.

The District avoids some costs by not owning an office or storage equipment facility. The District's office is located in a small facility behind the District Secretary-Treasurer's home. Equipment is stored on the Maintenance Supervisor's personal property at no cost to the District. The District also participates in a public entity risk pool managed by a Joint Powers Authority. No other cost avoidance opportunities have been identified.

The District appears to be operating efficiently and is providing a satisfactory level of service to its customers. The District has not identified any need or desire to amend its boundary or SOI.

5. Liberty Water District

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

Liberty Water District is located in south-central Fresno County between the communities of Caruthers and Riverdale and adjacent to the Raisin City Water District to the northwest. The District encompasses approximately 21,142 acres (33.03 square miles).

The District was formed in 1970 in anticipation of a contract between the United States Bureau of Reclamation for Central Valley Project (CVP) water from the Eastside Project or Mid-Valley Canal Project. Neither of these projects ever materialized, however.

In 1996, the District proposed a Groundwater Management Plan to document existing groundwater management activities of the District and formalize other programs in a plan that will be used in implementing a monitoring and management program for conjunctive use, replenishment, and preservation of the groundwater basin.

The District provides a nominal amount of Kings River water, approximately 1,000 acre-feet per year when supplies are available, for irrigating agricultural lands within the District. This water is only provided to those lands that have turnouts from the Liberty Canal. This is the only surface water distribution within the District. The vast majority of irrigation water is derived from groundwater, provided via wells owned by individual property owners. The District has no jurisdiction over groundwater. Total demand for irrigation water within the District is approximately 73,000 acre-feet per year.

District infrastructure is limited to a groundwater recharge basin and turnout facilities from the Liberty Canal. The District continues to support and fund groundwater recharge basins and turnouts from the Liberty Canal.

In FY 2005-06, property taxes accounted for approximately 66% of District revenues. Water sales and interest income accounted for approximately 10% and 24% of revenues, respectively for a total of \$36,844 in income. Operating revenues derived from water sale rates accounted for only 12% of the District's \$29,817 in operating expenses. The District had overall net income of \$7,027 for the year.

The District is governed by a five-member, appointed Board of Directors. The District does not employ any staff. It contracts for managerial, secretarial, engineering, and operations from a consulting engineering firm. The District is part of two joint powers authorities and operates under an agreement with Liberty Canal Company for joint use of Liberty canal for delivery and distribution of imported surface water for landowners and groundwater recharge. The District's *1996 Groundwater Management Plan* states that the District shall investigate and consider the use of other agencies' facilities to carry out the *Groundwater Management Program*, and if economically feasible and in the District's best interest, the District will attempt to enter into agreement with another agency for use of its facilities.

The District has no need or desire to amend its boundary or SOI at this time and has indicated it will not plan for any future growth without a firm surface water supply.

6. Mid-Valley Water District

- A. Maintain the District's existing Sphere of Influence boundary.
- B. Encourage the District Board of Directors to hold regular meetings consistent with Brown Act requirements.

Mid-Valley Water District is located in northwestern Fresno County, north of the community of Tranquillity and the City of San Joaquin. The District encompasses approximately 13,678 acres (21.37 square miles). The District's SOI encompasses approximately 42,552 acres (66.49 square miles).

The District was formed to obtain a contract for surface water supply from the United States Bureau of Reclamation's then proposed Mid-Valley Canal Unit of the Central Valley Project. The District has not been able to provide consistent water deliveries to its customers. Between 2002 and 2006, the District's annual water delivery ranged from zero acre feet in 2002 and 2004 to a high of 3,916 acre-feet in 2006.

The District has no infrastructure as it was formed solely to obtain a contract for surface water.

Funding for the District is very limited. Its FY 2006-07 Budget was \$8,000. It is currently operating on interest income and reserves, as no services are being performed at this time. The District has waived land valuation assessments since 2001. The District does not have any outstanding debt.

The District is governed by a five-member, elected Board of Directors. The District has no employees and contracts for services as needed. Though District Board meetings are properly noticed and posted consistent with Brown Act requirements, the frequency of the once a year meetings is not in compliance with the Act.

The District is barely operational and does not have a consistent water supply to provide to its customers.

There is no need or desire to amend the District's boundary or SOI at this time.

7. Panoche Water District

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

Panoche Water District is located in northwestern Fresno County, approximately six miles west of the City of Firebaugh, encompassing 38,217 acres (59.71 square miles) in Fresno and Merced Counties. The District boundary and SOI are coterminous. District lands are primarily agricultural.

The District provides irrigation water for agricultural purposes to farmland within its boundaries. Water is obtained via contract with the United States Bureau of Reclamation (USBR) from the Delta-Mendota and the San Luis Canals. Water is also obtained from deep groundwater wells. These water wells are owned by farmers, not the District. This water is pumped directly into delivery canals. The District contracts to provide some maintenance and management services to the Mercy Springs Water District, Pacheco Water District, Charleston Drainage District and the Panoche Resource Conservation District. Costs are reimbursed for service rendered.

The District's main infrastructure includes 42 miles of canals, 4 miles of pipelines, water distribution facilities, and 18 pumping stations. The District assumes that it will receive over 56,000 acre-feet of water from the USBR in 2007. Annual water deliveries vary depending on availability.

The District is governed by a five-member, elected Board of Directors. It employs 26 personnel including operations, maintenance, shop, and administrative personnel.

In FY 2005-06 the District received \$6,581,954 in operating revenues with the majority derived from water sales. Operation expenses totaled \$7,030,402 for a net operating loss of \$448,448. Non-operating revenues totaled \$407,361, resulting in a loss of \$41,087 due to depreciation.

Rates are projected annually, based on the assumed USBR delivery amount and assumed costs to deliver the water. The 2007 water rate is projected to be \$42.48 per acre-foot. The District is pursuing grant funding for infrastructure improvements.

The District engages in cost avoidance opportunities as part of the Joint Powers Insurance Authority, a pooled risk insurance, and has entered into a JPA with 38 other public agencies that hold contracts for CVP water to form the San Luis and Delta-Mendota Water Authority. This authority has issued bonds to finance construction of improvements to the USBR's Tracy pumping plant, resulting in a reduction of costs for the mutual benefit of the districts involved.

No growth or significant population increase is anticipated by the District as lands within the District are expected to remain primarily agricultural. The District did not indicate a need or desire to amend its current boundary or SOI.

8. Raisin City Water District

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

Raisin City Water District is located in central Fresno County, three miles southwest of the City of Fresno, three miles south of Kerman, and just northwest of the community of Caruthers. The community of Raisin City is located within the District. The District encompasses approximately 58,719 acres (91.75 square miles). The District's SOI encompasses approximately 80,125 acres (125.20 square miles). Land uses within the District are primarily agricultural.

There is no surface water available for irrigation purposes within the District. Farmers in the area utilize groundwater for their farming operations.

The District's purpose is to improve groundwater conditions and it is currently working toward providing additional underground water storage basins. The District is part of the McMullin Recharge Group, formed in 1999 to address the long-term water supply imbalance in the Raisin City area. Studies are being conducted to locate ideal sites for recharge basins.

The District is governed by a five-member, elected Board of Directors and employs one part-time secretary. This staffing level is adequate for the District's needs.

The District does not have any facilities or infrastructure. No direct services to farmers are currently being provided. The District plans construction of underground water storage basins and related infrastructure and pipelines to convey water in the District.

The District is funded by annual assessments totaling \$0.75 per acre of land within the District. Assessments were last revised 20 years ago and are insufficient to finance construction of storage and conveyance facilities. Construction of facilities will be dependent on State grants and loans. It is unknown when State funds may become available to fund the District's plans.

Audited financial statements for FY 2004-05, identify current assets as of June 30, 2005, totaling \$446,647. Liabilities were \$435. The District adopts an annual budget. Budget information was not made available, however.

Cost avoidance opportunities are realized through the District's membership in the McMullin Recharge Group which is comprised of several districts with a common goal of providing and improving groundwater storage and conditions in the area. The Group has conducted an engineering feasibility study to locate potential storage basins.

The District has no facilities, but may share storage basins with other districts in the future, should such basins be constructed.

The District did not indicate a need or desire to amend its current boundary or SOI.

9. Stinson Water District

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

Stinson Water District is located in southwestern Fresno County, immediately south of the City of San Joaquin. It shares a common boundary with Westlands Water District to the west and is near Raisin City Water District to the east. The District encompasses approximately 11,194

acres (17.49 square miles). Its SOI is significantly larger than its boundary, encompassing approximately 32,746 acres (51.17 square miles). Land use within the area is primarily agricultural in nature.

The District is governed by a three-member, elected Board of Directors. The District was formed to maintain irrigation water conveyance facilities that are used by other service providers. The Stinson Canal and Irrigation Company, a private provider with water rights, in previous years utilized the District's canal system to deliver water to approximately 10,500 acres of agricultural land. In recent years the water has not been available and the District has not provided any service due to lack of water.

District infrastructure consists of an irrigation canal to convey Kings River water to lands within the District. Canal maintenance is contracted to a local engineering firm and is performed as needed. The Stinson Canal and Irrigation Company has been unable to obtain a reliable long-term water supply in the past 10 years and is not expected to do so in the future. The District has no plans for additional facilities as water has been available for conveyance only intermittently in recent years.

The District has primarily been financed by the Stinson Canal and Irrigation Company. Since the company has not used the canal in recent years, the District has had no revenue source except from interest income. Interest income for the past eight years totals \$106. District assets in 2004-05 were \$1,655.

As the District is not providing any services, no cost avoidance opportunities are available.

The District anticipates demand for its services will be negligible in the future. No changes are proposed for the District's boundary or SOI.

The County has recommended that the District may wish to consider consolidation with the Westlands Water District, located adjacent to the west. (Comments letter is attached.) It is not known if such a change in organization would be advantageous to either District, but staff would encourage Stinson Water District to investigate whether such a change in organization might offer some advantages including improved services and administrative oversight.

10. Tri-Valley Water District

- A. Maintain the District's existing Sphere of Influence boundary.
- B. Direct LAFCo staff to pursue the possible advantages of consolidation of the Tri-Valley Water District and the Orange Cove Irrigation District.
- C. Waive LAFCo fees associated with consolidating the Tri-Valley Water District and the Orange Cove Irrigation District.

Tri-Valley Water District is located in eastern Fresno County, bisected by State Route 180 west of State Route 63. The District encompasses approximately 2,248 acres (3.51 square miles). The District's boundary and SOI are coterminous. Land use in the district is primarily agricultural with an emphasis on high value crops.

The District is governed by a five-member, elected Board of Directors. The District provides irrigation water for agricultural uses to six landowners within the District. The District has contracted with the US Bureau of Reclamation (USBR) to supply water from the Sacramento Delta. This water is exchanged with the Arvin-Edison Water Storage District with water that District holds in the Friant-Kern Canal.

District infrastructure consists of one pipeline to convey water from the Friant-Kern Canal to District customers. The pipeline is shared with and operated by the Orange Cove Irrigation District. The pipeline is unable to provide additional water deliveries as it has no excess capacity. The District does not own any buildings or equipment.

The District's contract with USBR calls for 1,142 acre-feet of water. The current contract is good through 2008. The actual amount of water delivered is less than the contracted amount due to restrictions on pumping Delta water for environmental reasons.

FY 2005-06 audited financial statements indicate total revenues were \$149,907 and expenses were \$167,190. The FY 2006-07 operating budget anticipated revenues would come from the operating assessment (\$51,600), interest income (\$1,050) and County tax revenue (\$800). Water rates are revised annually. Water costs for the 2007 fiscal year are estimated to be \$105 per acre-foot. Rates were not assessed for landowners in the District who did not have interest in receiving water deliveries.

The District participates in the Joint Powers Insurance Authority, a pooled risk insurance. Other cost reducing strategies utilized by the District include utilizing a manager/secretary/treasurer from the Kings River Water District on a contract basis and contracting for legal and engineering services.

The District has been experiencing high overhead costs due to legal and engineering costs associated with the District's attempt to renew its long-term water supply contract with the USBR and having representation in litigation related to the San Joaquin River. The operating assessment to cover overhead expenses was \$37.50 per acre-foot of contract entitlement.

The District has expressed an interest in a reorganization with the Orange Cove Irrigation District, whereby the Tri-Valley Irrigation District would be dissolved and its lands would be annexed by the Orange Cove Irrigation District. The District believes this reorganization may result in a reduction in service costs per acre-foot of water, increased efficiencies, and a reliable supply for water for the area currently served by the District. No application for reorganization of the Districts has been submitted.

11. Westlands Water District

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

Westlands Water District is located in western Fresno and Kings Counties, encompassing 539,031 acres (842.24 square miles). The District's boundary include the City of Huron and area adjacent or near to the Cities of Firebaugh, Mendota, and San Joaquin. Land use within the District is primarily agricultural in nature.

The District provides water, drainage, and groundwater management services to landowners and water users within its boundary, which include approximately 600 family-owned farms. The District also provides, via contract, pipeline capacity for the City of Huron to transport water from the San Luis Canal to Huron and to the City of Coalinga to transport water from the Coalinga Canal to Coalinga.

The District is governed by an elected, nine-member Board of Directors and has 105 employees. Board members must be either a landowner in the District, a legal representative of a landowner, or a designated representative of a landowner.

The District has federal contracts for the water it provides to its customers and acquires additional water as necessary. Water is delivered through the Central Valley Project (CVP) and

is conveyed to the District via the San Luis Canal and the Coalinga Canal. Once it leaves these canals, water is delivered to farmers through 1,034 miles of underground pipeline.

There is little opportunity for growth in the District as water supplies are limited. The District has established a policy requiring that new annexations result in no net increase in water use. If newly annexed land is to receive water, a corresponding piece of land within the District would have to be fallowed, and water deliveries to that land transferred to the new land. Additionally, any conversion of land from agriculture to another use would require the allocated agricultural water supply attached to the land be returned to the District. The converted land would have to provide for its water supply through other means.

The District owns and maintains 68.67 miles of the San Luis Canal and 12.8 miles of the Coalinga Canal. These canals are concrete lined. The District also owns 1,034 miles of pipeline, 3,300 delivery meters, a main office in Fresno, and field offices in Five Points, Tranquillity, and Huron. The District does not have any plans to upgrade facilities or to acquire additional facilities at this time.

The District's FY 2006-07 Budget totaled \$101.3 million, which is \$22.1 million (18%) less than the previous year due to a decreased water supply, decreases in debt service, and specific projects. Revenues are derived from various sources including water rates, land based charges, assessments, grants, cost reimbursements, and land and equipment lease revenues. Revenues are sufficient to cover the cost of services.

No significant cost avoidance opportunities or opportunities for sharing facilities were identified through this review. The District participates in the Power and Water Resources Pooling Authority that assists in lowering costs associated with the District's Groundwater Management Program. The District shares a conference room with the Westside Resource Conservation District and the Broadview Water District.

No changes are proposed for the District's boundary or SOI.

12. Widren Water District

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

The Widren Water District is located in northwestern Fresno County west of the City of Firebaugh and shares a common boundary with Firebaugh Canal Water District and Panoche Water District. The District previously provided irrigation water for agricultural use to a single landowner whose property is comprised of 877 acres of farmland. The District's boundary and SOI are coterminous. Lands within the District are fallow and have been for some time due to the impacts of subsurface drainage issues.

The District used to have a water contract with the US Bureau of Reclamation that provided water to the District landowner. This water contract, which provided the property's sole source of water, was permanently assigned to Westlands Water District in 2003. The District no longer distributes water and does not anticipate acquiring a water supply. Additionally, due to subsurface drainage issues, which have resulted in a high water table and accumulation of salt and selenium, the land has been fallowed and there is no expectation that it will be farmed in the future.

The District is governed by an elected, five-member Board of Directors. It has no employees, does not own any facilities, and does not actively provide services. The District is currently operational with the purpose of developing a groundwater management plan. The current plan is a passive groundwater management plan. Any District costs are borne by the sole landowner

in the District. The District does not charge any fees or assessments, nor does it have any outstanding debt. The District has no employees. No changes are proposed for the District's boundary or SOI.

In its response to the draft MSR prepared for the District, the County of Fresno Department of Public Works and Planning commented that "*LAFCo should consider recommending that the District pursue consolidation with the Westlands Water District for improved services and administrative oversight.*" (Comments letter is attached.) The two Districts are not contiguous, so it is not known if such a reorganization would be practical, however, staff would encourage Widren Water District to consider whether such a change in organization might be workable and advantageous to the District and to follow-up with Westlands Water District accordingly.

Recommendations:

- A. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, find that prior to adopting the written determinations, the Municipal Service Reviews and Sphere of Influence determinations under consideration are Categorical Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and the general exemption from environmental review, CEQA Regulation Section 15061(b)(3), and find that the SOI Updates qualify for the same general exemption from environmental review based upon CEQA Regulation Section 15061(b)(3).
- B. Find the Municipal Service Reviews and Sphere of Influence Updates prepared for the Broadview, Garfield, International, Kings River, Liberty, Mid-Valley, Panoche, Raisin City, Stinson, Tri-Valley, Westlands, and Widren Water Districts are complete and satisfactory.
- C. Find that the written determinations within the Municipal Service Reviews and Sphere of Influence Updates satisfy State Law.
- D. Pursuant to Government Code Sections 56425 and 56430 make the required determinations for the Municipal Service Reviews and District Spheres of Influence, adopt the Municipal Service Reviews prepared for the Broadview, Garfield, International Kings River, Liberty, Mid-Valley, Panoche, Raisin City, Stinson, Tri-Valley, Westlands, and Widren Water District by PMC, and update the Spheres of Influence for said Districts by reaffirming their current boundaries.
- E. Encourage the Cities of Fresno and Clovis and the County of Fresno to work with the Garfield Water District regarding water rights and water usage in lands within the District and to identify, consider, and resolve water related issues which may develop as these lands are developed with urban uses.
- F. Encourage the City of Clovis and the County of Fresno to work with the International Water District regarding water rights and water usage in lands within the District and to identify, consider, and resolve water related issues which may develop as these lands are developed with urban uses.
- G. Encourage the International Water District to submit financial statements to the County of Fresno as required by law.
- H. Direct staff to conduct research to determine whether existence of the International Water District is necessary to provide water services to the lands within the District's boundary.

- I. Encourage the Mid-Valley Water District's Board of Directors to hold regular meetings consistent with Brown Act requirements.
- J. Direct LAFCo staff to pursue the possible advantages of consolidation of the Tri-Valley Water District and the Orange Cove Irrigation District.
- K. Waive LAFCo fees associated with consolidating the Tri-Valley Water District and the Orange Cove Irrigation District.

ATTACHMENT

(County Comment Letter)

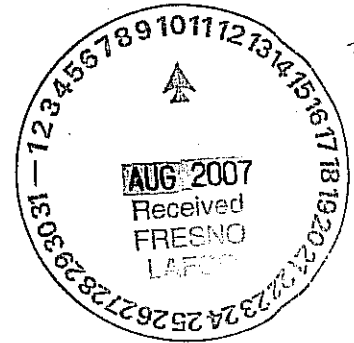


County of Fresno

DEPARTMENT OF PUBLIC WORKS AND PLANNING
ALAN WEAVER, DIRECTOR

August 10, 2007

Rick Ballantyne, Executive Officer
Fresno Local Agency Formation Commission
2115 Kern Street, Suite 310
Fresno, CA 93721



Dear Mr. Ballantyne:

Subject: Municipal Service Reviews

The following comments refer to the June 2007 Fresno Local Agency Formation Commission (LAFCo) Public Review Draft Municipal Service Reviews (MSR) for Caruthers Community Service District (CSD); Pinedale, Riverdale and Tranquillity Public Utility Districts (PUD); and Broadview, Garfield, International, Kings River, Liberty, Mid-Valley, Panoche, Raisin City, Stinson, Tri-Valley, Westlands, and Widren Water Works Districts (WWD), respectively.

1. Caruthers CSD, Page 2.1-1: The report indicates the Caruthers CSD is empowered to provide storm drainage services but the MSR is silent on this issue. If empowered, does the District actually provide those services and does it collect user rates for those services? If not, why and who does provide those services?
2. Selma-Kingsburg-Fowler County Sanitation District: The SKF District should be encouraged to work with the City of Parlier to provide phased-in service allowing the City to use their existing plant through its effective life and then transferring the existing flows over to SKF. New development within the City of Parlier that requires new collection systems should be encouraged to plumb to the existing SKF facility.
3. Pinedale Public Utility District: The Pinedale PUD should be encouraged to consolidate with the City of Fresno to provide more cost effective and reliable services to the residents of the PUD. The City of Fresno provides all of the service immediately surrounding Pinedale PUD and due to economies of scale should be able to provide those services more economically and more reliably than currently being provided.
4. Riverdale Public Utility District, Page 4.2-10 - "Growth and Population": It is premature and incorrect to conclude the extent and type of development that may occur beyond the current District SOI and County-adopted Riverdale Community Plan. As you are aware, the County of Fresno is the land use approving entity and any substantial development would require a comprehensive updating of the Community Plan through a public hearing process. That process has not been initiated and would need to occur before consideration of expansion of the District.

DEVELOPMENT SERVICES DIVISION

2220 Tulare Street, Sixth Floor / Fresno, California 93721 / Phone (559) 262-4055 / 262-4029 / 462-4320 / 262-4022 / FAX 262-4893
Equal Employment Opportunity • Affirmative Action • Disabled Employer

5. Tranquillity Public Utility District, Page 4.3-8: The second paragraph of this section needs to be corrected to identify the Fresno County Department of Public Works and Planning and not "*Fresno County's Department of Transportation*".
6. Garfield Water District, Page 5.2-2 - "Growth and Population": The MSR states that "Current land use within the District boundaries are primarily agricultural uses with limited residential building, and is expected to remain primarily agricultural with little population growth or development." This is an incorrect statement as the area within the District south of Copper Avenue and west of the Clovis Avenue alignment lies within the City of Clovis Sphere of Influence and is currently being studied for urbanization. The MSR should encourage the District to work with the City of Clovis and develop a transition plan for converting a proportional portion of the District's surface water rights to allow Municipal and Industrial (M&I) usage. The transition plan should also examine compatibility, infrastructure and reliability issues that will arise with urbanization of a portion of the District. Depending on market pressures, urbanization of the area could begin to occur within the next five years.

Garfield Water District, Page 5.2-5 in "Growth and Population", similar comments as above.

7. International Water District, Page 5.3-2 in "Growth and Population": The MSR states "the current land use is agricultural, consisting on one family farm. Land uses are expected to remain the same. No significant growth or population increase is anticipated." This may not be entirely accurate as the area lies within the City of Clovis General Plan and much of the area within the District is designated for urban development. While the area is not currently within the Clovis Sphere of Influence, a portion of this area is being considered for the proposed Anlin Window Business expansion project which may require a SOI expansion to occur. The MSR should encourage the International Water District to work with the City of Clovis and the County of Fresno to develop a transition plan for converting all or a portion of the District's surface water rights to allow M&I usage. The transition plan should also examine groundwater management, compatibility, infrastructure, and reliability issues that will likely arise should urbanization of a portion of the District occur. Depending on market pressures, urbanization of the area might begin to occur within the next five years.

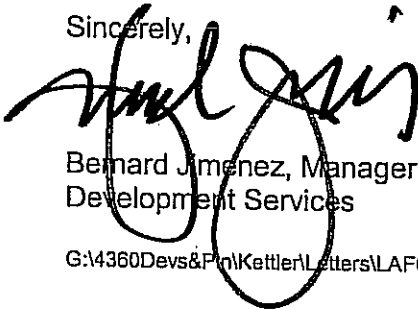
International Water District, Page 5.3-4 in "Growth and Population", similar comments as above.

8. Stinson Water District: LAFCo should consider recommending that the Stinson Water District pursue consolidation with the Westlands Water District for improved services and administrative oversight.
9. Tri-Valley Water District: LAFCo should consider recommending that the Tri-Valley Water District pursue consolidation with the Orange Cove Irrigation District for improved services and administrative oversight.
10. Westlands Water District, Page 5.11-1: Please correct/clarify that more than six landowners are served.

11. Widren Water District: LAFCo should consider recommending that the Widren Water District pursue consolidation with the Westlands Water District for improved services and administrative oversight.

Thank you for the opportunity to review the MSRs. If you have any questions, please feel free to contact me at (559) 262-4497.

Sincerely,

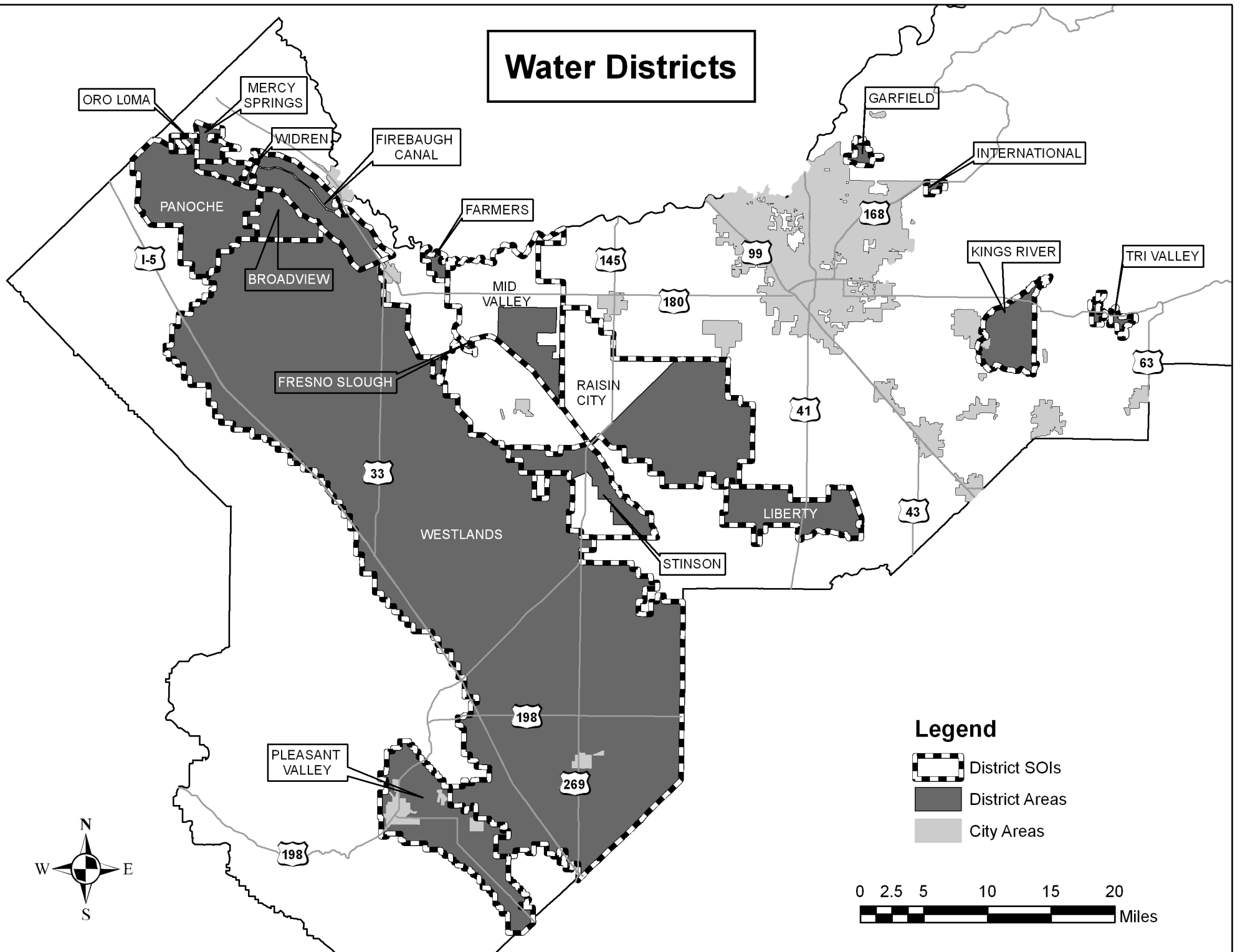


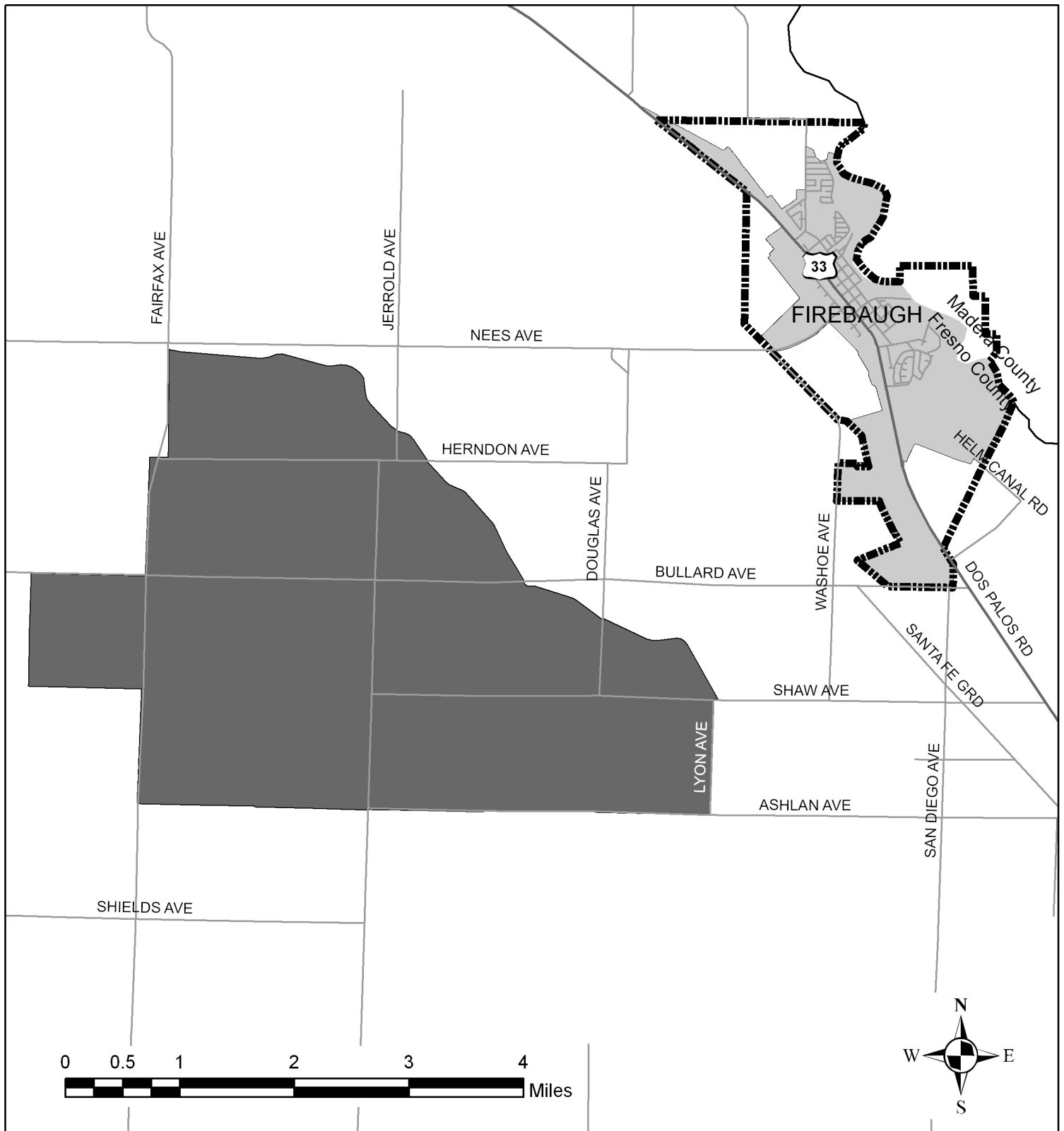
Bernard Jimenez, Manager
Development Services

G:\4360Devs&Plan\Kettler\Letters\LAFCo MSR.doc

- c: Alan Weaver, Director, Department of Public Works and Planning
William Kettler, Principal Planner, Development Services Division
Darrel Schmidt, LAFCo Deputy Executive Officer

Water Districts



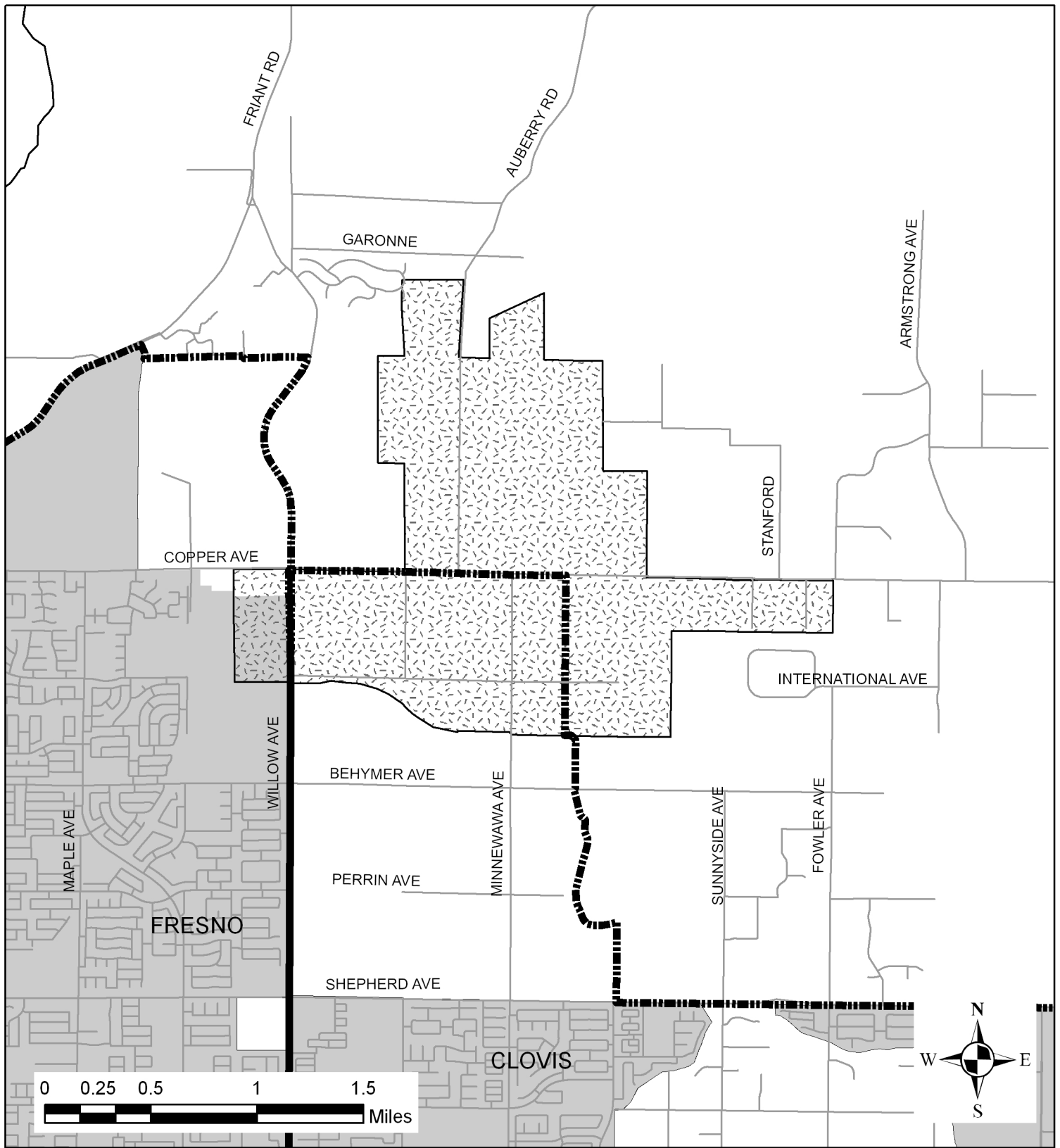


Fresno Local Agency Formation Commission Broadview Water District

Legend

- District Area and SOI
- Firebaugh SOI
- City of Firebaugh

District Formed: 1955
 SOI Adopted: November 26, 1975
 SOI Updated: March 16, 2005
 Map Date: July 2007
 District Area: 9,636 Acres
 Sphere Area: 9,636 Acres

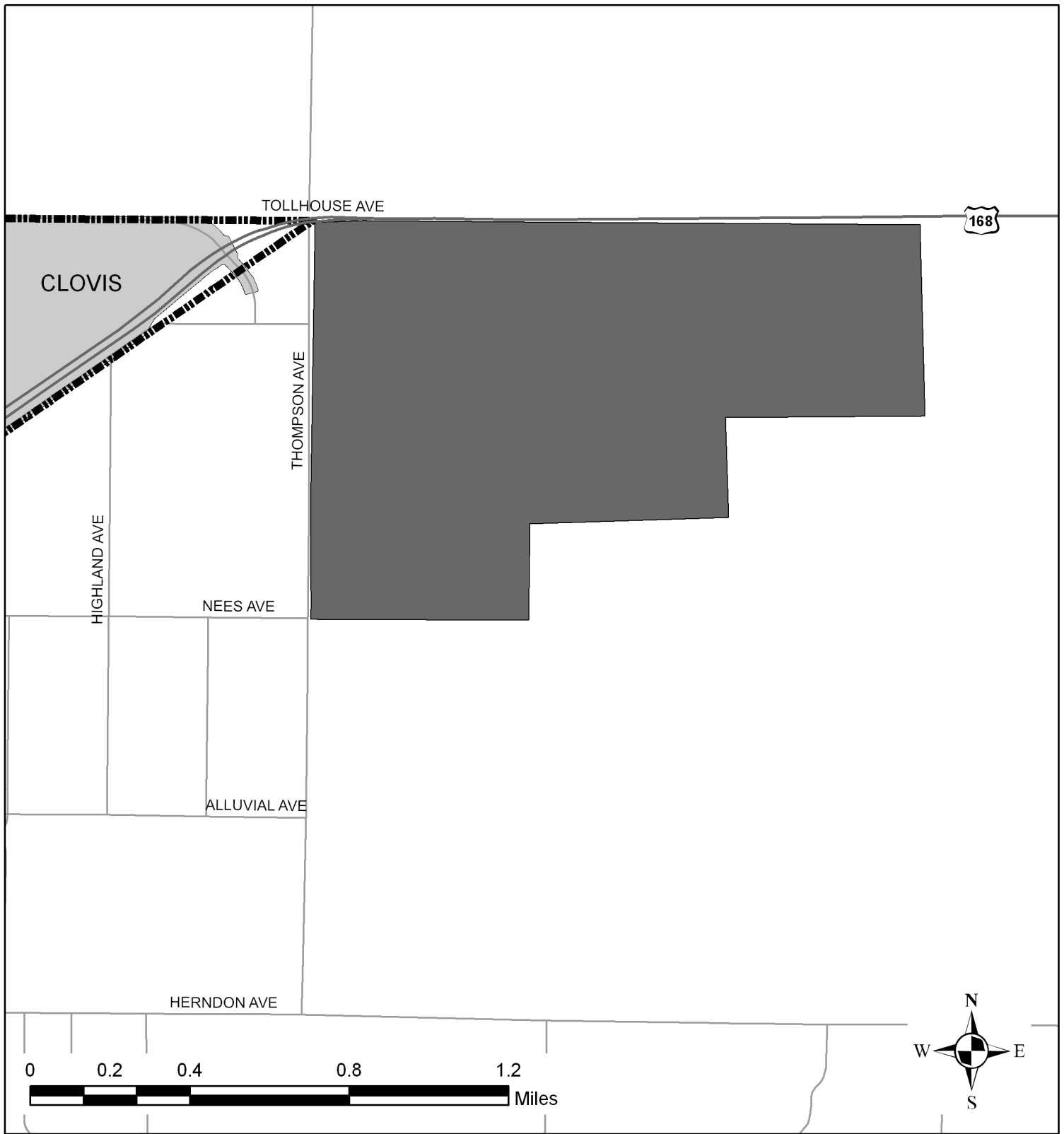


Fresno Local Agency Formation Commission Garfield Water District

Legend

-  District Area and SOI
-  City SOIs
-  City Areas

District Formed: 1956
 SOI Adopted: November 26, 1975
 Map Date: June 2007
 District Area: 1,809 Acres
 Sphere Area: 1,809 Acres

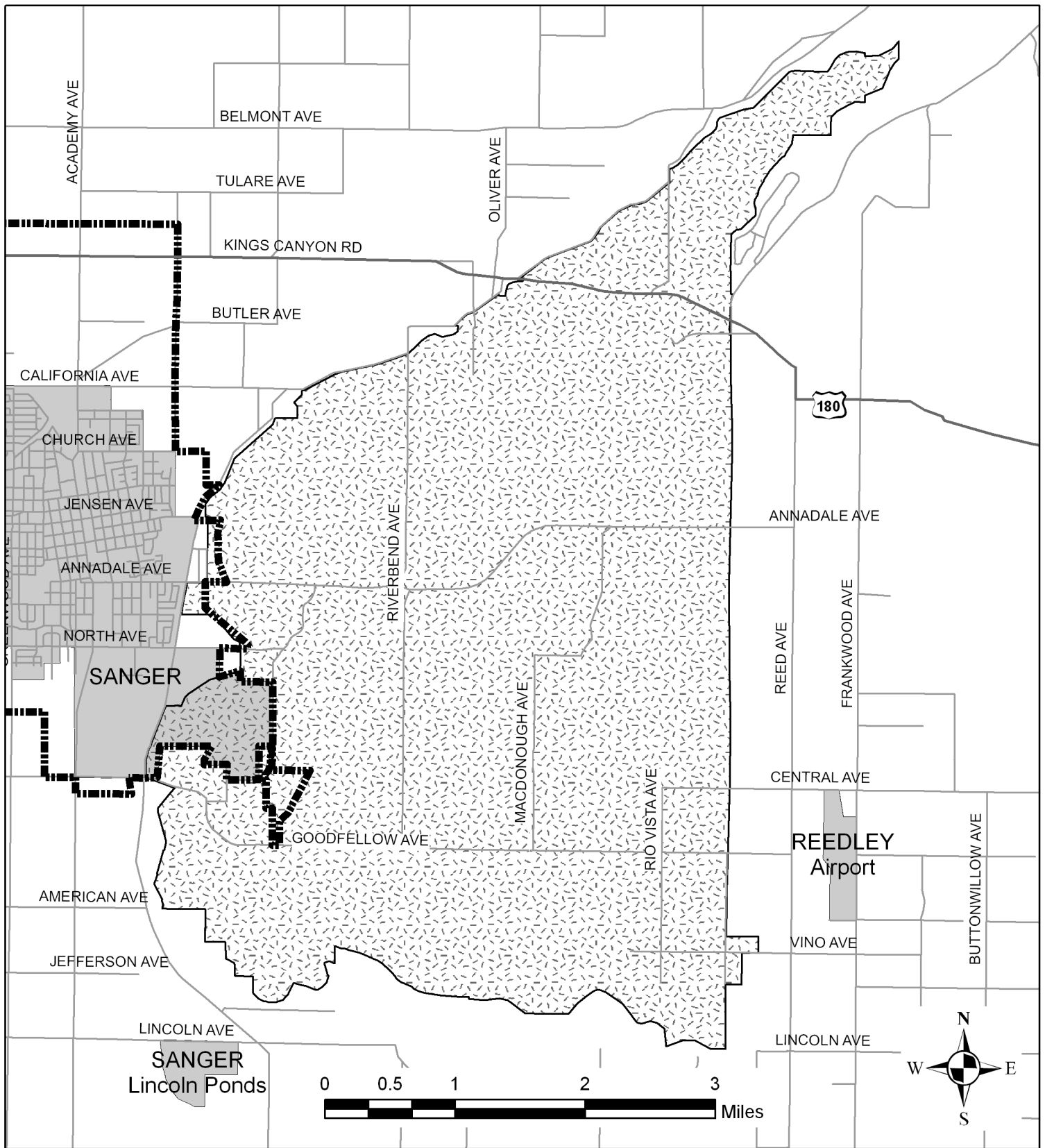


Fresno Local Agency Formation Commission International Water District

Legend

- District Area and SOI
- Clovis SOI
- Clovis City Limits

District Formed: 1952
 SOI Adopted: November 26, 1975
 Map Date: July 2007
 District Area: 741 Acres
 Sphere Area: 741 Acres

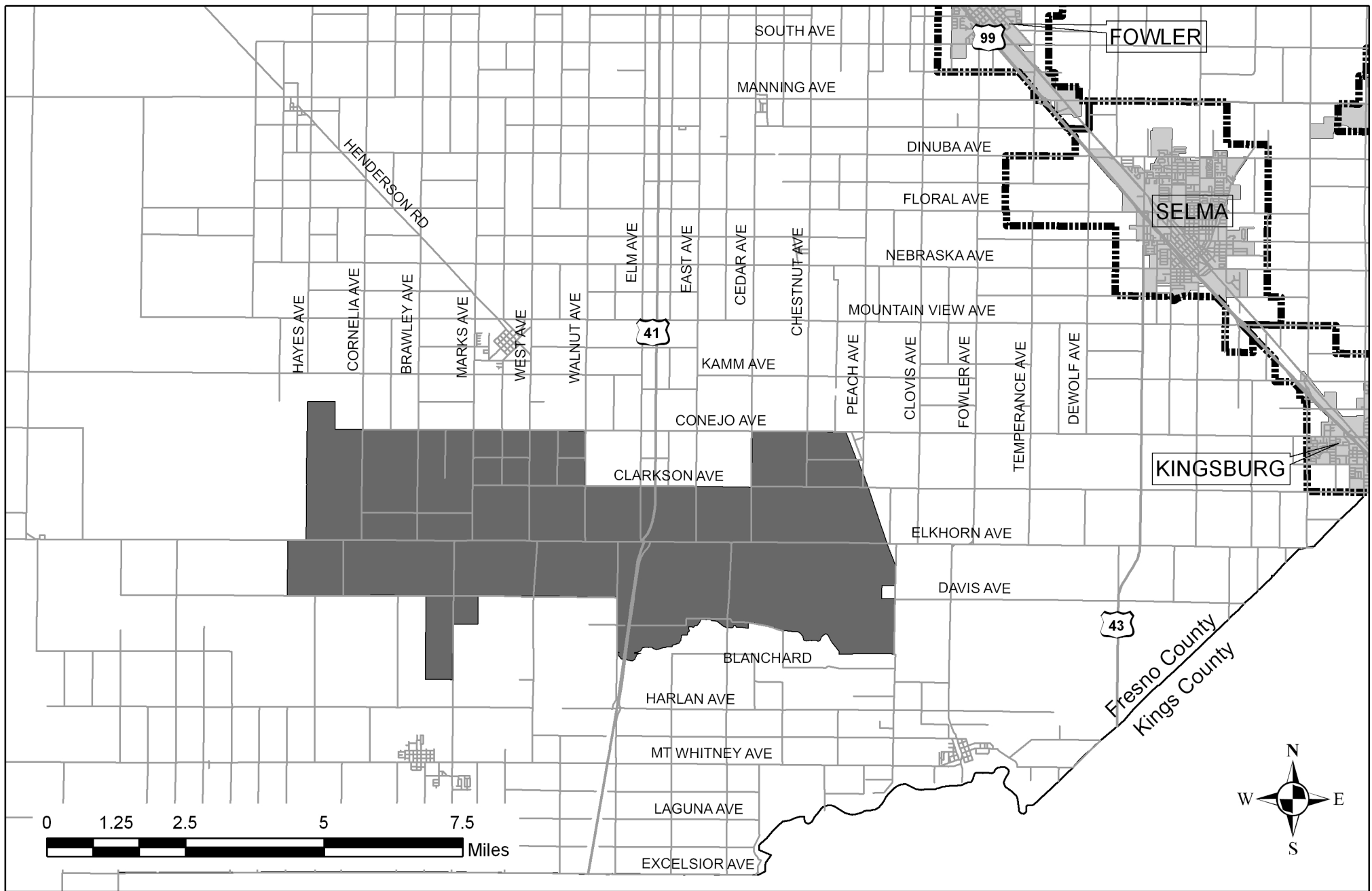


Fresno Local Agency Formation Commission Kings River Water District

Legend

-  District Area and SOI
-  Sanger SOI
-  City Areas

District Formed: 1952
 SOI Adopted: November 26, 1975
 Map Date: July 2007
 District Area: 14,385 Acres
 Sphere Area: 14,385 Acres

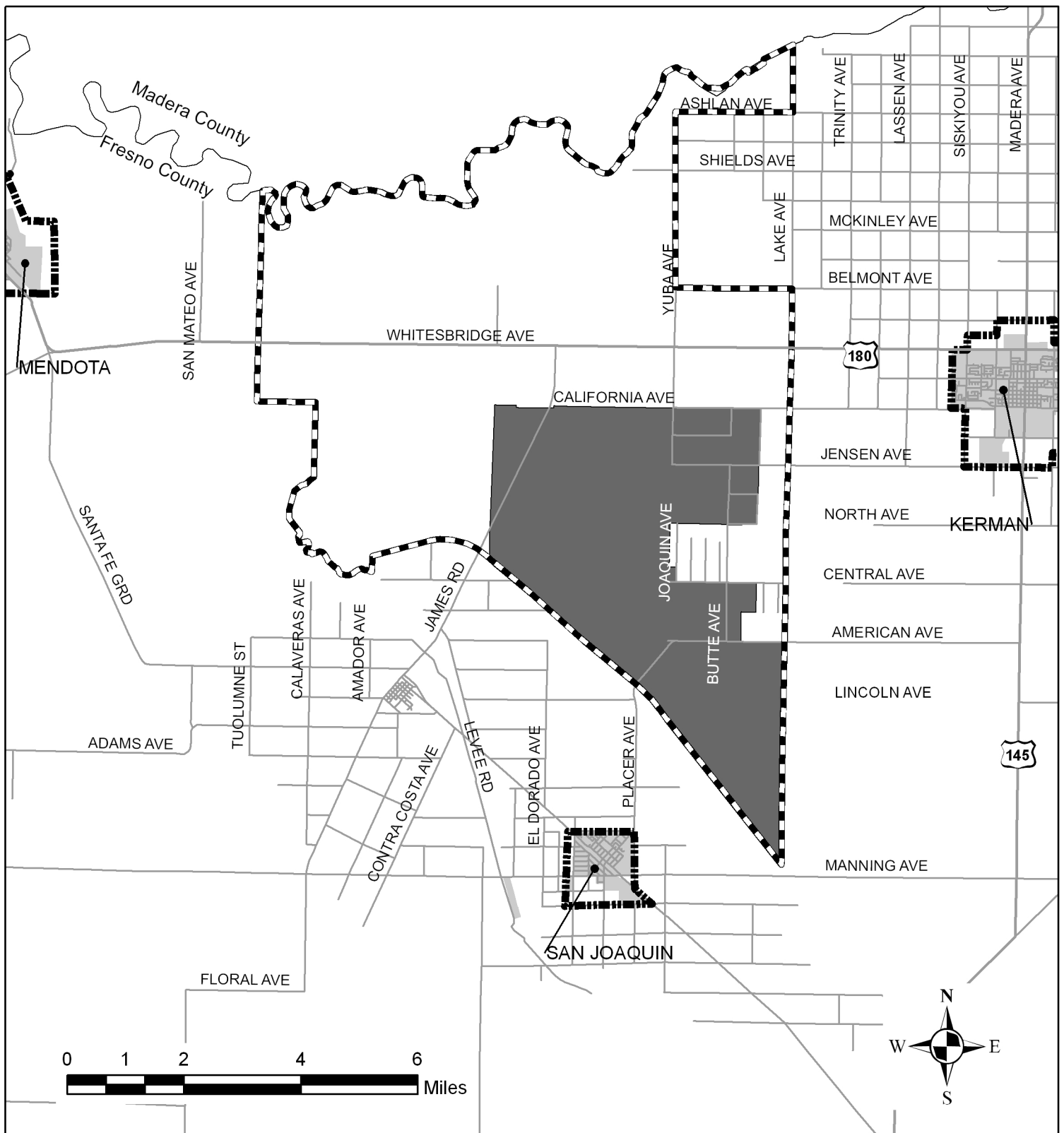


Legend

-  District Area and SOI
-  City SOIs
-  City Areas





**Fresno Local Agency Formation Commission
Liberty Water District**

District Formed: 1972
 SOI Adopted: February 25, 1976
 Map Date: July 2007
 District Area: 21,142 Acres
 Sphere Area: 21,142 Acres

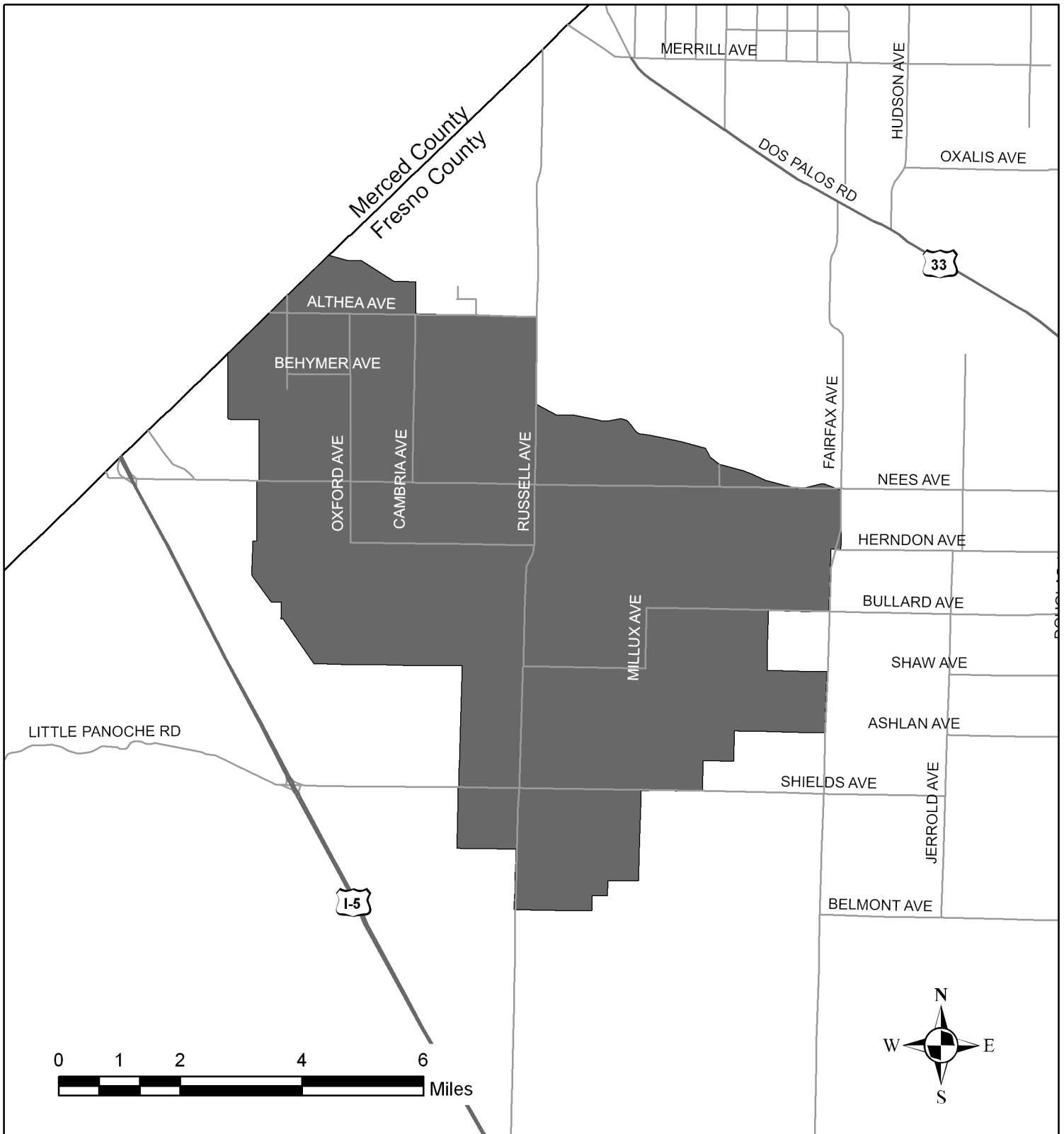


Fresno Local Agency Formation Commission Mid-Valley Water District

Legend

-  District SOI
-  District Area
-  City SOIs
-  City Areas

District Formed: 1984
 SOI Adopted: August 21, 1985
 Map Date: July 2007
 District Area: 13,678 Acres
 Sphere Area: 42,552 Acres



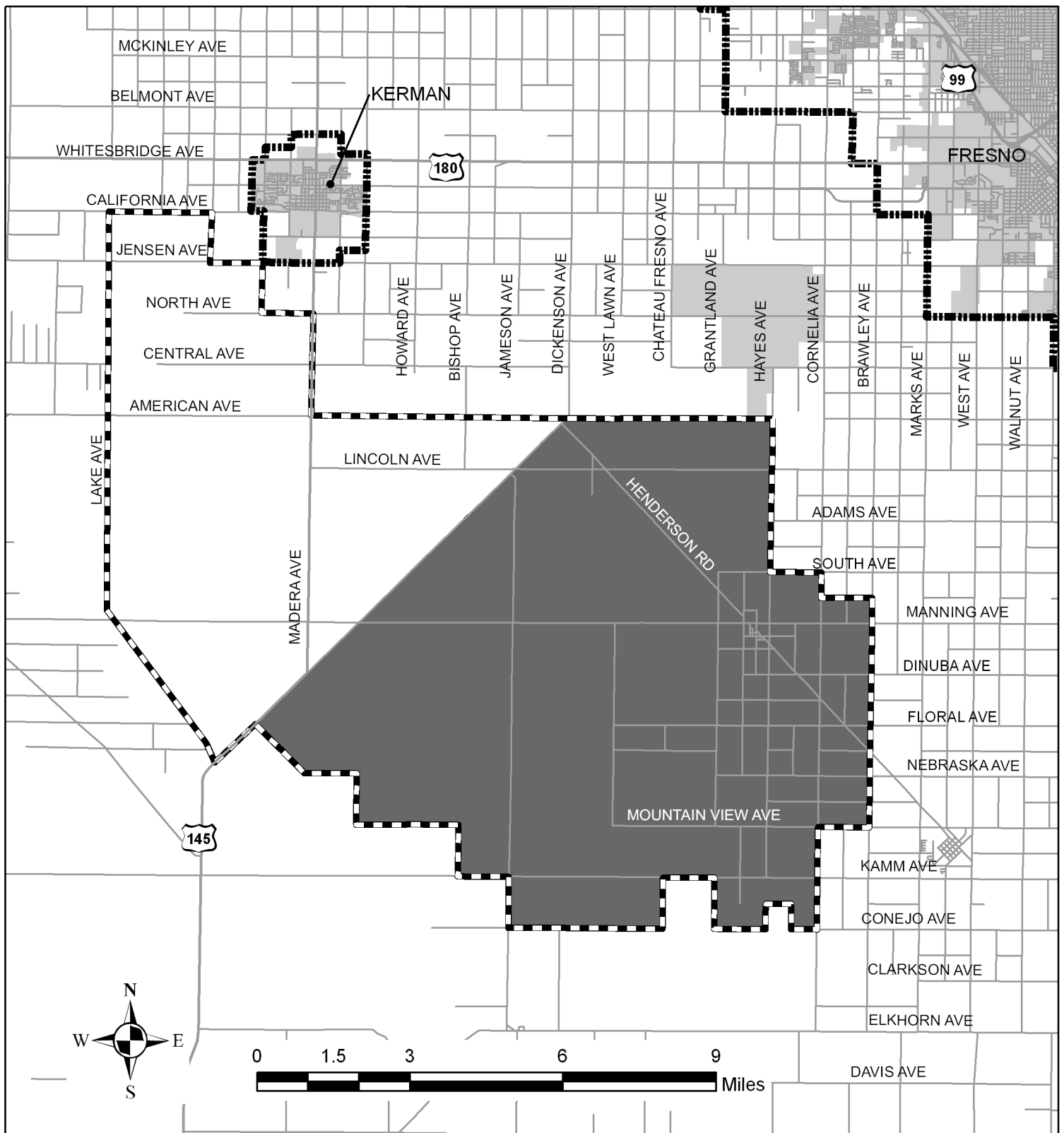
Fresno Local Agency Formation Commission Panoche Water District

Legend

District Area and SOI

Note: Portion of District located
in Merced County not shown.

District Formed:	1950
SOI Adopted:	November 26, 1975
SOI Updated:	June 28, 1989
Map Date:	July 2007
District Area:	38,217 Acres
Sphere Area:	38,217 Acres

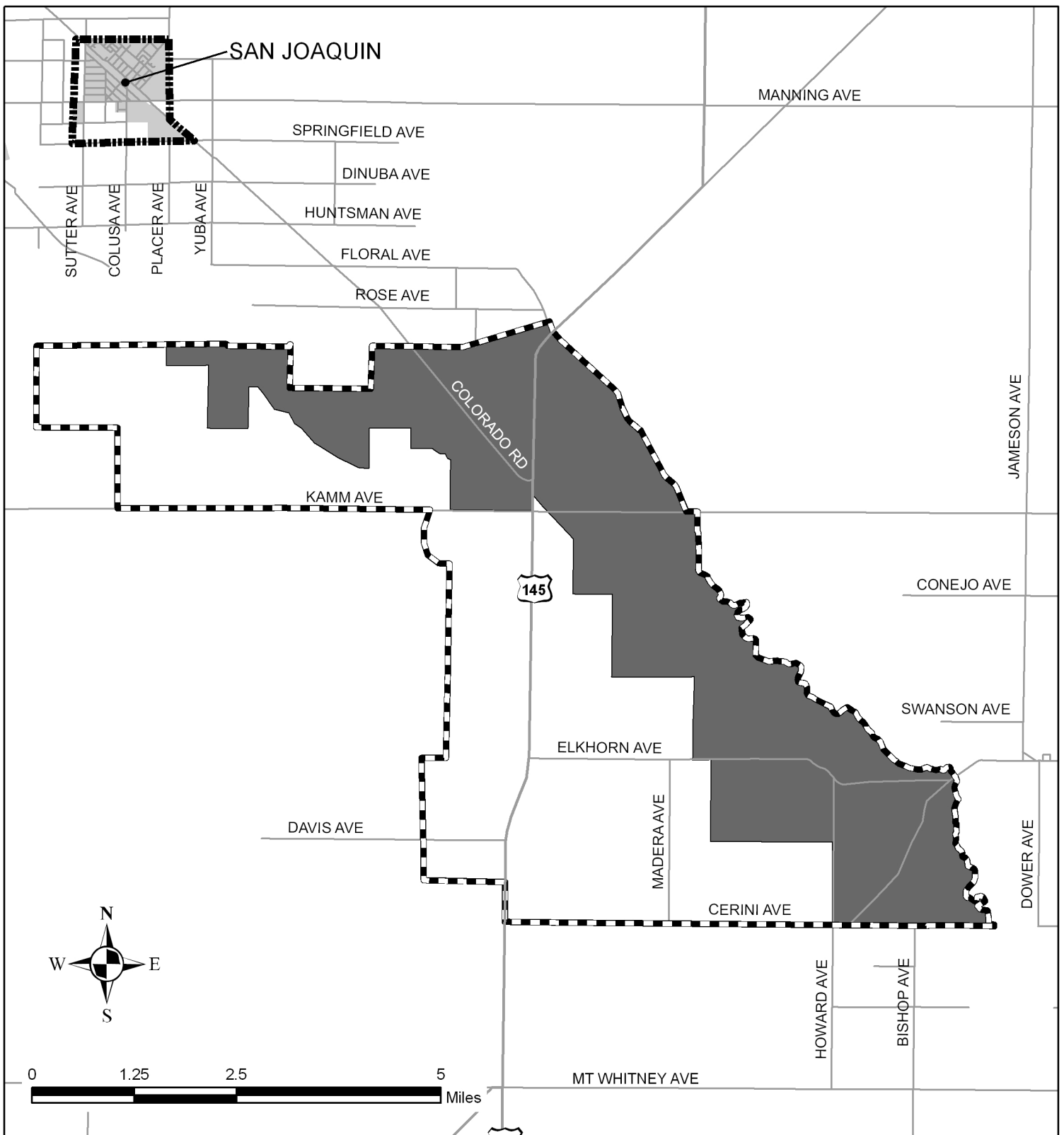


Fresno Local Agency Formation Commission Raisin City Water District

Legend





- District SOI
- District Area
- City SOIs
- City Areas

District Formed: 1962
 SOI Adopted: November 26, 1975
 SOI Updated: December 21, 1983
 Map Date: July 2007
 District Area: 51,719 Acres
 Sphere Area: 80,125 Acres

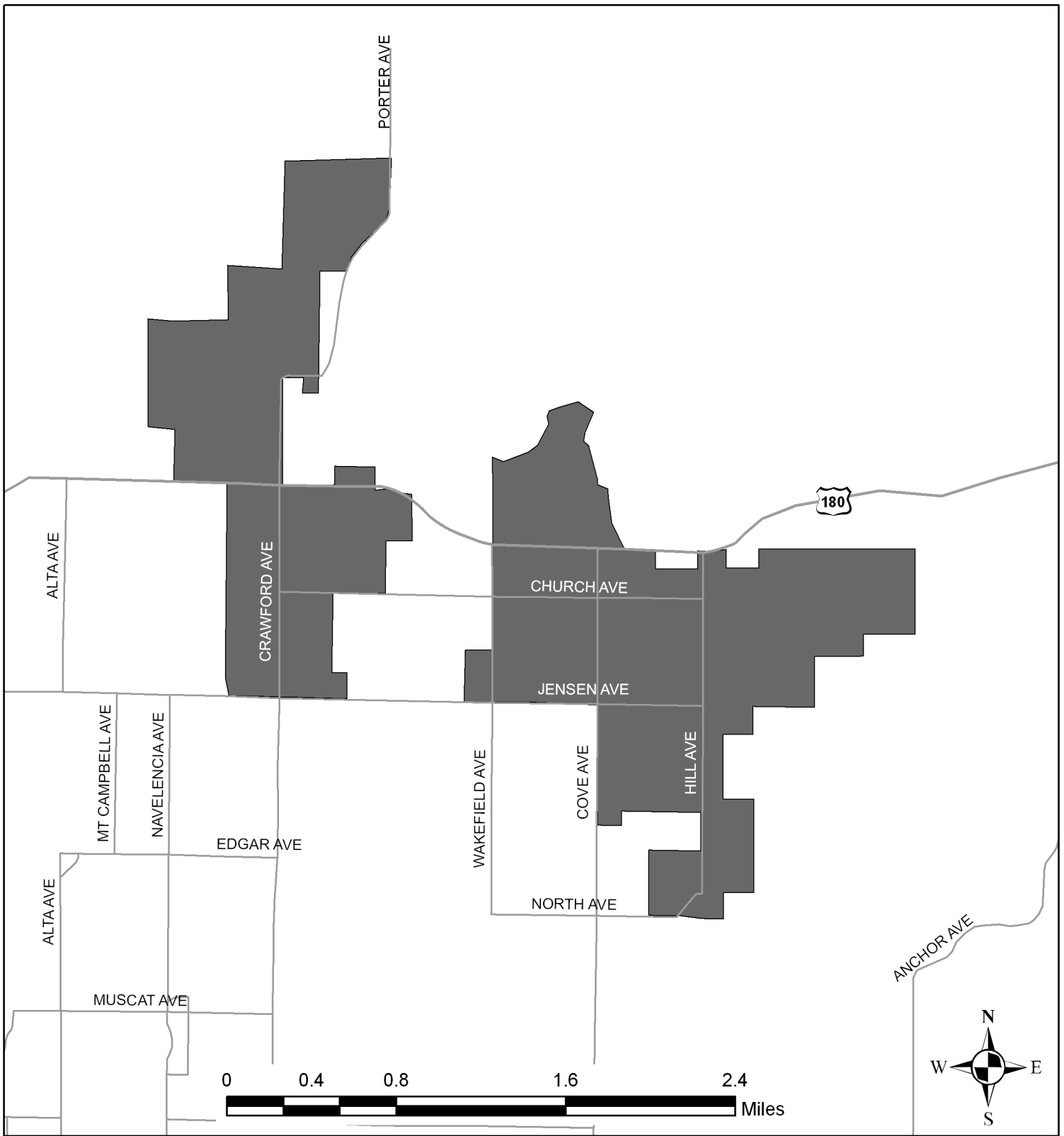


Fresno Local Agency Formation Commission Stinson Water District

Legend

-  District SOI
-  District Area
-  San Joaquin SOI
-  City of San Joaquin

District Formed: 1977
 SOI Adopted: August 21, 1985
 Map Date: July 2007
 District Area: 11,194 Acres
 Sphere Area: 32,746 Acres

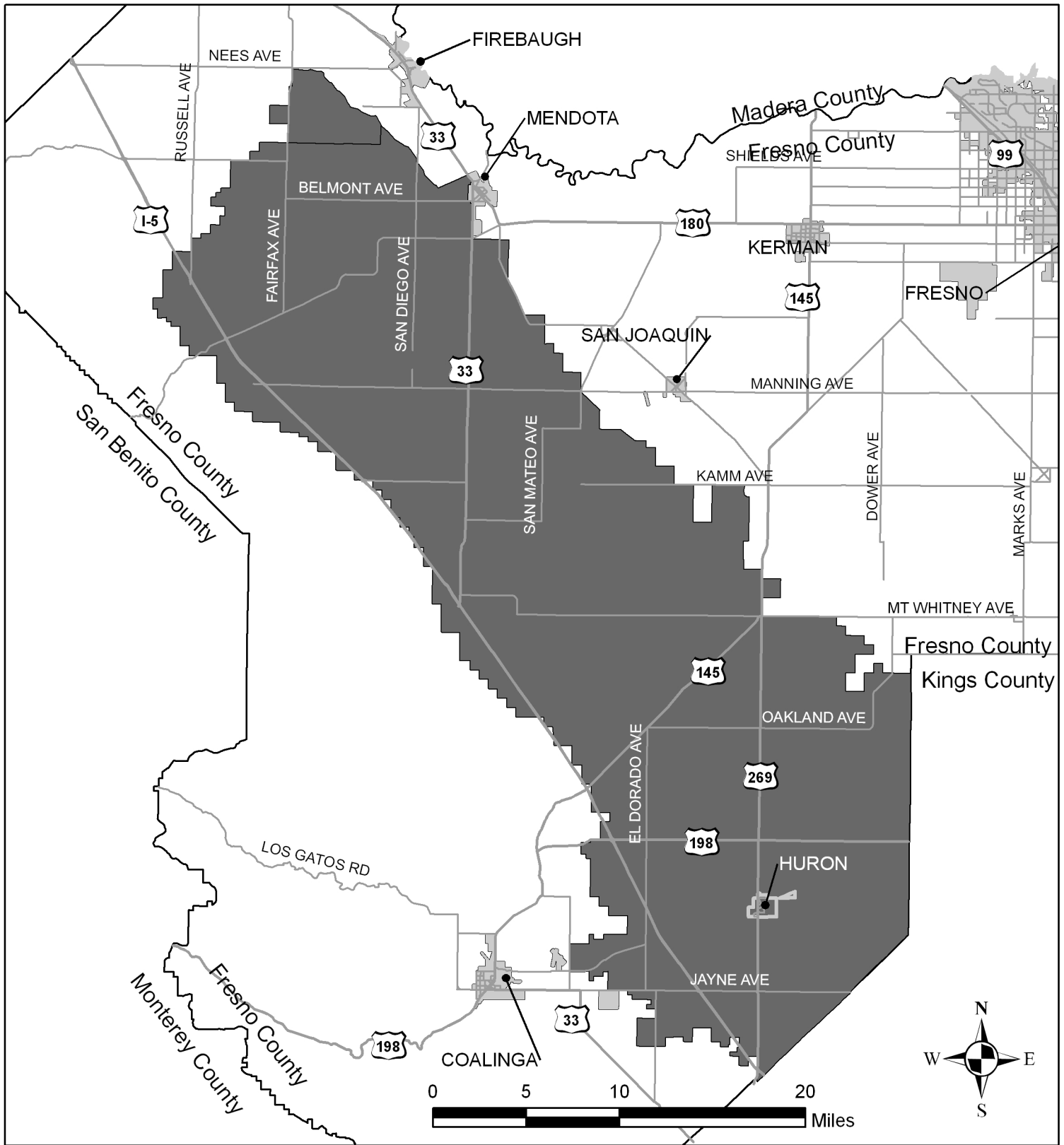


Fresno Local Agency Formation Commission Tri-Valley Water District

Legend

District Area and SOI

District Formed: 1964
 SOI Adopted: November 26, 1975
 SOI Updated: February 8, 2006
 Map Date: July 2007
 District Area: 2,284 Acres
 Sphere Area: 2,284 Acres



Fresno Local Agency Formation Commission Westlands Water District

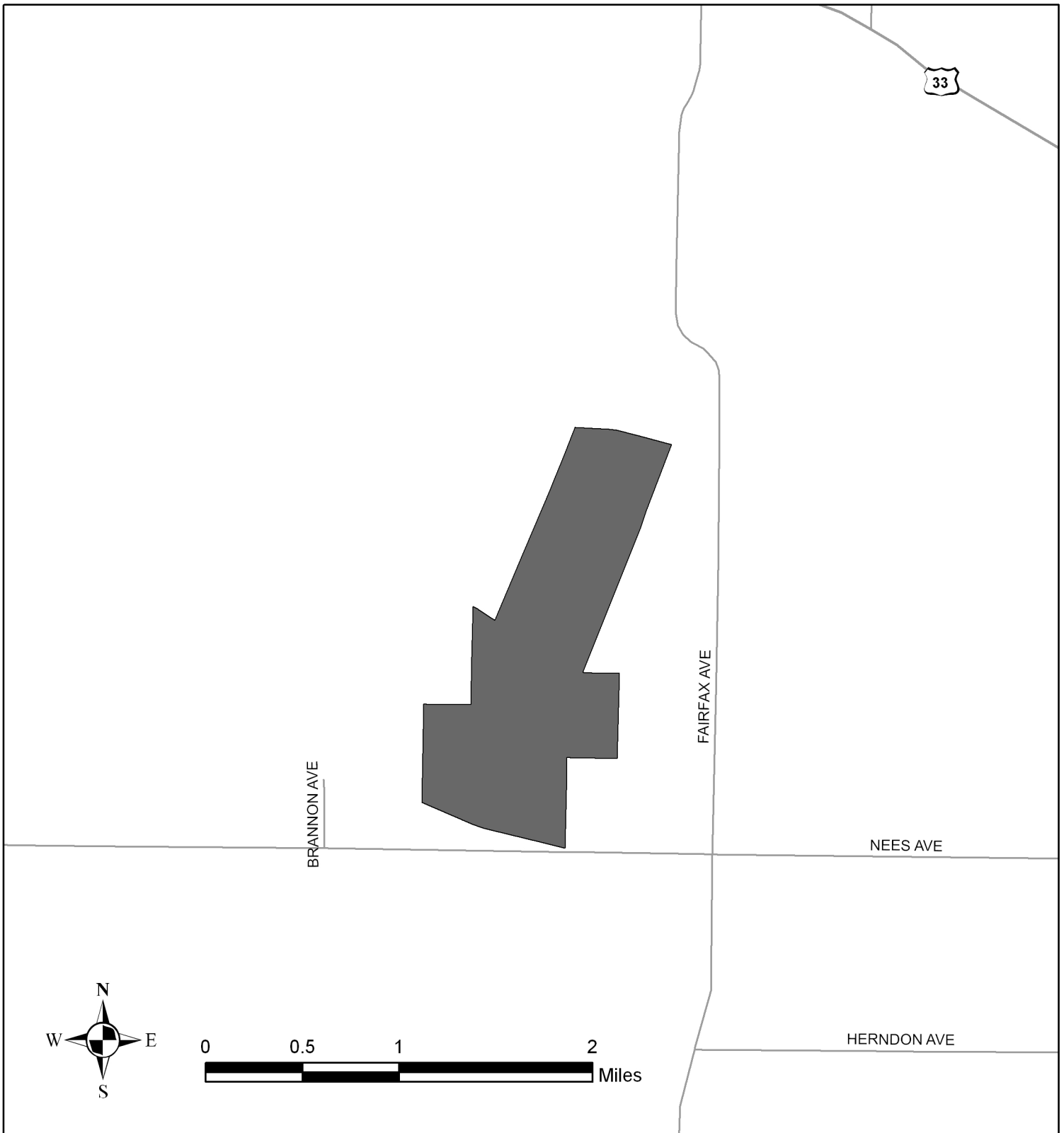
Legend

- District Area and SOI
- City Areas

Note: District Area in
Kings County Not Shown

District Formed: 1952
 SOI Adopted: November 26, 1975
 SOI Updated: March 16, 2005

Map Date: July 2007
 District Area: 539,031 Acres
 Sphere Area: 539,031 Acres



Fresno Local Agency Formation Commission Widren Water District

Legend

 District Area and SOI

District Formed: 1955
 SOI Adopted: November 26, 1975
 Map Date: July 2007
 District Area: 877 Acres
 Sphere Area: 877 Acres

RESOLUTION NO. MSR-07-21

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

In the Matter of

LAFCo Determination

RESOLUTION MAKING)	MAKE DETERMINATIONS AND ADOPT
DETERMINATIONS AND ADOPTING)	MUNICIPAL SERVICE REVIEWS; AND
MUNICIPAL SERVICE REVIEWS; AND)	MAKE DETERMINATIONS AND UPDATE
MAKING DETERMINATIONS AND)	SPHERES OF INFLUENCE FOR
UPDATING SPHERES OF INFLUENCE)	THE BROADVIEW, GARFIELD,
FOR THE BROADVIEW, GARFIELD,)	INTERNATIONAL, KINGS RIVER, LIBERTY,
INTERNATIONAL, KINGS RIVER,)	MID-VALLEY, PANOCHÉ, RAISIN CITY,
LIBERTY, MID-VALLEY, PANOCHÉ,)	STINSON, TRI-VALLEY, WESTLANDS, AND
RAISIN CITY, STINSON, TRI-VALLEY,)	WIDREN WATER DISTRICTS
WESTLANDS, AND WIDREN WATER)	
DISTRICTS)	

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

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

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

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

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

Section #1. Acting as Lead Agency pursuant to California Environmental Quality Act (CEQA) Guidelines, this Commission finds that prior to adopting the written determinations, the Municipal Service Reviews and Sphere of Influence determinations under consideration are Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306, "Information Collection" and the general exemption from environmental

review, CEQA Regulation Section 15061(b)(3), and find that the Sphere of Influence Updates qualify for the same general exemption from environmental review based upon CEQA Regulation Section 15061(b)(3).

Section #2. This Commission finds the Municipal Service Reviews and Sphere of Influence Updates prepared for the Broadview, Garfield, International, Kings River, Liberty, Mid-Valley, Panoche, Raisin City, Stinson, Tri-Valley, Westlands, and Widren Water Districts are complete and satisfactory.

Section #3. This Commission finds that the written determinations within the Municipal Service Reviews and Sphere of Influence Updates satisfy State Law.

Section #4. Pursuant to Government Code Sections 56425 and 56430 this Commission hereby adopts the determinations as presented in the Municipal Service Reviews and Sphere of Influence Update documents including, without limitation, the following:

- A. Encourage the Cities of Fresno and Clovis and the County of Fresno to work with the Garfield Water District regarding water rights and water usage in lands within the District and to identify, consider, and resolve water related issues which may develop as these lands are developed with urban uses.
- B. Encourage the City of Clovis and the County of Fresno to work with the International Water District regarding water rights and water usage in lands within the District and to identify, consider, and resolve water related issues which may develop as these lands are developed with urban uses.
- C. Encourage the International Water District to submit financial statements to the County of Fresno as required by law.
- D. Direct staff to conduct research to determine whether existence of the International Water District is necessary to provide water services to the lands within the District's boundary.
- E. Encourage the Mid-Valley Water District's Board of Directors to hold regular meetings consistent with Brown Act requirements.
- F. Direct LAFCo staff to pursue the possible advantages of consolidation of the Tri-Valley Water District and the Orange Cove Irrigation District.
- G. Waive LAFCo fees associated with consolidating the Tri-Valley Water District and the Orange Cove Irrigation District.

Section #5. - The Executive Officer is hereby authorized and directed to mail certified copies of this resolution as provided in Government Code Section 56882 and to file, as appropriate, in the office of the Fresno County Clerk all environmental documents, if any, pertaining to the approval of this Proposal, as required by State law.

* * * * *

ADOPTED THIS 22nd DAY OF AUGUST, 2007, BY THE FOLLOWING VOTE:

AYES: Commissioners Rodriguez, Anderson, Fortune, Larson, Lopez

NOES: None

ABSENT: None

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

CERTIFICATION

I, Victor Lopez, Chairman of the Fresno Local Agency Formation Commission (LAFCo), Fresno County, State of California, hereby certify that the foregoing resolution was adopted by the Commission on the 22nd day of August, 2007.



**Victor Lopez, Chairman
Fresno Local Agency Formation Commission**

**BROADVIEW, GARFIELD, INTERNATIONAL,
KINGS RIVER, LIBERTY, MID-VALLEY,
PANOCHÉ, RAISIN CITY, STINSON, TRI-
VALLEY, WESTLANDS & WIDREN WATER
DISTRICTS**

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

Report to the
Fresno Local Agency Formation Commission

Prepared by:

PMC
1590 Drew Ave., Suite 120
Davis, CA 95616

August 2007

1.0 EXECUTIVE SUMMARY

I. ROLE AND RESPONSIBILITY OF LAFCO

The Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act (Government Code Section 56000 *et seq*) requires all Local Agency Formation Commissions (LAFCOs), including Fresno LAFCo, to conduct municipal service reviews (MSR) prior to updating the spheres of influence (SOI) of the various cities and special districts in the County, excluding community facility districts and school districts (Government Code Section 56430). The fundamental role of a LAFCo is to implement the CKH Act, providing for the logical, efficient, and most appropriate formation of local municipalities, service areas, and special districts. The focus of this MSR is to provide LAFCo with all necessary and relevant information related to the provision of services by the County's Water Districts.

II. MUNICIPAL SERVICE REVIEW PROCESS

The Municipal Service Review (MSR) and Sphere of Influence Update (SOI Update) process is a comprehensive assessment of the ability of government agencies to effectively and efficiently provide services to residents and users. The form and content of the MSR/SOI Update is governed by requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) and the State of California's LAFCo MSR Guidelines (Guidelines), published in August 2003.

This MSR/SOI Update evaluates the structure and operation of the service providers and discusses possible areas for improvement or coordination. Key sources for this study were information gathered through research and interviews, as well as the Municipal Service Review Guidelines published by the Governor's Office of Planning and Research (OPR). This MSR/SOI Update has been prepared for Fresno LAFCo in accordance with the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 as a means of identifying and evaluating public service providers within Fresno County and possible changes to their Sphere of Influence (SOI).

III. PURPOSE OF THE MUNICIPAL SERVICE REVIEW

The MSR contains analysis and conclusions, referred in this document as determinations, regarding nine topic areas set forth in the CKH Act. These areas of analysis contain the essential operational and management aspects of each service provider, and together constitute a review of the ability of each provider to meet the service demands of the residents within their existing and potentially expanded boundary. The topic areas represent the nine required topic areas set forth in the CKH act. Each report contains the following sections:

Growth and Population

This section reviews projected growth within the existing service boundaries of the special district and analyzes the growth potential within the service area and surrounding areas.

Infrastructure

This section analyzes whether sufficient infrastructure and capital are in place, and reviews capabilities for accommodating future growth in service demands.

Financing Constraints and Opportunities

This section evaluates the way the district is funded and possible opportunities to increase funding if needed.

Cost Avoidance Opportunities

This section evaluates factors affecting the financing of needed improvements, including outstanding opportunities and utilized opportunities for service providers to reduce costs.

Rate Restructuring

The fiscal history of the service provider and rate structure is evaluated to determine viability and ability to meet existing and expanded service demands.

Opportunities for Shared Facilities

This section evaluates the existing sharing of facilities and the ability to share facilities with other service providers.

Evaluation of Management Efficiencies

This section evaluates the overall managerial practices.

Government Structure

This section evaluates the ability of the service provider to meet its demands under its existing government structure. This includes discussion of potential reorganizations or other forms of governance that may result in the more efficient provision of services to local residents.

Local Accountability

This section examines how well the service provider makes its processes transparent to the public and invites and encourages public participation.

IV. SERVICE PROVIDERS

This document contains MSRs/SOI Updates for Water Districts. The determinations and findings reached are based upon surveys of agency representatives, meetings, and assessments of existing documents.

Water Districts

Water Districts are dependent special districts formed pursuant to Division 12 of the California Water Code. The Water Districts analyzed in this MSR include the Broadview, Garfield, International, Kings River, Liberty, Mid-Valley, Panoche, Stinson, Tri-Valley, Raisin, and Westlands, and Widren districts.

KINGS RIVER WATER DISTRICT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

Report to the
Fresno Local Agency Formation Commission

Prepared by:

PMC
1590 Drew Ave., Suite 120
Davis, CA 95616

August 2007

KINGS RIVER WATER DISTRICT*irrigation water*Contact Information**Address:** 15142 E Goodfellow Ave

Sanger, CA 93657

Phone: (559) 875-7221Management Information**President:** Jack R. Paxton**Governing Body:** Board of Directors**Board Members:** Jack F. Paxton (president) Appointed 2003, Expires

Kenneth Domoto Appointed 2005, Expires 2009

2007 Danny J. Van Ruiten Appointed 2005, Expires 2009

Steven Boos Appointed 2003, Expires 2007

Curtis Taylor Appointed 2003, Expires 2007

Board Meetings: 1st Thursday after the 3rd Tuesday of each month, 8:00 am, in the Gerawan Farming conference room**Staffing:** 3Service Information**Empowered Services:** Irrigation water**Services Provided:** Irrigation water, maintenance of privately-owned irrigation canals**Area Served:** Area known as the Sanger river bottom or Centerville Bottoms**Acres Served:** 14,000 acres**Infrastructure:** NoneFiscal Information**Budget:** \$195,230**Sources of Funding:** Rate charges for water deliveries, property tax assessments, charges for water tending and ditch maintenance services**Rate Structure:** Based on a point system, \$5.9957 per 100 point value, refer to DistrictAdministrative Policies

Master Plan: no**Policies/Procedures:** no**By-laws:** no**Boundary Update:**
unknown**SOI Update:** unknown**Other:** no

5.4 KINGS RIVER WATER DISTRICT

I. SETTING

The Kings River Water District (District) is located in the central part of Fresno County in an area known as the Sanger River Bottom, immediately east of the City of Sanger and near the Kings River.

The District primarily delivers irrigation water utilizing local non-district owned irrigation ditches to serve approximately 14,000 acres of agricultural lands consisting of 157 water users within the District boundaries; and 15 users in the Alta Irrigation District.

The District also provides irrigation water to approximately 1,960 acres of agricultural lands within the boundaries of the Alta Irrigation District, which is in the Kings River Water District's service area. Within the Alta area, there are approximately 25 water users, with one large landowner with approximately 1,500 acres of land. There has been a long standing agreement with Alta for the Kings River Water District to provide water to those landowners adjacent to Kings River's boundaries. Water provided to this area utilizes the same ditch that Kings River utilizes for water deliveries. The District is not contracted to other agencies.

The District also provides water-tending services and maintains many of the local irrigation ditches for the landowners use to receive water deliveries.

II. GROWTH AND POPULATION

Current land use within the District boundaries are primarily agricultural uses and are expected to remain primarily agricultural. Demand for irrigation water has not increased in recent years and the District projects that there will be no growth in demand in the future. No population increase is anticipated.

III. INFRASTRUCTURE

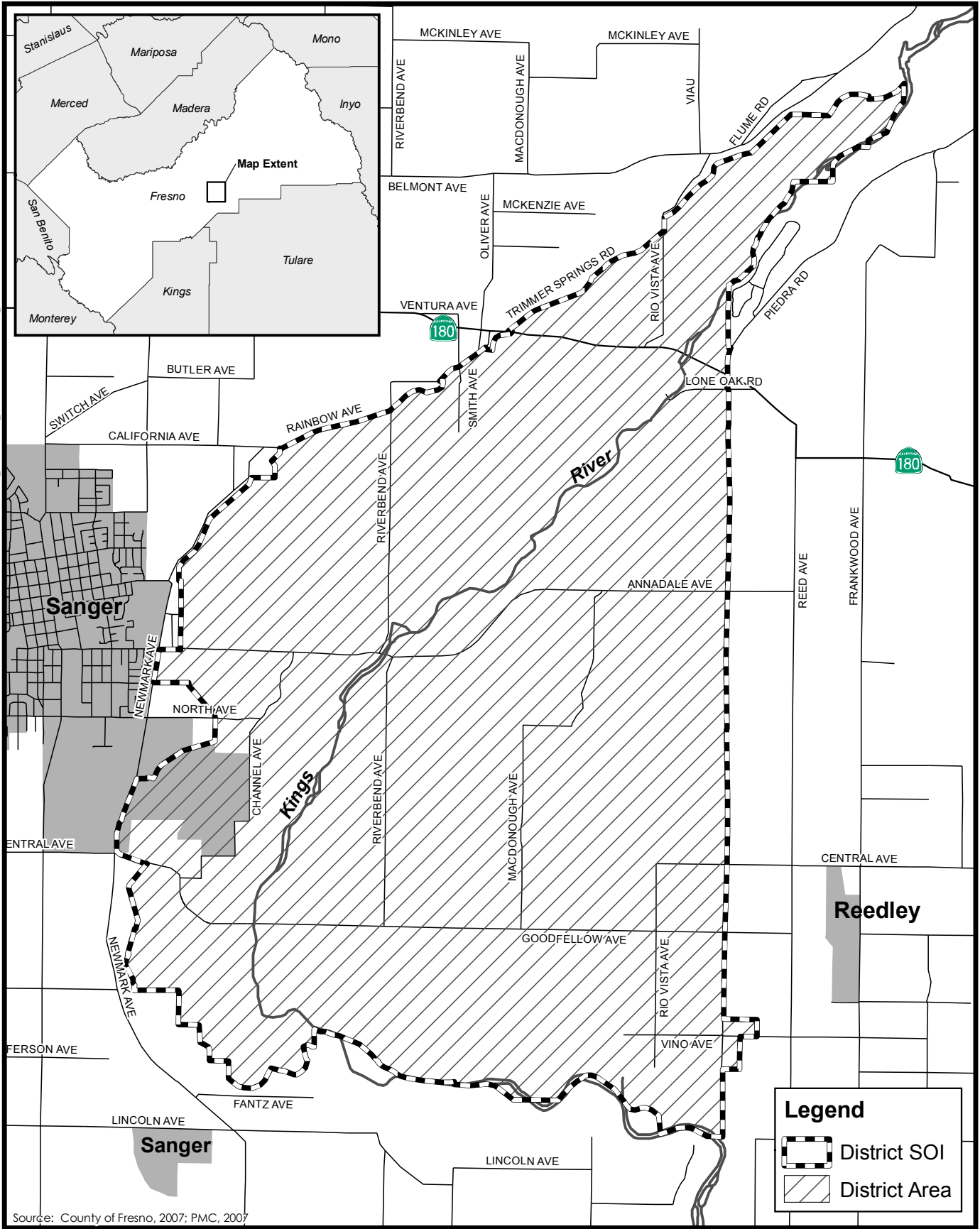
Existing Infrastructure Facilities and Conditions

The District currently utilizes local irrigation ditches owned by landowners to convey irrigation water, and maintains the associated ditches. Water is delivered to each landowner through gravity flow ditches, and pumps. Needs in the near term future include gate heads.

Planned Facilities

The District is planning to fund and replace the aforementioned gate heads and upgrade other operations as needed. No adopted plans or reports are in place to indicate the extent of necessary upgrades, estimate the costs of such improvements, or otherwise establish planning for the completion of the upgrades.

I:\GIS\FRESNO_COUNTY\MXD\S\FRESNO_LAFCO\WATER_DISTRICT\SRV\KINGS_RIVER.MXD - 6/27/2007 @ 2:02:54 PM



Source: County of Fresno, 2007; PMC, 2007



Figure 5.4
Kings River Water District
PMC

IV. FINANCING AND RATE RESTRUCTURING

Financial statements from Fiscal Years (FYs) 2004-06 were reviewed to determine the fiscal status, assess financial practices, and review pertinent management findings of the District. The District is audited every year. This section focuses on FY 2005-06, which includes the most recently completed audit. In FY 2005-06, the primary source of financing for services was \$75,984 from service charges, \$69,384 from ditch assessments, and \$43,152 from the Pine Flat power plant. The District also receives a portion of property tax assessments (\$5,485). The District also received \$6,710 from the Tri-Valley Water District for use of the District's Treasurer/Secretary. The Tri-Valley Water District currently contracts for treasury and secretarial services from the Kings River Water District,

Total operating revenues had decreased by \$22,886 to \$195,230 due to a one-time assessment to replace a waste way on the Fink Ditch. That same year, the District's total expenses were \$207,228, which was \$11,998 more than total revenue generated during the year.

Assessment rates have not been increased for almost a decade since the passage of Proposition 218. The ad valorem tax assessment based on the assessed value of the land has remained the same. The current fees are \$0.01 per \$100 of assessed valuation. The Board of Directors has concluded that an increase in the service charge rate is necessary in order to continue to provide the current level of service to landowners within the District.

The District has developed a point system to determine the charge for service, based on the type of water service received, with different rates for landowners receiving gravity flow delivery versus pumped water.

A separate charge is made to lands to which the District provides water tending and maintenance services. The ditch charge for most District operated ditches is \$9.50 per acre served. The District is able to collect expenses incurred by the District to maintain the ditches.

With the assessment rates currently fixed from approximately a decade ago, the District is finding it difficult to continue the current level of service and to replace aging facilities because of rising operating costs and mandated State fees. The District is currently in the process of investigating the Proposition 218 process requirements in order to hold elections to increase rates.

Water and services provided to users within the Alta Irrigation District are charged the same fees as if they were within the District.

V. COST AVOIDANCE OPPORTUNITIES

This section of the MSR considers the potential cost avoidance opportunities available to each service provider. Cost avoidance opportunities include any potential sources of reduction in costs associated with service provision, potential sharing of facilities, and any other capital or operational actions or programs which may result in a more efficient and streamlined provision of services to the properties within the service area. This analysis includes both potential and previously implemented cost avoidance measures.

Overall budgetary and management practices have been evaluated for potential cost avoidance measures. Significant cost avoidance is achieved by the District not owning a District office and related equipment storage facilities. The District office is currently located in a small facility owned by the Secretary-Treasurer behind his home. District equipment is stored on the Maintenance Supervisor's personal property. This facility is utilized by the District at no cost.

The District also participates in a public entity risk pool managed by the Association of California Water Agencies-Joint Powers Insurance Authority (JPIA) to pool funds together for self insured general liability. This reduces the costs of individual insurance coverage.

The District is currently utilizing a sufficient range cost avoidance measures and has indicated that there are no additional cost avoidance opportunities which could result in a significant avoidance of costs.

VI. OPPORTUNITIES FOR SHARED FACILITIES

The District currently utilizes irrigation ditches owned by the landowners, which is sufficient to provide adequate service. The District is not sharing any facilities with other agencies. Equipment and office materials are stored in Board member's homes. Services provided to lands within Alta Irrigation District do not overlap and do not have facilities that can be jointly used. No additional opportunities for shared facilities have been identified.

VII. GOVERNMENT STRUCTURE AND MANAGEMENT EFFICIENCIES

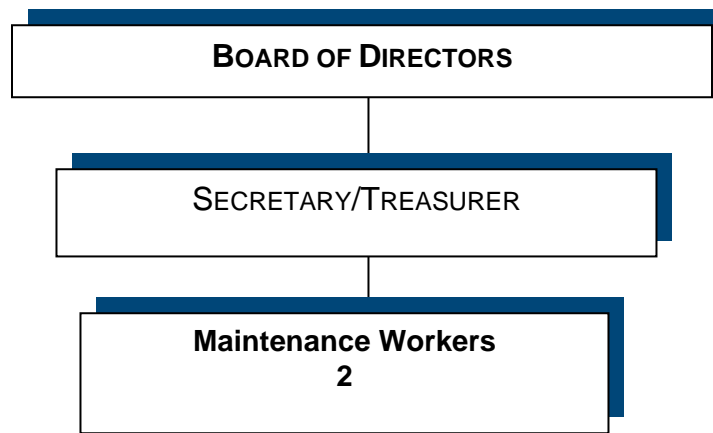
California Water Code section 34000-38500 enables the formation of Water Districts to provide a water services to a district. This District is an independent special district which has a separate board of directors not governed by other legislative bodies (either a city council or a county board of supervisors).

The District, under its current legal form is operating properly. Reorganizing the government structure under a different enabling legislation is not expected to significantly improve service. It is unlikely that other government structures will result in a significant improvement in service. The current government structure is appropriate to provide adequate services.

The budget is usually an indicator of management efficiency. According to information contained in the FY 2005-06 budget, the financial statements and accounting polices of the District conforms with the generally accepted accounting principals applicable to governments. The Governmental Accounting Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District currently has three employees, two field employees who perform water tending and ditch maintenance functions, and one secretary-treasurer employed on a less than full-time basis. Because of the relatively small size of the District, the water tenders are able to monitor the ditches on a continual basis and have a great deal of contact with water users and can respond to service needs promptly. Some of the board members help out and assist with maintenance needs. The current level of staff is able to provide adequate services.

FIGURE 5.4-2: KINGS RIVER WATER DISTRICT ORGANIZATIONAL CHART



VIII. LOCAL ACCOUNTABILITY

A body of five officials, elected to four-year terms, serves as the Board of Directors governing the District. Terms are staggered with no more than three terms expiring in the same year. The Board creates policy by adopting resolutions or ordinances through duly noticed public hearings. Regular District board meetings are held on the first Thursday after the third Tuesday of each month at 8:00 am in the Gerawan Farming conference room. Board meetings are noticed and posted at the District's office and at the meeting site. Meetings and notices are consistent with the Brown Act requirements. There appear to be sufficient opportunities for public involvement and input at meetings.

IX. SPHERE OF INFLUENCE RECOMMENDATIONS

The Sphere of Influence (SOI) recommendations analyzes the appropriateness of the District's SOI boundaries, relative to the capabilities of the service provider and future growth.

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

The current land use within the District is primarily agricultural lands. Future land uses are expected to remain the same as the present land use.

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

The present privately owned facilities are adequate for present and expected future demands for service. The District presently maintains many of the privately owned facilities for water conveyance.

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

The ditch maintenance services the District presently provides is adequate to provide irrigation water to all lands currently served.

- 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 social or economic communities of interest within the District's area.

X. MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Demands for service are not increasing. No growth or population increases are anticipated. Future land uses are anticipated to remain the same.

Infrastructure

The District does not own any facilities, but maintains many of the ditches that convey water to the landowners. The District has plans for future upgrades and other maintenance operations.

Financing Constraints and Opportunities

The District receives funding from property tax assessments, rate charges for water deliveries, and water tending and ditch maintenance services. Besides rate increases, no additional opportunities for financing have been identified. Additional revenue is necessary for upgrades and to maintain the current level of service.

Rate Restructuring

Current rates and assessments are increasingly becoming inadequate to maintain the current level of services the District provides. An increase in assessments, pursuant to Proposition 218, is necessary to maintain the current level of service. The District is actively pursuing a rate increase.

Cost Avoidance Opportunities

The District is currently utilizing available cost avoidance opportunities including participating in pooled insurance programs and utilizing donated resources. No other significant cost avoidance opportunities have been identified.

Opportunities for Shared Facilities

The District currently utilizes local privately owned irrigation ditches. No additional opportunities for shared facilities have been identified.

Government Structure Options

The current government structure is sufficient for the type of service it provides. Boundaries are adequate, although the district is providing water to areas outside of its boundaries, through a long-standing agreement.

Evaluation of Management Efficiencies

The District is operating efficiently with three employees.

Local Accountability

Meetings are held as required and noticed consistent with the Brown Act. There appear to be ample opportunities for public involvement and input at meetings.

XI. BIBLIOGRAPHY

Correspondence and phone interview with Richard L. Cosgrave, District Secretary-Treasurer, Kings River Water District

Independent Auditor's Report, Artis, Hare & Company, Inc, January 4, 2007